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OFFICIAL REPORT
(HANSARD)

Thursday, March 22, 2007

—

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Thursday, March 22, 2007

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

• (1005)

[*Translation*]

FIRST NATIONS WATER MANAGEMENT

Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC): Mr. Speaker, pursuant to Standing Order 32(2), I have the honour to table, in both official languages, copies of the Plan of Action for Drinking Water in First Nations Communities—Progress Report March 22, 2007.

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COMMITTEES OF THE HOUSE

ACCESS TO INFORMATION, PRIVACY AND ETHICS

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, pursuant to Standing Order 109, I have the honour to table, in both official languages, the Government of Canada responses to the recommendations in the second report of the Standing Committee on Access to Information, Privacy and Ethics.

* * *

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

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

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CRIMINAL CODE

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC) moved for leave to introduce Bill C-48, An Act to amend the Criminal Code in order to implement the United Nations Convention against Corruption.

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

COMPETITION ACT

Mr. Peter Julian (Burnaby—New Westminster, NDP) moved for leave to introduce Bill C-414, An Act to amend the Competition Act and the Food and Drugs Act (child protection against advertising exploitation).

He said: Mr. Speaker, I introduce today a bill to amend the Competition Act and the Food and Drugs Act to provide child protection against advertising exploitation.

What we see with children is an overload of commercials and advertising. Essentially, the bill would ban commercial advertising or promotion of products such as fast foods, drugs, cosmetics, and devices aimed at children younger than 13.

The average Canadian child sees 350,000 commercials before graduating from high school. That is an astonishing number. This type of bill has already been in place in Quebec. We have found that the bill in Quebec has led to 3.5 million to 8.1 million fewer fast food meals being consumed by Quebec residents.

[*Translation*]

This worked in Quebec to reduce junk food consumption. I hope the House will support this bill.

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

* * *

[*English*]

CANADA LABOUR CODE

Mr. Mario Silva (Davenport, Lib.) moved for leave to introduce Bill C-415, An Act to amend the Canada Labour Code (replacement workers).

He said: Mr. Speaker, after months of consultation with labour groups, I am pleased to stand today to introduce my private member's bill, an act to amend the Canada Labour Code. The purpose of my bill is to ban replacement workers.

My bill would prevent federally regulated employers from employing replacement workers during strikes and lockouts.

Routine Proceedings

Furthermore, my bill would ensure clarity and protect essential services for Canadians during labour disruptions because, in many instances, the nature of the services provided by federally regulated workers are essential to protect the health and safety of Canadians.

It is our responsibility to protect the interests of all Canadians and it is important to have the words “essential services” in any bill banning replacement workers.

I have been, and will continue to be, a strong advocate for Canadian workers and their rights. I encourage all members to support the bill.

As members of the House and my constituency know, from my time as a Toronto city councillor I have worked tirelessly for a fair wage policy. During my time in Ottawa, I have demonstrated my belief that elected officials have an—

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

● (1010)

The Speaker: I remind hon. members that the purpose of allowing members to make a statement is to give a brief explanation as to the purpose of the bill.

Hon. Gerry Byrne: He did that.

The Speaker: Yes he did and then I cut him off because he was going on a little long.

The brief summary is the important thing. We are always glad to hear that, but we do not need to have a second reading speech at first reading. It is not permitted.

[*Translation*]

* * *

[*English*]

PETITIONS

OFFICIAL DEVELOPMENT ASSISTANCE

Hon. John McKay (Scarborough—Guildwood, Lib.): Mr. Speaker, as you may or may not know, my private member's bill will be the final hour of debate tonight. It is a bill with respect to official development assistance. It is to take into account the alleviation of poverty for other citizens of this world, take into account the perspectives of the poor, and to meet our human rights obligations.

This bill has enjoyed wide support on both sides of the House. It was at one time, in fact, supported by the Prime Minister.

Over the course of this morning, 10,000 names will be deposited on the floor of this House in support of this bill and other matters.

In the petition that I am tabling, the petitioners request that Parliament enact legislation to ensure that all Canadian development assistance contributes to poverty reduction, takes into account the perspectives of the poor, and is consistent with Canada's human rights obligations.

That is exactly what Bill C-293 is all about. I am hoping for support from all sides of the House, not only in debate tonight but on the subsequent vote.

BANKRUPTCY

Ms. Chris Charlton (Hamilton Mountain, NDP): Mr. Speaker, I am pleased to table four petitions today on behalf of the hard-working families of Hamilton Mountain.

These families are increasingly recognizing the existence of a prosperity gap in Canada. They do not feel that they are benefiting from the economic growth they keep hearing about. Of course, they are right as we know and the numbers are backing them up. Not only is there a growing gap between the rich and the poor but there is also an alarming erosion of economic security for middle class families.

To that end, hard-working families have talked to me about the over 200 commercial bankruptcies that are happening every week in Canada, for a total of more than 10,000 bankruptcies a year. We know that this has a huge impact in Hamilton.

Many of these bankruptcies leave behind employees who are owed back wages, benefits and pension contributions. It is estimated that as much as \$1.5 billion per year is left owing in back wages and benefits to employees.

These people have worked hard all their lives. They have played by the rules and all they want from their government is a little bit of fairness.

To that end, the petitioners are calling upon Parliament to ensure expeditious passage of my bill, Bill C-270, which would ensure that workers would be first in line in the case of a commercial bankruptcy.

● (1015)

EMPLOYMENT INSURANCE

Ms. Chris Charlton (Hamilton Mountain, NDP): Mr. Speaker, my next petition again is on behalf of these same hard-working families. We know that a decade after the major reforms to the employment insurance program were enacted, it is even more difficult now to qualify and the benefits are less generous.

EI has been repeatedly cut since its high point in the mid-1970s, most recently in the early 1990s, and today only about 4 out of every 10 unemployed workers collect regular EI benefits, down from 80% in 1990.

The NDP has introduced eight bills that target more than 12 elements of the EI Act, including the removal of the waiting period, the 66% benefit rate as well as the length of the benefit period.

To that end, hard-working families in Hamilton are asking this House to enact the legislation introduced by the NDP and reform the EI program, so that it will properly support working Canadians who are out of work.

HOUSING

Ms. Chris Charlton (Hamilton Mountain, NDP): Mr. Speaker, my third petition, again on behalf of families in Hamilton Mountain, addresses the housing bill of rights that was introduced by the NDP in this House.

We know that there are approximately 150,000 homeless people in Canada and that does not include the many people in my community who are living in substandard, overcrowded and temporary housing.

Canada is now one of only two developed countries—

The Speaker: Order, please. The hon. member seems to be making speeches about each petition. I would urge her to give a summary of what the petition is about. She can say where it is from. She can give us a summary of what the petitioners are asking, but giving a speech on general problems around the country is not permitted during the presentation of petitions.

I know she will want to comply with the rules in every respect. This seems to be a talkative day in the House.

Ms. Chris Charlton: Mr. Speaker, I am glad that you are acknowledging that homelessness is indeed a problem right across the country. I will make my comments much briefer.

The petitioners in this case were from Hamilton and all they ask is that all Canadians have access to secure, adequate, accessible and affordable housing by passing the NDP housing bill of rights, Bill C-382.

CAREGIVERS

Ms. Chris Charlton (Hamilton Mountain, NDP): Mr. Speaker, my last petition, and I will be very brief on this petition, is again from families in Hamilton Mountain who have been forced to act as caregivers for their families.

The petitioners are asking this Parliament that all Canadians who provide care to a member of their family receive the financial support they need by passing the NDP's Bill C-209 and Bill C-240.

HUMAN TRAFFICKING

Mrs. Joy Smith (Kildonan—St. Paul, CPC): Mr. Speaker, I have with me hundreds of names on two petitions asking the government to continue its work in combating the crime of human trafficking here in Canada and abroad.

I would like to submit these petitions to the House.

[*Translation*]

SUMMER WORK EXPERIENCE

Mr. Christian Ouellet (Brome—Missisquoi, BQ): Mr. Speaker, today I would like to table a petition from four organizations in my riding: the City of Farnham, the Brome County Agricultural Society, the Missisquoi museum and historical society, and the animal shelter. These petitions are about summer jobs for youth. The new program is now called summer work experience, or SWE. People are very concerned about the changes that have been made, such as budget cuts and how the money will be allocated.

I would note that the signatories are from all over my riding, including Dunham, Brome, Sutton, West Bolton, Abercorn, Notre-

Routine Proceedings

Dame de Stanbridge, Mansonville, Northon, West Brome, Pike River, Clarenceville, Stanbridge East, Frelighsburg, Saint-Armand and Bedford.

It is clear that people in communities throughout the riding are concerned about this.

[*English*]

JUSTICE

Mr. Rob Merrifield (Yellowhead, CPC): Mr. Speaker, on behalf of a significant number of residents in my riding, I am presenting a petition to the House based on a terrible incident that happened, a brutal murder of a young man, Shane Rolston, who was brutally attacked by five young individuals at a house party.

The petitioners ask the Government of Canada to re-evaluate the sentences handed to criminals to ensure that they are adequate in comparison to the crime, regardless of age, class or race.

DANGEROUS OFFENDERS

Mr. Rob Merrifield (Yellowhead, CPC): Mr. Speaker, I have another petition from residents of the riding of Yellowhead who are concerned about the safety of children.

The petitioners call on the Government of Canada to amend the Criminal Code to increase the length of sentences for dangerous offenders, especially pedophile offenders.

OFFICIAL DEVELOPMENT ASSISTANCE

Hon. Sue Barnes (London West, Lib.): Mr. Speaker, I have in my hand a petition from thousands of people across Canada, including those in my city of London, Ontario, who are petitioning Parliament to enact legislation to ensure that all Canadian development assistance contributes to poverty reduction, that it takes into account the perspectives of the poor, and is consistent with Canada's human rights obligations.

I support the petitioners and I think it is important that Parliament and all parties pay attention to the request of the petitioners.

Mr. Paul Dewar (Ottawa Centre, NDP): Mr. Speaker, it is an honour today to stand in the House to present a petition to make poverty history.

The petition is signed by literally thousands of Canadians who are concerned about the government's action on reducing poverty, that we have poverty reduction, respect the poor and acknowledge the consideration of human rights.

The petitioners request that Parliament enact legislation to ensure that all Canadian development assistance that contributes to poverty reduction takes into account the perspective of the poor and is consistent with Canada's human rights obligations.

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, 220,000 Canadians have added their names to 30 million people worldwide to make poverty history while demanding more and better international aid.

I have a very thick petition of approximately 2,000 names from Ontario and Quebec that asks Parliament to pass legislation to ensure that Canada's aid is targeted at poverty reduction, takes into account the perspectives of the poor, and follows Canada's human rights obligations.

Business of Supply

I am happy to say my colleague from Scarborough—Guildwood is having the last reading of his bill tonight to do exactly that. I encourage all Canadians and all members of Parliament to support the bill.

• (1020)

Mr. Mario Silva (Davenport, Lib.): Mr. Speaker, I would like to introduce two petitions.

The first petition calls upon Parliament to make poverty history. The petition has been introduced by other members of my party, the Liberal Party today, to show our concern for this issue.

The petition has about 2,000 names signed by people all across the country who are asking Parliament to ensure that all Canadian development assistance that contributes to poverty reduction takes into account the perspective of the poor and is consistent with Canada's human rights obligations.

IRAQ

Mr. Mario Silva (Davenport, Lib.): Mr. Speaker, it is also my honour to present a petition on behalf of many Canadians who are asking the government to provide sanctuary to American soldiers opposing the war in Iraq.

Canada has a strong history dating back to the Vietnam War of allowing conscientious objectors refuge in our country. These soldiers are men and women of great moral courage who refuse to be complicit in a war deemed illegal in international law and a war which the majority of Canadians and the nation's government did not support. They cannot return to the United States as they would face punishment by military tribunals and a possible death penalty for desertion during wartime.

Soldiers have a moral duty to refuse to carry out illegal orders and the petitioners call upon the Government of Canada to grant sanctuary to these courageous individuals.

* * *

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.

GOVERNMENT ORDERS

[English]

BUSINESS OF SUPPLY**OPPOSITION MOTION—EQUALIZATION**

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Wind-
sor, Lib.)** moved:

That this House regret that the party now forming the government has abandoned the principles respecting the Atlantic Accords, equalization and non-renewable resource revenues as articulated in the motion it put before the House on Tuesday, March 22, 2005.

The Deputy Speaker: Since today is the final allotted day for the supply period ending March 26, the House will go through the usual procedures to consider and dispose of the supply bills. In view of recent practices, do hon. members agree that the bills be distributed now?

Some hon. members: Agreed.

Mr. Scott Simms: Mr. Speaker, it is with great pride and honour that I stand today to represent not only my constituents but all those of Newfoundland and Labrador and all those of the country for which I consider to be a grave injustice that has been served upon this country and certainly upon our neck of the woods, as they say, which would be Newfoundland and Labrador.

Today's motion states:

That this House regret that the party now forming the government has abandoned the principles respecting the Atlantic Accords, equalization and non-renewable resource revenues as articulated in the motion it put before the House on Tuesday, March 22, 2005.

The motion that was put forward by the Conservatives at the time read:

That the House call upon the government to immediately extend the expanded benefits of the...Atlantic Accord to all of the provinces...revenues severely curtails the future prosperity of Canada by punishing the regions where the economy is built on a non-renewable resource base.

The point of all this is very clear, which is to ask the Conservatives at what point they will start practising what they used to preach.

This a point that is an ultimate deception to the Canadian public. This is a point that they have made time and time again, not just in the last election but in the one prior to that as well. It is one that allowed our provinces, many of which rely heavily on non-renewable resources, to become principal beneficiaries of their own resources, which is to say that it gives them a sense of ownership, a sense of pride and a sense of hope for their future.

A few years back, we instituted the Atlantic accords which provided two provinces, Newfoundland and Labrador and Nova Scotia, with the ability to maintain and remain principal beneficiaries of their own resources. In doing that, they have provided offset payments and it has shielded them from clawbacks made in the equalization program. It was a promise that was made, negotiated and delivered.

However, during the last campaign and all the rhetoric that was made during the campaign, the Conservatives said that they would do one better. They said that they would provide the province of Newfoundland and Labrador with the ability to bring about \$200 million per year. With that they would have added on to the current agreement with the Atlantic accords. What they had promised to do was to take non-renewables out of the formula. Throughout this day we will be making the points very clear.

I want to congratulate my colleagues from Nova Scotia, New Brunswick, Prince Edward Island, British Columbia and the rest of the country for joining me here. I would also like to honour my colleague, the hon. member for Desnethé—Missinippi—Churchill River in northern Saskatchewan for seconding the motion.

Business of Supply

Mr. Speaker, I will be splitting my time with my hon. colleague, the member for Halifax West.

First I would like to address the budget directly. The budget talks about the exclusion clause and states:

As a result, the O'Brien formula provides both a substantial incentive to provinces to develop their natural resources and higher payments to most provinces than one that fully excludes non-renewable resources.

The attempt was made within the budget but what the government tried to do through the front door, it took away from the back. A promise was made and a promise was broken. Here is the essential element of this particular budget that outlines that.

Budget 2007 proposed to implement the recommendations of the O'Brien report. Basically it took it all. One item that is particularly alarming and basically negates the commitment that was made is the following:

—a fiscal capacity cap to ensure that Equalization payments do not unfairly bring a receiving province's total fiscal capacity to a level higher than that of any non-receiving province.

I would like to illustrate something that was distributed within Newfoundland and Labrador during the last election. The Conservatives had written every Newfoundlander and Labradorian and had told them quite simply that there was no greater fraud than a promise not kept.

●(1025)

Here is what the Conservatives said:

That's why we would leave you with 100% of your oil and gas revenues. No small print. No excuses. No caps.

Here we are a year later and the cap is right here within this budget. A promise made and now a promise broken.

The injustice that we are debating here today is one that is of prime importance. I want to illustrate the lengths to which the government will go to get elected, to get seats and to be absolutely deceptive in all ways, shape and form. This is the crux of it for us in our province of Newfoundland and Labrador. The Premier of Newfoundland and Labrador, Mr. Danny Williams, had written every leader asking for certain commitments and intentions of how they would govern the country. He asked about the equalization formula and the response from the then leader of the opposition and the now Prime Minister and leader of the Conservative Party was that his government would remove non-renewable natural resource revenue from the equalization formula to encourage the development of economic growth in the non-renewable resource sectors across Canada.

That does not say anything about a cap. It does not say anything about going to either the old system or staying on the new system.

Interestingly enough, in the last budget the Minister of Finance had said that side deals with provinces undermine the principles of equalization.

Let us try to follow the logic here. They were saying to Newfoundland and Labrador and Nova Scotia that they could either go to the new system or stay on the old system but for every other province and territory they need to go to the new system.

If that is the case, if Newfoundland and Labrador and Nova Scotia decide to stay in the old system, we have the same situation: two provinces now under a different equalization formula; a side deal supported by this party after saying unequivocally that side deals undermine the principles of equalization. It is one step forward, two steps backward.

Let us go to the deception once more. The following are some of the headlines in recent days from the moves made by this budget and the Conservatives' idea of fixing the fiscal imbalance and answering some of the concerns of the Newfoundland premier.

"N.S. to take big hit in program funding if it opts out of new federal formula", is the headlining from the Newswire in Halifax. Another headline is "Tory MP accuses Saskatchewan premier of lying as government defends budget". Not only have the Conservatives deceived them, they are attacking them for saying to them "Where is your commitment?" Not only have they abandoned the premiers, they now have decided to victimize them as well.

An hon. member: Shame.

Mr. Scott Simms: Yes, shame, indeed. Every one of them, especially in Atlantic Canada.

I will say this in the House right now, and I am sure they know it and we know it, hell hath no fury like a Danny Williams scorned.

What they say to me is that maybe the premier does this all the time and that maybe he likes to use theatrics. However, I can tell members that Mr. Williams holds in his hand a commitment. Is he mad? Yes, he is. Does he have a right to be? Yes, he does. This was a blatant deception.

Mr. Tom Lukiwski: No, he doesn't.

Mr. Scott Simms: My hon. colleague across the way yells "No, he doesn't". Yes, he does. He illustrates my example that all they are doing is trying to victimize a man who is only saying that the Conservatives made a written commitment and now they are saying it is over. The \$200 million that they pledged in extras is gone, and deceptively.

Let me just illustrate some of the deceptions. Talking about the cap, two years ago the current Prime Minister said that the Ontario clause effectively gutted the commitment made to the people of Newfoundland and Labrador during the election campaign. That is an absolute shame.

●(1030)

Shame. That is an absolute shame.

Hon. Jason Kenney: A shame? We gave them more money.

Mr. Scott Simms: My hon. colleague says it was more money. I would like to point out to my hon. colleague that it is zero. The choice is either to take what we have now, which we got from the Liberal government, or take from the Conservative government, which is even less.

Business of Supply

Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, before I begin my comments, I also want to congratulate members opposite for reading some of the Conservative literature, which they have. I know the staff photographers will have wonderful photos. I am pleased to see that finally at least some of them have seen the light and are reading the story that real Canadians truly understand.

I listened with interest to my hon. colleague's comments, but what I cannot understand is the fact that on one hand he is saying there is a deception and in the same breath he says—

The Deputy Speaker: The hon. member for Halton on a point of order.

Hon. Garth Turner: Mr. Speaker, I would like my hon. colleague to qualify the statement he just made. He said that “real Canadians” will understand the literature that has been distributed. As opposed to what? Are people on this side of the House not real Canadians? Do we perhaps care more for Taliban prisoners than we do for Canadian troops—

• (1035)

The Deputy Speaker: I have a feeling that was more a matter of debate than a point of order.

The parliamentary secretary to the government House leader.

Mr. Tom Lukiwski: Mr. Speaker, the point I was making is on that one hand the hon. member says there was a massive deception perpetrated upon the people of Newfoundland and Labrador and Nova Scotia, but on the other hand he said they have the option of keeping the same deal they signed under the former Liberal administration or opting into a new one. There is no deception. The deal has not changed. There is no cap placed upon the Atlantic accord, the deal that was signed previously.

An hon. member: I thought Danny Williams said there was a cap.

Mr. Tom Lukiwski: He did say there was a cap. Premier Williams said there was a cap, but obviously he is wrong, as is the member opposite. There is no cap.

My question for the hon. member is this. How can he stand in the House and say there is a cap placed upon the Atlantic accord signed by the provinces of Newfoundland and Labrador and Nova Scotia when in fact there is not? Has he not understood the equalization formula?

Mr. Scott Simms: Mr. Speaker, am I speaking in a language that is not being understood? This literature I have is the literature that was sent to Newfoundland and Labrador.

I have the commitment here. Maybe I should talk about the commitment that was made to the entire country, not just Newfoundland and Labrador, as was portrayed here. It states: “There is no greater fraud than a promise not kept”.

Let me read that literature again, as I did in my speech. Maybe it will sink in with the hon. member at this point. These are the words of the hon. member's party:

That's why we would leave you with 100% of your oil and gas revenues. No small print. No excuses. No caps.

In other words, that says “we are going to give them this new deal which caps it or we will leave them with the old deal”. What the Conservatives are saying to us is that they have absolutely deceived us, because the Conservatives were supposed to take 100% of non-renewables out of the equation, with no hindrances and no caps. That is not the promise they made. That was our promise, signed, sealed and delivered.

Mr. Bradley Trost (Saskatoon—Humboldt, CPC): Mr. Speaker, I listened with great interest to my hon. colleague's remarks, but I never heard him say how he and his party would change this or what it would do differently. That is very interesting, because if they are not planning on doing anything differently or making the changes that Mr. Williams has requested, they should say so. If they are not planning to make any changes to this, they are in fact endorsing it, and their actions are speaking louder than their words.

Therefore, my question for my hon. friend is this. What specific changes would they make to the equalization formula? What is the commitment he is making now? If he is not committing to any changes, he should quit criticizing because he has, by his actions, endorsed these changes in this budget.

Mr. Scott Simms: Mr. Speaker, I would comment by saying this. Perhaps the hon. member was not around on February 14 a few years ago when we signed the deal. The whole principle of this was that we would protect clawbacks in equalization. Therein lies the basic principle. We said we would do this and we did it, as Premier Williams has said, time and time again.

The Conservatives said they would one-up that. “We're going to do you better,” they said, and take out non-renewables without any hindrances, yet there is a major hindrance. They are taking away this money.

As a matter of fact, the hon. member for Regina—Lumsden—Lake Centre said this on January 17:

—[it] would result, of course, in Saskatchewan retaining 100 per cent of its oil and gas revenues...Saskatchewan would be in the neighbourhood of two to two-and-a-half billion dollars wealthier...

This is nowhere near that amount. He called it “very significant” for Saskatchewan, but yet he got nowhere near that amount.

Let me say for the hon. members from Saskatchewan that they should read what was done, and what was signed and delivered, and read their own promise, which was not fulfilled.

Hon. Geoff Regan (Halifax West, Lib.): Mr. Speaker, as a proud Nova Scotian, I welcome the opportunity to take part in this debate.

February 14, 2005 was a great day for Nova Scotia. I was proud to be in Halifax that day, signing an accord on behalf of the Government of Canada, an accord that gave Nova Scotia \$830 million upfront and a guarantee that it would be protected in future equalization programs.

It marked a new beginning for Nova Scotia.

But this past Monday, budget day, was a dark day for my province. It was a day of deceit, duplicity and betrayal.

Today we are asking why the Prime Minister has not lived up to the promises he made during the last election. Why is he attacking the integrity of the offshore accords?

This debate is about examining what Conservatives say to get elected and what they do when they are in power. It is about how mighty the words of Nova Scotia's Conservative MPs were then and how meek their actions are now.

Here is how the current Prime Minister explained the issue on November 4, 2004:

This is an opportunity and it is a one-time opportunity. It is a short term opportunity to allow these provinces to kick-start their economic development, to get out of have not status...

That is how he described the issue as opposition leader, but now he is showing his true colours. Now he is proving that he cannot be trusted.

Danny Williams thought he could trust him, but now the Progressive Conservative premier of Newfoundland and Labrador says the Prime Minister has betrayed his province. He sees a pattern of breaking commitments. He says:

This is the same prime minister who basically reneged on money for women, for literacy groups, for volunteers, students, minority rights, has not lived up to the Kyoto accord, for aboriginal people.

These are not my words. They are the words of a PC premier. It is a pattern of broken promises.

Rodney MacDonald thought he could trust the Prime Minister, but now Nova Scotia's PC premier says the federal budget forces Nova Scotia into a "fundamentally unfair" choice between cash today and rights to offshore oil and gas tomorrow. "Making that choice would be to roll the dice," he said.

Conservative members from Newfoundland are admitting the government has effectively broken its word. VOCM Radio reports that the Conservative member for Avalon says he "lobbied to have non-renewable natural resources taken out of the equalization formula", but the decisions are made.

An hon member: He failed.

Hon. Geoff Regan: He admits that he lobbied to preserve the Atlantic accord but lost. Now he is being bullied into submission by the Prime Minister and he has given up.

How about the member for St. John's South—Mount Pearl, now the Minister of Fisheries? Surely he who was so vociferous in opposition would not give up on Newfoundland and Labrador. He told CBC News:

Would I rather see what we clearly committed done? Absolutely. But...if it can't be delivered, you try to deliver the next best.

It cannot be delivered. The decisions are made.

So mighty then, so meek now.

Failure to do what one clearly committed to is not good enough. Breaking one's word is not good enough.

Tearing up signed agreements with two provinces is not good enough.

Why will Conservative members from Nova Scotia at least not have the honesty and the dignity to admit what their Newfoundland colleagues have admitted, which is that they too are afraid of the

Business of Supply

Prime Minister and they are afraid to stand up for their province? Their actions now do not stand up to their words then.

Here is what the member for South Shore—St. Margaret's said in 2004:

This is about fairness and the future of Nova Scotia...This is about honesty and about keeping promises.

● (1040)

What is he saying now? When *ChronicleHerald* reporter Steve Maher finally cornered him Tuesday, the member for South Shore—St. Margaret's said, "if Nova Scotia has to give up the accord, it wouldn't be so bad". How could he? When did he stop being a Nova Scotia member of Parliament and become a harpocrit?

Here is what the member for Cumberland—Colchester—Musquodoboit Valley said in 2004. He said:

I call on the government to stop the rhetoric, to stop talking about all these things it is talking about and just get down to the point and say, "We made a promise. Now we are going to keep it".

What is he saying now? We do not know. He has suddenly developed a phobia of the media. We think he might be in the witness protection program. So mighty in words, so meek in action. It is so sad.

What about the biggest flip-flopper of them all? In 2004 the member for Central Nova said, "MPs will be left to explain why they chose to abandon the interests of their province and in doing so betrayed the future prosperity of the people of Nova Scotia".

Last year when the finance minister said that the deal with Nova Scotia had made a mess of equalization, the member said nothing. The Prime Minister obviously agreed, as we can see from the budget.

The member who has to do a lot of explaining today is the member for Central Nova. He is the one left to explain why he allowed the Prime Minister to abandon the interests of his province.

Premier Williams says, "Conservative members from his province should reconsider their future with the party". As Premier Williams says, "they have choices". The same is true of Nova Scotia's Conservative members. They have choices. They can say no. They can stand up for Nova Scotia. They can demand the Prime Minister honour his commitment.

Here is how the now Prime Minister concluded his speech on the topic of the accords in 2004. He said:

What is at stake is the future of Atlantic Canada, an unprecedented and historic opportunity for those provinces to get out of the have not status...What is at issue is very simple. It is the honour of the Prime Minister, and all he has to do is keep his word.

I could not have said it better myself. The Prime Minister should honour his commitment.

● (1045)

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 the same question of the hon. member as I did the first speaker. On the one hand the Liberals are saying that this is a betrayal of the people of Nova Scotia and Newfoundland and Labrador, but on the other hand they are saying we have the option to keep the same deal.

Business of Supply

The Prime Minister unequivocally stated yesterday that there are no changes to the Atlantic accord. In other words, there is no cap on the deal that was previously signed. With the changes to the equalization formula, the rest of the provinces have an option, but the Atlantic accord remains fundamentally unchanged. There is no cap.

Will the member at least have the courtesy to stand in his place and say that he does not understand the deal that was cut because clearly he is mistaken? He is trying to portray the fact that his province of Nova Scotia is now burdened by a fiscal cap and that there has been some major change to the Atlantic accord that was signed three years ago, when in fact there is no change. The province retains 100% of its non-renewable natural resources.

Will the minister at least admit that is true or in his opinion it is not? I want to get him on the record.

Hon. Geoff Regan: Mr. Speaker, when the hon. member calls me a minister, I am sure he is thinking ahead and not just thinking behind.

It is interesting that the comments we are hearing from the opposition members are not those from members from Newfoundland and Labrador or Nova Scotia. The member claims he understands this. I do not think he understands the accords one bit. I was there. I took part in the negotiations. I had the honour of signing on behalf of the Government of Canada. I know what those accords said.

The accords said that these new agreements would apply, that these provisions would apply to any new equalization program, no matter how it changed. What the government has said in the budget is that the province can either have the accords or the new equalization, but not both. It will not apply the accords to the new equalization program. The government broke its commitment.

I am not surprised that members from Nova Scotia and Newfoundland and Labrador on that side of the House do not have the temerity to come in here and take part in this debate.

•(1050)

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Mr. Speaker, the issue today is the enactment of a promise, keeping one's word. Very simply put, on January 4, 2006, the Prime Minister, then leader of the opposition of the Conservative Party of Canada, specifically wrote to the Premier of Newfoundland and Labrador saying, in unequivocal, unconditional language, that he would remove 100% of non-renewable natural resources.

During the election campaign, particularly during the heat and the debate of a campaign, sometimes when a position is put forward which seeks favour and enjoys favour with the electorate, it often results in votes. In many cases that is exactly what happened. In fact, the Newfoundland and Labrador seat count went up for the Conservative Party.

Now what we are finding today is that honour, that promise, that respect to the people of Newfoundland and Labrador is not being adhered to. This goes beyond the Atlantic accords. Anyone who understands anything about non-renewable natural resources will also conclude that the promise would have entailed and enacted and encompassed Voisey's Bay nickel, Labrador and Wabush iron ore. It

would have taken into account Baie Verte gold. It would have taken in all non-renewable natural resources within the province of Newfoundland and Labrador and across Canada, including the provinces of Saskatchewan, Manitoba and others.

Does the federal budget 2007 enact the promise of the Prime Minister to exclude 100% of non-renewable natural resources for the benefit of those provinces that harvest them?

Hon. Geoff Regan: Mr. Speaker, I wish the budget had done that. I wish the Conservatives had kept their commitments to Nova Scotia and to Newfoundland and Labrador in this budget, but they clearly did not. They promised that they would not cap those revenues, that they would not cap equalization for those two provinces, but they have done so.

My hon. colleague talks about the record and what was said and what was not said. I do not know if he heard my speech. I clearly quoted his own Conservative members from Newfoundland and Labrador who have acknowledged that they have broken their promise. They have acknowledged that they tried to convince the government to keep non-renewable resource revenues out, but they failed. The government's own members have acknowledged it, yet how can they possibly have the temerity to stand here and suggest these things now? It is unbelievable.

Ms. Diane Ablonczy (Parliamentary Secretary to the Minister of Finance, CPC): Mr. Speaker, it is very interesting to listen to the Liberals opposite try to create a parallel universe based on the facts as they would wish them to be for politicking purposes, but not on the facts as they are.

The members opposite rightly point out that their government signed Atlantic accords with the provinces of Newfoundland and Labrador and Nova Scotia. This was a problem for them because all of a sudden some provinces had side deals, which completely destroyed the fairness and the equality of this program. Nevertheless, the Liberal government, for political purposes, entered into these agreements and our government said that we would honour those agreements.

This is the crucial point, and I hope members opposite are listening to this, because this is a fact that may assist them as they continue to pontificate and mislead through the day. Here are the facts that they should be keeping in mind.

I read from the budget document, which any citizen of Newfoundland and Labrador, or any citizen of Nova Scotia, or any citizen of any province can look at it on the website. It is in black and white and in plain English and French.

This is what the budget says, "To respect the offshore accords". The budget does respect the offshore accords. "Nova Scotia and Newfoundland and Labrador may continue to operate under the previous equalization system". That is what the budget says. The budget also says:

This fulfills and builds upon the Government's commitment to respect the Offshore Accords and ensures that these provinces will continue to receive the full benefit that they are entitled to under the previous system.

The accords are fully and completely respected by the government. There are no exceptions, no exclusion, no caps, no changes. That is the truth. That is it. There is no change.

Business of Supply

For those provinces there is actually a happy choice. If they no longer like the Atlantic accords, they can have another choice. Again, by the previous government and finished by our government, the equalization system has been fixed.

In fact, the previous government put together a blue ribbon panel, the O'Brien panel, to examine the equalization system, which had been badly broken and bent by years of Liberal mismanagement. The previous finance minister, the member for Wascana, said:

There are so many arguments among the provinces about what the right formula ought to be, that we will engage an independent panel of experts—people who don't have a particular bias, don't have any kind of regional, vested interest—and have them come up with recommendations for how the distribution formula ought to be changed...

The former Liberal finance minister said, "The main focus of this panel will be how to address non-renewable resources".

The panel did its work. The panel, set up by the Liberals, reported and our government fully accepted the recommendations of the O'Brien panel. We have now fixed the equalization system according to the recommendations of this independent, unbiased panel set up by Liberals.

● (1055)

Because of the fixing of the system, the equalization program has been somewhat enriched. Now Newfoundland and Labrador and Nova Scotia are saying that the accords gave them one thing but this new system might give them something better. That may be true. What did our government do? Our government told those provinces that they had a choice. They could continue to operate under the accords which they negotiated and signed and which we are fully honouring without any exceptions, or if they wished, they could move to the new system.

What could be fairer than that? What could possibly be fairer than saying they can get the agreement they fought for and signed, or they can move into the new system. It is up to them. They have a choice. I might add that other provinces do not have a choice, but those two provinces do have a choice.

Let us talk about the new system that has been set up. The new system actually gives a choice to the provinces that are in the new system, which Newfoundland and Labrador and Nova Scotia could be if they want to be. The new system says that for every year, two calculations will be made for the provinces. One calculation will be based on the O'Brien recommendations that 50% of non-renewable resources will be included in the formula. That is what O'Brien said was fair and reasonable and right, so we will calculate on that basis. Where a province wants to have 100% exclusion of non-renewable resources, we will make a calculation on that basis too. Provinces can choose which one they want. They will get the best of those two calculations.

Actually, the provinces of Newfoundland and Labrador and Nova Scotia get three choices. They can choose to have equalization under the Atlantic accords, which are fully respected and open to them and honoured by this government, or they can choose the O'Brien formula based on 50% inclusion of non-renewable resources, or they can choose the best, if it is the best, of 100% exclusion of non-renewable resources. Yet, dishonestly I say, members opposite are trying to say that somehow the provinces that are given not one

choice, not two choices, but three full choices are somehow being unfairly treated. That is so untrue.

Not surprisingly, when provinces are given a formula, there is going to be some unhappiness. The leader of the Liberal Party himself said just in January of this year that every province is arguing about getting shortchanged by Ottawa in one way or another and it would be difficult to make "all the premiers smile". Did he ever get that one right.

The leader of the Liberal Party also said that we need to have a clause that says whatever is the formula of equalization payments, a province that received equalization payments cannot see its fiscal capacity going above the fiscal capacity of a province that does not receive equalization payments. There we go. It is called a cap.

That is exactly what the O'Brien panel said and what the new equalization fix put in place by our government delivers. This is a program to make sure all Canadians get an equal level of services, but provinces that are not receiving equalization cannot have a lower ability to provide their citizens with services than provinces that do receive equalization. It has to be fair for everybody. It has to be the same standard for everybody, whether it is called a cap or a same standard, or whether it is called equality or fairness.

That is a principle that all Canadians get except a few members opposite. Even the Leader of the Opposition gets it. I will read again what he said, "cannot see its fiscal capacity going above the fiscal capacity of a province that does not receive equalization".

● (1100)

The formula, the equalization program has a standard that all provinces honour because that is fair. Provinces that get money from the equalization program are not going to have a better ability to serve their citizens than those who do not get money from the equalization program. What is there about that that the members opposite who just spoke do not like? Even their leader gets that; even their leader affirms that.

We have fixed the equalization system. I might add that here we have a system that has been gerrymandered, skewed and torn up by the previous government that could not make up its mind, could not stick to principles, could not make a strong decision. The Liberals could not do it, so we did it and now they do not like it, even though it is fair, even though we fully honoured the Atlantic accords and even though the new system gives provinces the best-of choice of two calculations. Somehow the members opposite do not get it and they are making trouble simply for political purposes where no trouble should be given. That is completely and utterly unfair.

What do Newfoundland and Labrador and Nova Scotia get from this enriched equalization program? They get full respect, no changes whatsoever to the Atlantic accords.

Business of Supply

The new equalization system makes every single province better off. In fact, we have been criticized for how rich the equalization system is under the new formula. Over \$12 billion will now be distributed to the receiving provinces under this formula. If Nova Scotia and Newfoundland and Labrador decide they are better off under this new enriched equalization program, they can opt into it. It is their choice. What can be better than a fair choice? Any time they want to during the life of the accord they can move to the new enriched system.

I want people in Newfoundland and Labrador and Nova Scotia to remember two things out of this debate. One is that the Atlantic accords that were signed are fully honoured and are available to those two provinces with no change whatsoever. The second thing is that we have a new system, a richer system, a system that will allow any province to receive benefits under a calculation that fully excludes non-renewable resources, or under a system which O'Brien recommended, a calculation that will include half of the non-renewable resources.

That is justice. It is clear. It is fair. It gives the provinces some certainty going ahead as they calculate their budgets, as they decide how best to provide to their citizens important services like health care, education, infrastructure, child care and social support systems for the most vulnerable. That is what the fixing of the equalization system is all about.

There are two provinces, one with the highest fiscal capacity in Canada, Alberta, and one with the lowest fiscal capacity in Canada, Prince Edward Island. What do these two provinces have in common? Their premiers are reasonable people. They know a reasonable accommodation when they see it. The premiers of these two provinces, one the newest premier and one the longest serving premier, are very pleased with this budget because we kept our promise to fully preserve the Atlantic accords and we restored fairness and balance to a disjointed system that we inherited from the directionless, knee-jerk government that Canada suffered under previously.

● (1105)

On top of that, the Prime Minister, the finance minister and this government recognize that a national government has a duty to all of Canada, to every province, every territory and every citizen, to be fair, to be equal and to have the same standards for everybody. This is something the previous government did not get.

It is essential to fairness that the provinces receiving equalization do not have a higher fiscal capacity than non-receiving provinces. That is what the O'Brien panel, which was set up by the previous government, said. It is what Canadians know to be fair, and that is what this new system puts into place.

Regarding all the distortion, all the misrepresentation, all the trouble making on the other side, members of Parliament are supposed to make this country work well for everybody. They are supposed to be fair, honourable and upright in the way they disagree. If the members opposite do not like the equalization formula that the Conservatives put into place and think they could do better, though we notice they never said how they would change it, then that is a fair debate. However, to misrepresent what was done, to say that promises were somehow broken when they were kept is completely

unfair and deceitful to the people of this country who depend on their members, because their constituents listen to them. They believe their members and trust them.

Trust should be placed on the basis of truth, honesty and putting forward the facts as they actually are, not as what members opposite might want them to be so that they can attack a government that has it right for a change, that is keeping its promises and giving provinces not one choice, not two choices, but three clear, unambiguous choices. I hope as the debate continues today that it will be based on the truth. I hope it will be based on what is actually in the budget. I hope it will be based on what is actually before the good people of Newfoundland and Labrador and Nova Scotia because they deserve to make their assessment on what is true and actual, not a distortion of it.

I have tried to be as clear as I can to the House and Canadians about what is really happening: fixing the equalization system, fully honouring the Atlantic accords if the two provinces want to stay with them, fully honouring the commitment to provinces who want to exclude 100% of non-renewable resources, but at the same time honouring the O'Brien panel which spent many months making the best accommodation that can be made for our country for fairness, equality in provision of services to citizens.

This is where we are. We have a good system. It is not a system everyone is going to like because that is not human nature, but it is a system that is true to our promises, true to the choices that we said would be made, and true to fairness and the same standard for everyone at the end of the day.

Citizens in Newfoundland and Labrador, citizens in Nova Scotia are good Canadians, Canadians who want a fair deal for themselves and their children and services that they can count on. They want certainty but also to be part of this great country where there is equality for all.

We are glad to honour the deals that were made by the previous government even though they skewed the system. We recognize that but we will still honour them or move into an enriched system that gives an even better deal. That is what we are providing for people in these two provinces and all Canadians. We are proud of it and we hope that it will be supported by everyone.

● (1110)

Hon. Scott Brison (Kings—Hants, Lib.): Mr. Speaker, I was part of a government, in fact part of a cabinet, that made the decision to negotiate and implement the Atlantic accord with the provinces of Newfoundland and Nova Scotia.

It was difficult because in fact the principle of the Atlantic accord was that Nova Scotia and Newfoundland would receive 100% of the benefits of their natural resource wealth above and beyond equalization. Yes, it was a difficult agreement; yes, it was difficult to attain; and yes, there was push-back in fact from the Department of Finance.

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The principle of it was based on the equalization system continuing and this accord acting in addition to the equalization system. That was the principle of it. That is why it was difficult to effect that change.

However, the party that actually put it on the table in the first place, that demanded that there be no caps, was the Conservative Party. It was the one that demanded that our government take action on that file. In fact, we worked with provincial Progressive Conservative governments to do exactly that.

The member is saying that it is somehow a happy choice for provincial governments now to make. It is not a happy choice to have to trade off future prosperity, which is found in a solemn commitment and accord with the federal government, against getting more revenue now. That is not a happy choice.

In fact, the member said that our arguments were dishonest. Is he calling Premier Rodney MacDonald, a Progressive Conservative premier, dishonest? He said:

It's almost as if they want to continue giving handouts to Nova Scotians rather than us keeping our offshore accord, and that to me is fundamentally unfair.

Premier Rodney MacDonald said that he was blindsided by the federal budget's attack on the accord.

Is the member referring to Premier Danny Williams, a Progressive Conservative premier, as being dishonest when she said that he was arguing against her government's decision to axe the accord?

Furthermore, the potential federal Conservative candidate for Halifax, Jayne Purves, who was in fact the chief of staff to Premier Hamm during these negotiations had this to say:

I think it puts the province in a really difficult position...It puts them in an almost impossible position...I was part of that team—

She talked about the negotiating team:

—and that's what makes it difficult. I didn't do it, but I was part of it. It was Dr. Hamm that did it. I'm not in support of this particular aspect of the budget—

That is the potential federal Progressive Conservative candidate in Halifax who was part of the negotiating team for that accord. Is she being dishonest?

• (1115)

Ms. Diane Ablonczy: Mr. Speaker, I would point out that this whole issue arose because the former Prime Minister, during the 2004 election, went to Newfoundland and Labrador and Nova Scotia and promised them something that was outside the equalization. He promised them that.

We said to him that he needed to keep his promise. Therefore, as the member said, he got busy and negotiated the Atlantic accord. It was outside the equalization formula.

Now we are honouring that. We are fully honouring the Atlantic accord. Those two provinces will have every single benefit of the Atlantic accord that was negotiated and the member knows that.

Under the new formula, a province can still exclude 100% of its non-renewable resources and have a payment based on that.

What the members are really arguing against is to have the same standard for everyone, so that provinces that do not receive

equalization payments do not have a worse position to provide their citizens with services than provinces that do receive equalization.

If the members opposite want to stand up and argue against fairness, equality and the same standard for all Canadians, let them do that.

The fact of the matter is that this accord allowed that and we are respecting that. Going forward we are putting the equalization program on the basis of fairness, equality and the same standard for all. That is important to all Canadians across this country.

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Mr. Speaker, I have some respect for the parliamentary secretary. I served on the finance committee with her and I appreciate her work, but she betrays a fundamental lack of understanding about Atlantic Canada.

One of the things that has most offended Atlantic Canadians in the last year goes back to last year's budget documents where the government made it clear how it felt about the Atlantic accord. It suggested that the February 2005 arrangements to provide Nova Scotia and Newfoundland and Labrador additional fiscal equalization offset payments sought to address the severe fiscal challenges faced by those two provinces as a result of their high public debt, but were widely criticized as undermining the principles in which the equalization program was based.

The member spoke about previous fiscal arrangements like the Atlantic accord as being gerrymandered. There were other terms that got by me before I could write them down. She later used the terms disjointed and knee-jerk arrangements. That offends Atlantic Canadians and it absolutely shows what the government thinks of the Atlantic accord.

Does the member believe that the Atlantic accord, negotiated between the former Prime Minister and the premiers of Nova Scotia and Newfoundland and Labrador, was a gerrymandered, disjointed, knee-jerk arrangement?

Ms. Diane Ablonczy: Mr. Speaker, the equalization program has a name that should show what should be honoured in this program, namely equalization. The side deals that were negotiated by the former Prime Minister, promised by the former Prime Minister and finally put into place under much pressure, destroyed the equal part of equalization. There is no question about that. The member knows that. It made the program not the same for everyone and removed the same standard for everyone. That was unfair to people right across this country.

Nevertheless, as I have said repeatedly, we will and do fully respect that because it was a deal that was made, a deal that was signed, and a deal that was fully respected. Now if the leaders in Newfoundland and Labrador and Nova Scotia can get a side deal, even though it could destroy the equality of a particular program, no one is going to criticize them for that.

However, it must be recognized that national leadership requires that there is no skewing of programs, that the equal in equalization is returned and reinstated because all Canadians depend on this kind of fairness and equality. That is what our government has done.

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I ask the members opposite, are they against equal? Are they against fairness? Are they against the same standard for all? That is what they have to answer and they are not doing that.

• (1120)

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Mr. Speaker, I rise on this subject that does interest me because I have some very good friends in the Maritimes, people I have known for a long time. The same as any part of the country, as a member of Parliament, I want to see everyone treated right.

At this time I would compliment my colleague from Calgary—Nose Hill for her very obvious understanding of how this budget as it relates to equalization really does work.

I do not know whether it is the dull, dreary, rainy weather today that has affected the judgment of some of my colleagues across the way, particularly my good friend from Bonavista—Gander—Grand Falls—Windsor, who is out of the chamber right now, but in all due respect, I am trying to get it through my head.

First of all, I know that P.E.I., for example—

The Deputy Speaker: Order, please. The hon. member should wrap up his comments, but he should also know that it is not within the rules to refer to the absence of a particular member.

Mr. Larry Miller: I did not do that deliberately, Mr. Speaker, my apologies.

Mr. Scott Simms: Mr. Speaker, I am in my seat, thank you very much.

Mr. Larry Miller: Mr. Speaker, I know that in the equalization on a per capita basis P.E.I. finished first, New Brunswick a very close second, and Manitoba—

The Deputy Speaker: Order, please. The hon. member has run out of time, but I would also say to hon. members that is the first time I have actually heard a cellphone ring in the House of Commons. Cellphones should be turned off or at least not be in a position where we have to listen to them.

The hon. Parliamentary Secretary to the Minister of Finance.

Ms. Diane Ablonczy: Mr. Speaker, it is important to recognize that leaders in some provinces pushed hard to get the best accommodation they could for the concerns and the situations in their provinces. We are happy about that, but at the same time we have a duty and responsibility for fairness for all Canadians.

Therefore, we will honour the accommodation that was reached with Newfoundland and Labrador and Nova Scotia, which fully, 100%, excludes non-renewable resource revenue. At the same time, we have moved to put this important program back on a basis of fairness and equality, the same standard for all. I hope that at the end of the day, politics aside, the members opposite will respect that, applaud that, and support that.

• (1125)

[Translation]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, before expressing the position of the Bloc Québécois, I would like to come back to the motion we are debating. It is the motion presented by the Liberal Party, which reads as follows:

That this House regret that the party now forming the government has abandoned the principles respecting the Atlantic Accords, equalization and non-renewable resource revenues as articulated in the motion it put before the House on Tuesday, March 22, 2005.

I must say that such a motion was indeed put forward by the Conservative Party in 2005. I completely understand that to some regions in Canada it may appear that the Conservative Party is going back on its promise, with what it has proposed regarding equalization in the budget speech, and that is cause for frustration.

I also understand that roughly 2.5 million Canadians, who believed the current Prime Minister's promise on income trusts, feel swindled by this government today. I want to remind the House that the Prime Minister promised during the election campaign not to change the tax rules as far as income trusts were concerned. He did not keep his promise. It is in the budget.

In this case, as with equalization, I understand the frustration of the people, whether they are from the Atlantic provinces or the western provinces. I also understand the frustration of the pensioners who believed the Prime Minister.

However, I must say that in the case of the moratorium—it is more than that, it prohibits the conversion of corporations into income trusts in future—we cannot disagree with the government. This caused a problem both in terms of economic development and of tax avoidance. That said, there could have been mitigation measures, as suggested in the Standing Committee on Finance.

As far as equalization is concerned, as I was saying, I can very well understand the frustrations of certain premiers, those from certain provinces in particular. But one fact remains: the equalization formula, even the one in the current budget, is not fair for Quebec. For that reason, the Bloc Québécois cannot support this motion. If we went back to the former principles of equalization, then Quebec would lose a great deal of money.

I would remind the House that the old formula would have given Quebec \$5.202 billion for 2007-08, while the new formula, which we feel is incomplete, gives Quebec \$7.16 billion, which is a difference of \$1.958 billion. How could anyone think that the Bloc Québécois would masochistically support nearly \$2 billion less in equalization for Quebec? Thus, it is entirely understandable that the Bloc Québécois will oppose this motion.

I would also remind the House that the government's proposal—we will see how the budget implementation bill will turn the budget announcements into reality—includes either 0% or 50% of natural resource revenues, to be decided by the receiving provinces. At least there is a choice.

I wonder why the government did not propose 100% of natural resource revenues, as the Bloc Québécois is calling for, and will continue to call for, and as the Quebec government, all parties of the National Assembly and the Séguin commission also called for. The provinces therefore have the choice.

The 10-province standard means the elimination of the floor and ceiling provisions, which we opposed in the old formula, because it seriously penalized Quebec. In that regard, there is some progress in terms of the fairness of the equalization formula.

The tax bases used in the calculation have been reduced in number from 33 to 5, which we find much more transparent. Quebec's argument was also accepted—and I imagine this is true for other provinces—that property values must be calculated at market rates.

As I mentioned, this is what budget 2007 proposes. This does not fully satisfy the demands of Quebec and the Bloc Québécois. While we now have an equalization formula that is headed in the right direction, it is not quite there yet, and therefore, it is entirely understandable that we will not lose ground or regress to a situation of inequity for Quebec.

• (1130)

What we want is to reform the equalization formula to take into account not only the ten provinces, but also 100% of revenues from natural resources, renewable or not, and to also take into account, as I already said, the true value of property taxes.

In our opinion, this would make it possible to increase the overall equalization envelope. In the budget, this overall envelope is currently valued at \$12 billion. It would increase to \$16 billion in 2007 and 2008. We have made some progress, and I had the opportunity to say so. My Bloc Québécois colleagues also had the opportunity to say so in our reaction to the budget speech. However, a definitive solution to the fiscal imbalance has still not been found. The formula proposed by the Bloc Québécois is the only one that enables equalization to meet its goal of providing recipient provinces with a per capita fiscal capacity equal to the Canadian average.

It does not make sense to have gone with only 50% of revenues from natural resources. One thing that explains the fiscal disparity between Canadian provinces, unfortunately still including Quebec, is the fact that some provinces have oil and natural gas in the ground. Of course I am thinking of Alberta, but also Newfoundland and Labrador. This geological accident explains why some provinces are richer.

Take Newfoundland and Labrador, for example. Last year and this year, growth was close to 11%. Why was this? It can be linked to the start of the Hibernia project.

If we do not take this reality into account, the equalization formula is biased, and we are preventing the equalization formula referred to in section 36(2) of the Constitution Act from working. The section states that equalization is meant:

—to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

By not including any revenue from natural resources, equalization does not play the role set out in the Canadian Constitution. I am often amused when I point out to Quebeckers and my colleagues from other parties that the Bloc Québécois is about the only party that strives to ensure that the Canadian Constitution is respected.

In this case, I would point out, equalization plays an extremely important role for the regions of Canada. However, in order for it to play this role, we must look at the whole picture and not just parts of it. The former formula, which the Liberal motion would reinstate, was based on a standard calculated using five provinces. The poorest and the richest were excluded, which had the effect of lowering the national standard or, rather, the pan-Canadian standard—since this House has recognized that Quebec is a nation, I must set the

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example. It was recognized that the pan-Canadian standard, based on the average of the five provinces, was lower than if all provinces were included.

I would also like to remind the House that, at that point, the real value of property tax was not reflected. This value was determined by rent paid or mortgages paid by owners which resulted in property values of certain provinces being underestimated. As I already mentioned, all this led to Quebec being penalized. It still is because 100% of natural resources are not included in the equalization formula.

A solution for the fiscal imbalance—one which is just beginning to emerge—must have several components. First, we need an equalization formula that works. We need not retrace our steps. We must continue to work towards truly attaining the objectives of the Canadian Constitution, that is transfer payments that will enable provinces that fall below the pan-Canadian standard to have access to revenues that will allow them to reach this pan-Canadian standard.

Second, we need transfer payments that meet the needs of the provinces and Quebec.

• (1135)

As we have said, the last budget did not keep these promises and did not meet the expectations of the education system, particularly with respect to post-secondary education. This is true everywhere in Canada and in Quebec. So there is some work to be done on increasing transfers to the provinces and to Quebec.

To ensure that we no longer run the risk of the federal government making unilateral decisions, we recommend transferring the federal tax base to the provinces and Quebec. The Séguin Commission, the Government of Quebec and all parties in the National Assembly have recommended the same thing. With access to guaranteed, permanent and predictable revenues, Quebec will be empowered to address responsibilities in its areas of jurisdiction independently. Obviously, this applies to these areas of jurisdiction.

There also has to be some control over federal spending power. During the last two question periods, the Prime Minister was asked to commit to negotiations. Unfortunately, I must emphasize that yesterday, the Prime Minister said there would only be negotiations with a federalist Quebec government. That sounds a lot like blackmail to me, and it is unacceptable. If the Parti Québécois comes to power next Monday, March 26, which seems likely, the government will give it the silent treatment. I find that totally irresponsible.

Let me review the facts. During question period, the leader of the Bloc Québécois asked the Prime Minister about the federal government's willingness to begin negotiations to limit federal spending power. This was the Prime Minister's answer:

We are still prepared to consider the possibilities. To have such fiscal relations with the provinces, it is necessary to have a federalist government in Quebec and a government here in Ottawa that respects provincial jurisdictions.

Business of Supply

This is truly a departure from democracy. Surely the Prime Minister misspoke himself because this would be a totally anti-democratic attitude and disrespectful of the people of Quebec.

However, he did say what he said. I imagine that during question period today he will be asked to tell us exactly what he is thinking. He certainly did not hold back. In response to a question I asked him, he said:

This government is prepared to meet with the new provincial government—which I hope will be a federalist government—to control federal spending power.

Does that mean that the Prime Minister not only wants to select judges and people to be on the immigration board, but he also wants to select provincial premiers, in Quebec in particular? This is totally unacceptable.

That is why we have to be able to free up some of the federal tax room and transfer it to the provinces that want it—Quebec wants it—in order to avoid this type of blackmail.

The best illustration of the fiscal imbalance is that the federal budget was dragged into the Quebec election campaign. Imagine if Quebec's budget had been brought down during the federal election campaign. Would anyone have been concerned during the federal election that Quebec's budget would have an impact on election results in Quebec? No one would have cared.

We can barely balance the books. Last year, Minister Audet had to sell off \$800 million of the Government of Quebec's assets in order to balance the budget. This finance minister is not seeking re-election: he must be tired from trying to balance his budget. The auditor general, Mr. Breton, said that there was some accounting sleight-of-hand and that the budget had probably not actually balanced. This had no impact, which shows that the federal government has too much money in relation to its responsibilities.

Accordingly, we would like taxpayers to pay just enough taxes to the federal government that it can handle its responsibilities, yet pay enough to Quebec that it can handle its responsibilities as well.

Earlier I quoted the Prime Minister's responses. He said that Quebec needed not only a federalist government, but also a government that wanted decentralized federalism, as the Conservative Party in Ottawa advocates.

• (1140)

I have watched governments come and go in Ottawa. I have sat in this House for seven years, but I have followed federal politics for a good 40 years now. My parents were very interested in politics.

In reviewing the budget, I noticed that the phrase job training kept coming up:

The Government is prepared to consider providing future growth in funding for labour market programs after consultations with provinces and territories on how best to make use of new investments in labour market training and ensure reporting and accountability to Canadians.

This is in the chapter or part that talks about the labour market program, which, as we know, falls under Quebec's jurisdiction.

What does it mean? This phrase can be found not only regarding education and job training, but also regarding post-secondary education, social programs and child care. It is repeated several times in the budget. These are not federal jurisdictions. The

equalization formula is a federal jurisdiction. If the federal government wants to change it, it can. Naturally, we hope it would change the formula in a way that best serves the interest of all Canadians, and especially the best interest of Quebecers. However, it does not need to ask for permission, as the Prime Minister and the Minister of Finance seemed to suggest for months and months.

Besides, the Liberal government changed the equalization formula a number of times, to the detriment of Quebec. Based on the wording, we can say that, when it comes to provincial jurisdictions, the Conservative government is reserving the right to spend in consultation with the provinces, but it is not giving them the right opt out from these programs unconditionally and with full compensation. Thus, we still have a centralizing government in Ottawa. Only the paint colour has changed. They talk of open federalism but the reality is, we are dealing with a government that advocates a centralizing federalism. Quebecers need to know this. If we want to be able to stand up to this government, as we have stood up to other governments, we must have a government that stands up for itself. Next Monday, we must have a Parti Québécois government.

As we can see, the work required to resolve the imbalance is far from over. Negotiations must continue, not matter who is in power. The Bloc Québécois will continue to pester the Conservative government and all governments as long as it is in this place. We will remain here until we achieve sovereignty in order to ensure that certain principles are respected and that the Government of Quebec, and the governments of other provinces, will have the financial resources needed to provide viable programs. That is also our hope for the others who share the Canadian political space. This requires accountability. That is found in the quote I just read.

However, when the Conservative federal government speaks of accountability, as did the previous Liberal government, it is referring to the accountability of the provinces and of Quebec towards the federal government. That is not the accountability I have in mind. I am referring to the accountability of provincial governments, of the Government of Quebec, towards their citizens, their voters, in their areas of jurisdiction. In areas of federal jurisdiction, the federal government must be accountable to the citizens of Canadian and Quebec when elections are held. We are not at all talking about the same thing.

Business of Supply

In addition, equalization payments must be predictable. We are still in a situation where, tomorrow, the government could change its mind and amend the equalization formula or even reduce transfer payments in the areas of health or education. There are no guarantees and, after the election of a majority government,—whether Liberal, Conservative or NDP, and I say this to please you, Mr. Speaker; one can dream, as I always say—such a government could decide to tear up everything we now have in front of us. The only way to ensure that this does not happen is for Quebec to have an independent fiscal capacity, to have control over its revenues, in its areas of jurisdiction, and that means the transfer of tax points to Quebec.

Finally, and I do not know why the Bloc Québécois has to constantly repeat this point, jurisdictions must be respected. What I just read from the budget does not respect jurisdictions. Once again, the new Conservative federal government, just like the former Liberal government, wants to control what is done by the provinces, particularly Quebec, including what happens at election time, and that is unacceptable.

• (1145)

Mr. Robert Carrier (Alfred-Pellan, BQ): Mr. Speaker, I would like to congratulate my colleague from Joliette for his excellent speech, although there is much more to say.

We are talking about equalization. As a member representing a riding, I strongly believe in equalization, which is the distribution of wealth throughout this large country that is Canada.

However, I am surprised to see that non-renewable natural resources, which represent considerable wealth—such as the oil sands development in the west, which is so wealthy that there is a labour shortage—are included at only 50% in the distribution.

We are fortunate in Quebec to have renewable natural resources, but these resources are not included at their full value. Furthermore, the federal government has done nothing to support their development, unlike the development of the oil sands, which is still benefiting from the government's generosity.

I am even more surprised when I read newspapers from across Canada. For example, an excerpt from the *Edmonton Sun* states that, for decades, every Quebec premier has exploited the federal government to Quebec's advantage. I am surprised to see that Canadians who are benefiting from this fiscal generosity and from the wealth of natural resources still feel that Quebec is taking advantage of this system. I would like my colleague from Joliette, who has a good grasp of the entire tax system, to elaborate on this.

Mr. Pierre Paquette: Mr. Speaker, I would like to thank my colleague for his excellent question. In my excitement, I forgot to mention that. First of all, Quebec receives lower equalization payments per capita than most of the other provinces that receive equalization. It seems like a lot, but that is because our population is greater than that of other provinces. Seven million people now live in Quebec. Per capita equalization transfer payments are lower than what most other provinces are getting.

Federal government transfer payments to Quebec have risen by 55% from 1993 to 2007. Wow, that is a lot. However, taken together, the other provinces minus Quebec have received 66%. That means that we have received less than the others.

From 1993 to 2007, the federal government's revenues increased by 91%. The reasons for the fiscal imbalance are obvious. My colleague noted, quite rightly, that the oil and gas sector has received huge direct subsidies. From 1970 to 2000, Ottawa gave \$66 billion in direct subsidies to the fossil fuels industry—coal, natural gas and oil—and a paltry \$329 million to the renewable energy sector, not a penny of which went to hydroelectricity. This means that we paid for our hydroelectricity, we paid for the Hibernia oil sands development project, and now we are being asked to cover the cost of cleaning up the pollution these industries produce. Who do they think they are fooling? We want what we deserve, that is all.

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Mr. Speaker, I want to thank and congratulate my colleague from Joliette for his speech. I have two little questions for him.

First, he reminded us of the Prime Minister's comments about the “choice” Quebeckers should make, that according to him, they should choose a federalist party. Does my colleague agree that this very serious? The Prime Minister is quite simply questioning the legitimate choice of a population, a nation, the nation of Quebec.

My second question is similar to the question already raised by the hon. member for Alfred-Pellan. I will ask it in the following way. I would like to ask my colleague from Joliette whether he thinks Quebec is really in the process of being swindled for the second time, if not the third. The current government keeps giving rather remarkable tax breaks—to oil companies for example—and Quebec, as my colleague just mentioned, is penalized. With this formula option, this calculation of 50% of revenues, it is obviously being penalized on that front as well. As far as I am concerned, we can never say enough about the fact that Quebec is being swindled.

• (1150)

Mr. Pierre Paquette: Mr. Speaker, I wish to thank my colleague for her question.

Yes, indeed, the Conservatives' attitude is not only disdainful of the intelligence of the Quebec electorate, but also it challenges the legitimacy of the sovereignist parties' existence. Whether in Quebec City or here in Ottawa, we derive our legitimacy from the democratic process, not from a decision by the Prime Minister of Canada. So when Quebeckers send members of the Bloc Québécois to Ottawa, we are entitled to speak on their behalf, like any other member here.

This is not the first time the Minister of Labour has cast doubt on the legitimacy of our presence here. To my mind, this attitude is not only disdainful, but also anti-democratic. Yesterday we saw that the example came from above when we heard the comments made by the Conservative Prime Minister.

Business of Supply

So, yes, I do not think that we have heard the end of the story. Unlike what the Prime Minister may have thought yesterday, his little blackmail game is going to have entirely the opposite effect, I can assure you. I have been in touch with some of my fellow citizens and they are up in arms. They will not be told what to do. Now that they have been told they have to vote federalist, a lot of them will choose to vote otherwise, I can assure you. When I say “otherwise,” I mean for the sovereigntist parties. As you know we have two in Quebec. So this will have the opposite effect of the one he thought.

To my mind, going with 50% of natural resources is a poor compromise. It is as if there were a fork in the road ahead and, in the decision as to which direction to take, they headed right for the middle. That is exactly what they have done, but by shortchanging Quebecers the equivalent of \$2 billion this year.

I spoke of the \$66 billion in direct subsidies. Of this amount, at least \$10 billion came from the pockets of Quebec taxpayers. That they should be deprived in the end of developing these natural resources, which they paid for, is totally unfair in my opinion and we will continue the battle so that 100% of the revenue from natural resources is included in the equalization formula.

As they used to say when I was young: this is just the beginning, let us keep up the fight.

[English]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I would like to be able to say that I am very pleased to be participating in this debate, but I have to say that like many, many people in my province of Nova Scotia and I think it is fair to say throughout Atlantic Canada, and fair-minded people across the country who care about broken promises and care about narrowing prosperity gaps, it is absolutely infuriating that we are having to have this debate today because of what this debate is about. This debate is about broken promises and a government that has completely betrayed a commitment that the Conservatives made when in opposition, that they made here by voting in the House of Commons, and they made on the campaign trail.

For those who are trying to follow the debate, let me make it clear that what we are debating is the Conservative government's abandonment of principles respecting the Atlantic accords, equalization and non-renewable resource revenues as articulated in a motion put before the House on March 22, 2005.

Without taking too much time to go back, because we have to move forward on this, let me just refer to that motion that was introduced by the Conservatives in March 2005. What a difference an election can make. The motion asked that the House call upon the government, the then federal Liberal government, “to immediately extend the expanded benefits of the recent Atlantic accord to all of the provinces since the existing equalization clawback on non-renewable resource revenues severely curtails the future prosperity of Canada by punishing the regions where the economy is built on a non-renewable resource base”. Let me just pick up on the word “prosperity”.

Mr. Speaker, I want to indicate that if my colleague from Sackville—Eastern Shore can get here from committee on time, I will be dividing my time with him.

Let me just say what my colleague, the leader of the New Democratic Party in Nova Scotia said on hearing about the betrayal contained in this week's budget. The NDP leader of the official opposition, Darrell Dexter, said that Harper endorsed the offshore accord when he was the opposition—

• (1155)

The Deputy Speaker: Order. The hon. member knows that even when quoting she should not be naming the Prime Minister by name. She should refer to him as the Prime Minister, even if she is quoting the leader of the NDP in Nova Scotia.

Ms. Alexa McDonough: Mr. Speaker, you are quite right. I have been here long enough to know that I should not call the Prime Minister by name. It is just that my provincial counterpart did and I quoted him, but I understand your point.

The leader of the NDP in Nova Scotia said that the Prime Minister endorsed the offshore accord when he was the opposition leader and now the Conservatives are treating Nova Scotia, and indeed the Atlantic provinces, in a way that will enshrine regional disparity.

I can see that members on the Conservative benches are rolling their eyes and thinking would they not expect a New Democrat to say that, the New Democrats here in the House and New Democrats in opposition in Nova Scotia. Yes, we would expect them to say that.

Let me quote something else. This is from a motion that was passed in the Nova Scotia legislature in the aftermath of this incredible betrayal. Here is the motion that was passed in the Nova Scotia legislature:

Whereas the 2007-08 federal budget unfairly forces the Province of Nova Scotia to choose between economic development and sustaining its share of equalization to support the fundamental needs of the people of this province; and

Whereas this is a major blow to the efforts of Nova Scotia to become self-sufficient; and

Whereas the commitment to all citizens of Canada to restore the country's fiscal balance include a promise to “ensure that no province is adversely affected from changes to the equalization formula”;

Therefore be it resolved that all representatives of this House of Assembly stand together in calling on the federal government to recommit to the true intent of the Atlantic accord, to stand alone as an economic tool to support Nova Scotia's goal of self-sufficiency and remove what is, in fact, a discriminatory budgetary hammer on the people of Nova Scotia.

The member for Central Nova is best known to people as the foreign affairs minister, but he also serves and proudly does so as the political minister for Nova Scotia. I think he should go to Nova Scotia and explain how it is that he has been able to support this discriminatory budgetary hammer on the people of Nova Scotia. He wears the title and gets the perks that go with it. Therefore, he should give an accounting of that spectacular betrayal.

I admire the fact that across the board the members of the Nova Scotia legislature have stood together and stood up for Nova Scotians.

Business of Supply

Let me also challenge the premier of Nova Scotia to go one step further. He will know that the premier of Newfoundland has seen fit to counsel the people of his province, particularly within his party, to not vote for the Conservative Party in the next election whenever it comes. I do not get to challenge the premier of Nova Scotia, but let me remind him what has been said by his provincial counterpart in Newfoundland. Danny Williams has suggested that the Prime Minister cannot be trusted. He is the same Prime Minister who basically reneged on money for women, for literacy groups, for volunteers, for students, for minority rights. He is a Prime Minister who has not lived up to the Kyoto accord and for aboriginal people.

There is a long list of people who have been hard done by the government in a minority situation. If the Conservatives were to get a majority government, I am quoting the Conservative Premier of Newfoundland who said that we have to be very concerned about what commitments they will deliver on.

This is a challenge to all members. The challenge is whether we are prepared to stand together around commitments made on the floor of this legislature, whether we are prepared to stand together for measures that reduce the prosperity gap. That is what is at the heart of this motion. Also, the challenge is whether we are prepared to stand together to say this is our vision for a better Canada and we are prepared to work together to put that vision into effect.

• (1200)

Mr. Bradley Trost (Saskatoon—Humboldt, CPC): Mr. Speaker, in this debate today I keep asking the hon. members who are criticizing the government what is their alternative plan? What would they have done differently?

If the opposition members are going to criticize the plan of the government, then they should lay out specifically what they would do differently and how they would change it and cost it out.

Mr. Scott Simms: We did it.

Mr. Bradley Trost: When I asked the member from Gander, who is now heckling, he did not address what he would do differently. Other Liberal members did not lay out what they would do differently.

I now ask the member for Halifax what the NDP would do differently and to actually cost it out. What would her party do differently for each province if they got the changes that they wanted?

If the opposition members are not going to cost out any changes, then by their actions they have endorsed this government's position and they should say so. Actions and words should be the same.

Ms. Alexa McDonough: Mr. Speaker, I love the comment by the Conservative member that actions and words should be the same, because we heard the words from the former opposition leader in this House. The words were that there should be an Atlantic accord. He not only stood here in this House and proposed a motion asking members to support that Atlantic accord, it passed in this House. This is a Prime Minister who said that he was going to restore the sanctity and dignity of this Parliament, and that if there were decisions made in this Parliament, then any government in power should honour those decisions. I guess that only referred to the previous government, that if the Liberal government were part of

passing something in this chamber, it should be required to honour the commitment and implement it, but that is not the case.

That former opposition leader is now in power. He is in government. He is the Prime Minister. He has seen fit to preside over and introduce a budget, to support his Ontario base from the Mike Harris team, the Ontario finance minister, and introduce a measure that creates a huge gap between his words, the commitment he made in this House and on the campaign trail, and what is in the budget.

That is what it is about, making sure that the words and the actions go together. The member from Saskatchewan should understand that in his province a unanimous motion was passed condemning this budgetary measure.

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Mr. Speaker, I am pleased to ask a question of my colleague on her comments, which I agree with. She probably knows better than most the impact of this budget on Conservatives in Nova Scotia.

I am sure she has seen in the paper today that the vaunted Conservative candidate who was going to run against her in Halifax is having second thoughts. I do not think that she is quaking in her boots at the thought of any Conservative winning in Halifax, but Jane Purves is a good, strong, capable woman. She would be a strong candidate for the Conservatives and she is having second thoughts. I think one of the reasons she is having second thoughts is she sees the absolute lack of understanding the government has for Atlantic Canadians. She stood with Dr. Hamm when he negotiated the offshore accords.

I was very dismayed this morning when I heard the Parliamentary Secretary to the Minister of Finance talk about previous fiscal arrangements being gerrymandered. She used the terms "disjointed" and "knee-jerk" in terms of the offshore accord and other fiscal arrangements. That is an absolute clear admission that the Conservatives do not understand Nova Scotia, that they do not understand Newfoundland and Labrador.

Does my colleague think that the Atlantic accord was a gerrymandered, disjointed, knee-jerk fiscal arrangement?

• (1205)

Ms. Alexa McDonough: Mr. Speaker, it must be the Prime Minister who thinks that it was a gerrymandered deal that he proposed that was supported.

I welcome the member's reference to one of the declared candidates for the Conservative Party, namely Jane Purves, who made it known she was seeking the nomination to represent the people of Halifax. Jane Purves is a character. She also served very ably as the chief of staff to the premier of Nova Scotia, who actually played a very constructive, positive role in bringing political parties together to fight for fairness for Nova Scotia. I want to give him credit for that.

Business of Supply

No wonder she is dismayed. I do not know whether she is going to try to put herself forward to say she can represent that party after it has turned its back on them, but I do know that when she declared her intentions to seek the nomination, she said that in Nova Scotia since 1980, in Halifax, people would rather eat lobster shells for lunch than vote Conservative. I can say that they now would be more prepared to eat whole lobsters within their shells for lunch before they would ever vote Conservative in the foreseeable future. I think probably that woman knows that.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, on the great island of Cape Breton we have a Gaelic college. I want to recite a Gaelic proverb to the House. This proverb is a very worthy one and needs to be said over and over again: “There is no greater fraud than a promise not kept”.

Since the Conservatives have formed the government under the present Prime Minister, we have witnessed the reversal of the VIP promise. We have witnessed the reversal of the marine service fees promise. We have witnessed the reversal of veterans first and veterans care motions and the assistive devices deductions promise. We have witnessed broken promise after broken promise.

This is the same Prime Minister who, when he was in opposition, rightly criticized the then Liberal government for its broken promises. The Prime Minister was absolutely correct when he was in opposition when he said that the Liberals broke their promises on various issues.

Now he is the Prime Minister of our country and is breaking a very solemn promise that was made by the Government of Canada, with his support, to the people of Nova Scotia, Newfoundland and Labrador and, for that matter, Atlantic Canada.

If the people of Canada cannot trust their Prime Minister, we are in serious trouble. Politicians in general are held in low esteem when it comes to the Canadian public and the reality is that the actions of the Prime Minister will put us even lower.

It is interesting to note that a very important fellow from Nova Scotia, Mr. Brian Lee Crowley, formerly the head of the Atlantic Institute for Market Studies, AIMS, is now working in the finance department as a visiting chair. A couple of years ago, he warned the governments of the day that there was no such thing as a fiscal imbalance. What he said was that there may be a social and a development imbalance, but there is no fiscal imbalance.

We saw the other day the crass opportunity taken by the premier of Quebec. He took a \$700 million transfer payment and, instead of putting it toward the concerns that he yelled about for years, such as health and education, the environment, seniors, single moms, infrastructure, training, et cetera, what did he do? He very crassly tried to tell the people that if they voted for him they would get tax cuts. If he can give out that amount of tax cuts, then how can Quebec argue about a fiscal imbalance?

The fiscal imbalance is a myth. We have a social and development imbalance in this country.

What an outrage for Atlantic Canadians. The premier of Nova Scotia and the premier of Newfoundland and Labrador, both Conservatives, not New Democrats or Liberals or Greens or

whatever, are firmly outraged at what the government has done to their people.

But we know why it has been done. It is based on crass politics. The Conservatives did the numbers. They know very well that they can afford to lose a few seats in Newfoundland and Labrador and Nova Scotia, no worries, and if they can pick them up in Ontario and Quebec, all the better for them, they think.

It is unbelievable. The Prime Minister is supposed to represent every Canadian from coast to coast to coast, not certain Canadians within central and, possibly, western Canada. I cannot describe the outrage at the budget of that great province of Saskatchewan and my former home province of B.C.

It is unbelievable. The government has a surplus of \$14.2 billion, which is more than it anticipated, and those members are the same people who yelled at the Liberals for discounting the amount of the surpluses year in and year out, but they have turned around and are doing things in the exact same way themselves. It is unbelievable.

Personally I wish we would have an election so we could go to the polls and tell Canadians what the true colours of this Conservative Party are. The first four letters of that party's name spell “cons” and we know what that means. Those members have done that to the people of Atlantic Canada and they have done it very well.

• (1210)

The people of Nova Scotia, the province I represent, are very firm and very clear on what they want to see in a budget. They want to see development assistance. They want to see the accords maintained. They do not want an either-or. This budget is almost like blackmail: if we take this, we will not get that, it is our choice. That is not how we do federalism in this country. It is unbelievable that the Conservatives get away with this.

I can assure members that we will be telling Nova Scotians loud and clear, and telling not just Atlantic Canadians but Canadians right across the country, what the government has been up to. This is the crassest form of politics I have seen in the almost 10 years I have been here.

We in Nova Scotia are very proud and hard-working people. In fact, many of our young people are across this country working in central or western Canada, helping out those provinces by working hard. Our people are willing to go where the jobs are, but we have asked repeatedly for various things to assist our own provinces. One of them was the Atlantic accord.

Our former premier was Mr. John Hamm. Although he was a Conservative, I found him to be very respectful and dignified and a decent gentleman. With Danny Williams, he fought very hard to get the Atlantic accords to benefit the provinces of Newfoundland and Labrador and Nova Scotia and, in many ways, to benefit all of Atlantic Canada. He did that on the basis of the solemn promise that those accords would remain intact.

Business of Supply

Let us imagine this if former Premier Hamm were still here, understanding full well that those accords are now either-or: maybe we will keep it and maybe we will not. That is not how we are supposed to treat our friends. I can understand them treating Saskatchewan and its NDP government that way. I can appreciate the politics of that. But doing that to their own Conservative people in Newfoundland and Labrador and Nova Scotia is incredible.

I challenge my Conservative colleagues in this House, especially the members for South Shore—St. Margaret's, Cumberland—Colchester—Musquodoboit Valley, and Central Nova, to stand in this House and defend the interests of Nova Scotia. That is what the old Reform Party used to do. It put constituents first, regions second and party third, but that has changed now. Many of those people do not even speak about their regions any more.

In fact, the member from Bonavista-Trinity, up in Newfoundland and Labrador, said today that if he votes against the budget he is out of the party. I remind that hon. member, whom I respect greatly, that he is there to represent those constituents of his province.

An hon. member: Avalon.

Mr. Peter Stoffer: His riding is Avalon. I thank the member.

He is not here to represent the concerns of the Prime Minister. The people of that province said they wanted a voice from Avalon to Ottawa, not from Ottawa to Avalon.

I encourage the Prime Minister and the government to reverse these things, to get down to Nova Scotia, meet with Danny Williams and Rodney MacDonald, discuss this issue and straighten this out for once and for all. Maintain those Atlantic accords and do not blackmail the people of Nova Scotia and Newfoundland and Labrador. That is not how we do federalism in this country.

I can assure members that on the campaign trail my team and I work extremely hard, as do most of us. I can guarantee that this will give me an extra spring in my step to work that much harder. Any time I get an opportunity to debate whoever my Conservative counterpart will be in the election, I will welcome that individual to the debate. I will welcome that individual not just on this, but on veterans, seniors, the environment, health and education, all of these things that matter to the people of Nova Scotia and to people across this country. I welcome that debate.

In fact, I hope that person makes himself or herself public very soon because I would love to have a cup of coffee with that individual. I would love to knock on the doors opposite to that individual to see exactly how much standing up for the area that individual will do. The four previous Conservative candidates I ran against all said they wanted to be a strong voice for Sackville—Eastern Shore in Ottawa. We now find out that when Conservatives come to Ottawa, they become a strong voice for the Prime Minister's Office, not for the constituents they are elected to represent. That is a disgrace.

• (1215)

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, I listened very carefully to the passionate words of my colleague. He spoke about the Atlantic provinces and the Atlantic accord and how the government of today has literally reneged on that commitment.

He referred to Saskatchewan and British Columbia. I represent the Ontario riding of Scarborough Centre. What does he think about Ontario?

There was a commitment made under the former Liberal government for \$6.5 billion. Ontario got a few crumbs, but has been silent on that. Does the member not think that we have been cheated as well?

Mr. Peter Stoffer: There is no question about it, Mr. Speaker. Ontario is a very great province of this country. Many of my colleagues and friends come from that beautiful province and many of my friends live in the beautiful province of Ontario.

However, we go back to the old thing. A promise made should be a promise kept. When the Prime Minister of the country and his cabinet break that promise to the good people of Ontario, then the good people of Ontario will have their say in the next election.

I can assure the House that I look forward to the day when we elect hundreds and hundreds of New Democrats, not just in the province of Ontario but right across the country. It will be a great and a glorious day.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Mr. Speaker, although we are from different parties, my colleague across the way and I walk in similar steps in many regards.

One case that I know the member is very aware of is the case of an 80-year-old widow of a second world war veteran who also received an assurance from the then leader of the opposition, now the Prime Minister, and a written guarantee that provisions were going to be taken and that all veterans would fall under the help of the veterans independence program. We are very aware of that in the House.

If the government is able to break a promise to the 80-year-old widow of one of our second world war veterans, is it any surprise that the Prime Minister would break a promise to Danny Williams?

Mr. Peter Stoffer: Mr. Speaker, my hon. colleague and good friend from the great area of Cape Breton—Canso has said it absolutely right. I have the letter, we have the letter and the House has the letter written to Joyce Carter of St. Peter's, Cape Breton.

What kind of individual, what kind of human being, has a letter written on his behalf to a widow of a World War II veteran and promises that once his party forms the government the VIP extension will be done immediately for all widows of all veterans regardless of application and income? If the Prime Minister of the country is willing to break his promise, to break his word, to the widow of a veteran, Danny Williams and Rodney MacDonald are easy pickings.

Let us try to imagine that. I do not know how the Prime Minister actually looks the Canadian people in the eye, looks veterans in the eye or looks soldiers in the eye and tells them that, by the way, as for their spouses, they had better not believe anything he says because he will break his word over and over again.

My hon. colleague has been representing Joyce Carter for many years. He is as frustrated as I am at that this promise to a widow of a veteran has been broken. It is no wonder and no surprise that the Prime Minister would also break a promise to his two political colleagues, the premier of Newfoundland and Labrador and the premier of Nova Scotia.

Business of Supply

More importantly, he broke his word to the good people of those provinces. For that, we will make sure he wears it come the next election.

• (1220)

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): Mr. Speaker, I compliment my hon. colleague who is doing a masterful job at bringing out the points out in the House today, a very adequate job indeed.

Earlier he mentioned the member of Parliament for Avalon. Some interesting comments were made. The Conservatives seem to be vehemently defending the part of the budget that they call equalization, but yet comments heard through the media recall the member for Avalon saying as follows, “I mean, politicians of all political stripes have made promises before...you know...many of them have broken the promises they have made, I mean it's not a new thing to a lot of people”. The fact is that we have a budget here that is of some benefit, but in many, many ways we did not get what most people wanted on equalization, he said.

There we have it.

Therefore, now we are seeing a tightening of the message, and I am sure the hon. member, being from Nova Scotia, is experiencing the same sort of thing from his Conservative colleagues in his province.

Mr. Peter Stoffer: Mr. Speaker, I have some brief advice for the hon. member for Avalon if he wishes to take it. If he wishes to have a long term career in politics at the federal level, he should start representing his constituents. If he wishes to have a short term career in politics, then he should keep standing behind the Prime Minister, because I can guarantee him that his career will be over come the next election.

I do not necessarily want to wish that for him. The member for Avalon is a decent, kind and hard-working individual, but this is politics. He is supposed to represent his constituents. He is supposed to represent his province. If he is unwilling to do that, he will face the consequences at the ballot box.

Hon. Ralph Goodale (Wascana, Lib.): Mr. Speaker, I will be splitting my time with the hon. member for Humber—St. Barbe—Baie Verte.

I am pleased to participate today in this discussion about Canada's equalization system, the way that the government has changed it and the deep concern in both Atlantic Canada and western Canada that the Prime Minister has failed to keep his word.

At least five provinces are upset. The Conservative budget is proving to be controversial and deeply divisive in Saskatchewan, British Columbia, New Brunswick, Nova Scotia and Newfoundland and Labrador.

The details of equalization vary across the country. It is a complex system with 1,432 moving parts and all of those parts fluctuate and change over a four year time span during which fiscal results in 13 different jurisdictions are measured and compared.

Reasonable people with different points of view can obviously have legitimate arguments about what formula is the best, but what cannot be argued, what is beyond all doubt, is that the Conservatives

made a huge, specific equalization promise to buy votes in Saskatchewan in the 2005-06 campaign, and that promise, as of the budget, has been broken.

Saskatchewan firmly believes that it has been lied to. So says the NDP government of Saskatchewan. So says the Saskatchewan Party, that would be the Conservative Party, the official opposition. So says every reporter, every columnist and every journalist who has covered this story in Saskatchewan.

They differ on whether the promise was a smart one to make in the first place. Some of them argue that the promise was foolish or misguided to begin with. However, Saskatchewan is unanimous that the promise was in fact made and that it has in fact been broken. The issue in Saskatchewan has now changed. It is no longer a narrow debate about the fine points of equalization. It is now a more serious debate, a lament really, about not being able to trust the government, not being able to believe, in particular, the Prime Minister.

The Conservative position, at least as it then was, was laid out in the House exactly two years ago today, on March 22, 2005. That day was designated as an opposition day, just like this day, and the Conservatives moved on that opposition day motion calling for the full exclusion of non-renewable natural resources from the equalization formula. The debate makes fascinating reading. I have it with me.

The Conservatives from Saskatchewan all joined in, one after the other after the other. The member for Regina—Lumsden—Lake Centre, the member for Prince Albert, the members for Yorkton—Melville, for Saskatoon—Rosetown—Biggar, the members for Cypress Hills—Grasslands, for Battlefords—Lloydminster, for Blackstrap, for Saskatoon—Humboldt, the members for Saskatoon—Wanuskewin, for Souris—Moose Mountain and even the previous Conservative member for Desnethé—Missinippi—Churchill River.

I would note that only the members for Palliser and Regina—Qu'Appelle missed that debate two years ago today but they quickly joined in the clamour a few days later.

They all called for non-renewable natural resources to be removed, not just a little bit but 100%, from the equalization formula and those Conservatives were good enough to calculate exactly what that would mean in dollars for Saskatchewan. They did not leave it as an abstract matter of some formula. They put a dollar figure on it: \$800 million per year, every year for Saskatchewan. That is what they told the people of Saskatchewan. It was in their speeches. It was in their election campaign material. It was everywhere.

The Prime Minister repeated the promise. He went on television about the promise. Election ads were run about the promise. It was clear, unequivocal and undeniable that the Conservatives would fully remove non-renewable natural resources from the equalization formula and Saskatchewan would thereby get an extra \$800 million every year.

Business of Supply

• (1225)

If we look through all of that documentation, all the debate from two years ago, the full *Hansard* record on several occasions since, all the election advertising, all those brochures, all those letters and correspondence and all the speeches, never once does that little word “cap” appear, never once does it come up in the Conservative vocabulary until the budget of 2007.

That is where and that is how the Conservative government has broken its solemn promise to Saskatchewan. It drove a stake through the heart of its promise. It drove a stake through the heart of its integrity. The Conservatives betrayed Saskatchewan because the cap they have imposed on Saskatchewan's fiscal capacity means non-renewable natural resources will never be fully excluded from the formula. Saskatchewan will never get that promised, I repeat the word “promised”, \$800 million per year, \$800 million from equalization alone.

What is in the budget, and I have read it with a great deal of care, is the rather paltry sum of \$226 million for Saskatchewan for equalization and that amount is not ongoing. It is there once this year, probably an election year, and if we look to next year it is gone. The budget shows for next year in that column a great big zero.

This is an absolute fraud on the people of Saskatchewan and especially so when we consider that last year's Conservative budget dug a deep financial hole for the province of Saskatchewan. Far from making the fiscal situation in Saskatchewan any better, the Conservative government last year made it worse: \$105 million over four years was taken away from early learning and child care; \$110 million over four years was taken away from labour market partnerships for workplace training; \$130 million was taken away from financial aid for students seeking higher education; \$80 million was taken away from the prairie grain roads program; \$50 million was taken away from the innovation agenda. The loss in aboriginal programs and services was likely in the order of about \$650 million over four years. That list goes on.

If we add that all together, the accumulated losses imposed on the Saskatchewan government and the Saskatchewan people by the Conservative government and its negative decisions in the past 14 months, the tally of the losses exceeds now \$1 billion over four years, which is more than \$250 million on average per year. That is the annual loss and it is an ongoing loss.

Saskatchewan, in light of that, will not be placated by a one time capped payment of \$226 million. Neither will Saskatchewan be fooled by this flim-flam, this con job, that somehow it is gaining by other means some \$878 million. The most recent spin from Saskatchewan Conservative MPs is that this budget gives Saskatchewan \$878 million. It is just not true. It is just more Conservative deception, false promises, concocted figures, everything, including the kitchen sink and the toilet, thrown together to tell a tale but not the truth.

Their arithmetic includes a great deal of one-off, one time funding that is here today, gone tomorrow and is not ongoing on an annual basis. It includes some speculative projects that have not yet been approved by independent granting agencies that make the decisions, not the government according to the Auditor General. It even

includes personal tax relief projections as if that is somehow an intergovernmental transfer of funding, and it is clearly not.

The Conservatives fail to mention that virtually all that tax relief has already been offset, cancelled out already, by the personal income tax increases imposed by the government last year. They give with one hand what they have already taken away with the other. For all Canadians nationally, it is a new ongoing personal income tax burden of \$1.4 billion in effect since last July.

• (1230)

On the overall question of transfer payments, using the government's own figures as published in the budget, over the next five years the government is taking away about \$10 billion from the provinces and is only giving back \$11 billion. If we take away \$10 billion and give back \$11 billion, it is no wonder—

The Acting Speaker (Mr. Andrew Scheer): Questions and comments, the hon. Parliamentary Secretary to the Leader of the Government in the House of Commons.

Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, as is quite typical of the member for Wascana, it is not what he says but what he does not say with respect to the equalization formula and its impact upon Saskatchewan.

Let me set the record straight. First and foremost, let us realize that equalization is a part, albeit perhaps a significant part, of the overall fiscal balance or what was formally known as the fiscal imbalance, a situation that the Leader of the Opposition and the member for Wascana refused to recognize even existed.

However, it did exist and budget 2007 took great steps to correct that fiscal imbalance and turn it into a fiscal balance situation, to the effect that Saskatchewan was by far the biggest beneficiary of any province in Canada by receiving over \$230 per capita because of the new money that was sent Saskatchewan's way as a result of the changes in the equalization and social transfer structure, compared to Quebec which only received an average of \$91 per person.

Mr. John Cannis: Mr. Speaker, I rise on a point of order. If the parliamentary secretary takes too much time, it will prevent other members from asking questions as well so I ask for you—

The Acting Speaker (Mr. Andrew Scheer): I thank the hon. member for Scarborough Centre but I am quite capable of managing the time. The parliamentary secretary has the floor.

Mr. Tom Lukiwski: Mr. Speaker, I take issue with one point the hon. member for Wascana said and that is his implication that next year Saskatchewan will receive no money as a result of changes to the equalization formula. Frankly, that is absolutely and categorically false. Should Saskatchewan receive no money next year, it would be because it has become a province with a fiscal capacity high enough that it does not qualify for equalization. I know the member for Wascana understands that, although he will not admit that.

Does the member for Wascana not agree that the Saskatchewan economy, by everyone's standards in Canada, is one of the hottest economies in Canada and, frankly, have provinces do not receive equalization payments?

Business of Supply

•(1235)

Hon. Ralph Goodale: Mr. Speaker, I am very proud of the economy of Saskatchewan. I am very proud of the investments the previous Liberal government made that helped the province of Saskatchewan to create that buoyant economic situation.

The issue here is not about the fine points of the equalization formula. Let us be clear about that. The issue here is that the Prime Minister made a promise and he did not say that promise was capped. He made a promise that Saskatchewan would see the full removal of non-renewable natural resources from the formula and that the benefit to Saskatchewan, given the high price of resources like oil and gas right now, would net back to Saskatchewan a benefit in the neighbourhood of \$800 million per year.

The issue is not how one structures the equalization formula. The issue has become that the Prime Minister made a promise. Whether that promise was a wise one, a foolish one, a complicated one or a simple one, the fact is that he made a promise and that promise has been broken. Never once in the Conservative vocabulary did the word “cap” appear until it was published in the budget three days ago.

Ms. Diane Ablonczy (Parliamentary Secretary to the Minister of Finance, CPC): Mr. Speaker, the fact is that the promise the Prime Minister made has been fully kept and the member knows that. The member knows that in the fixing of equalization a calculation will be made excluding 100% of non-renewable resources and that a province will get that.

The member also knows that Saskatchewan has the third highest economy in our country. He should be proud of that and celebrating that but what is he doing instead? He is crying about it.

Will the member acknowledge that there is a calculation under this new formula that will exclude 100% of non-renewable resources? Will he at least be honest about that?

Hon. Ralph Goodale: Mr. Speaker, the first point in the budget documents, not the second or third point, says that there will be a cap. And, as Premier Calvert has pointed out, as the Conservative opposition leader in Saskatchewan has pointed out and as every journalist in the province has pointed out, that cap means that the full exclusion of non-renewable natural resources will never be achieved.

The government gives with one hand and puts a lid on it with the other. The fact is that Saskatchewan does not get and will not get what the Prime Minister, the former leader of the opposition and the Conservative Party, promised to Saskatchewan.

The problem here is that the Prime Minister deliberately left the impression that Saskatchewan would be getting \$800 million a year. That is what Conservative campaign literature in Saskatchewan said and that is not what the government or this budget has delivered.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Mr. Speaker, I am very proud to represent Humber—St. Barbe—Baie Verte and less pleased to have to speak on this issue in the House of Commons.

There are two debates going on right now about budget 2007. One is occurring on the floor of the House of Commons between members opposite. The other is occurring between provincial

legislatures and the federal government. We now know that several provincial governments have gone offside with budget 2007 from the Conservative minority government. Those are the provinces of B.C., Saskatchewan, Newfoundland and Labrador, Nova Scotia and as well New Brunswick. Others have expressed strong reservations about content in the budget.

However, one debate is no longer raging and that is among Canadians, who have rejected the budget. They are very concerned. They understand exactly what is being expressed by those provincial premiers and are concerned for the well-being of their provinces.

It is very clear that each and every one of us in this debate is fully engaged in what is in the best interests of our provinces. This is not a new debate in some respects. Previous debates have been categorized as being with strong acrimony, strong language directed at members, sometimes there were personal taunts and insults. I am very pleased that this debate has not come down to that because this is about a very important issue. It is about maintaining the best interests of not only our individual provinces but our country as a whole.

Strong concern has been expressed in my province of Newfoundland and Labrador. The issue at hand is about a promise being made and a promise kept. What is even more concerning is that when the promise was made, it was made emphatically, unconditionally and repeated over and again.

On January 23, 2006, a new minority government took office, one that held the smallest minority in the history of Canada, at only 125 seats. It reinforced again and again that it would maintain a commitment to remove 100% of non-renewable natural resources with no caps, no small fine print and no excuses.

For the last 14 months, that promise has been whittled away and not with a clear emphatic statement that the Conservatives would not honour the promise. We have heard messages, messages in budget 2006 issued by the finance minister. In a document called, “Restoring the Fiscal Balance”, the Atlantic accord was described as a side deal, not supported by the current minority Conservative administration.

We then heard statements from the finance minister and others that the Atlantic accords created an unfair advantage for Newfoundland and Labrador and Nova Scotia.

Today on the floor of the House of Commons, the Parliamentary Secretary to the Minister of Finance for the first time, described it in very explicit detail. She said that the Atlantic accords established an unfair advantage to Newfoundland and Labrador and Nova Scotia and that the new budget would now create equality. Obviously this is an admission that the Conservatives are quashing the benefits of the Atlantic accords.

This is of great concern to me. For the last 14 months, premiers across the entire country have been operating under a set of principles or an understanding that the precision of law and the language of law is equal to the precision of the language of a promise. They have been establishing their own fiscal frameworks based on an understanding that the promise would be maintained and upheld.

Business of Supply

As they established their own budgetary processes, like the province of Newfoundland and Labrador is doing, such as consolidating and securing public sector pension plans, putting in place new transportation strategies, a new ferry rate system and establishing other progressive and positive measures for the people of Newfoundland and Labrador, it was based on an understanding that a commitment to remove 100% of non-renewable natural resources, no cap, no fine print, no excuses, would be maintained.

● (1240)

We have heard from the finance minister of Newfoundland and Labrador that the budgetary process will be maintained. The province is now developing its budget based on its understanding as it was, and that it will guide its actions accordingly.

However, it concerns me that we now have had statements in the House that the Conservatives were key players, instrumental in crafting the Atlantic accord. In fact, the Parliamentary Secretary to the Minister of Finance said on the floor of the House of Commons this morning that as far as the Conservative Party of Canada was concerned, the Atlantic accords created an unfair advantage to the people of Newfoundland and Labrador and to Nova Scotia, that they would not have supported them and that budget 2007 was the correction to all of that.

I do not think this was the commitment given by that party, which now forms this minority government, when it put out campaign literature and literature during the Atlantic accord saying, "There is no greater fraud than a promise not kept". The Conservatives promised they would have a regime for equalization that would exempt non-renewable natural resources at a level of 100%, with no caps, no excuses and no small print.

The government said that if it did not, then in effect the benefit from the natural resources would be removed 100% and it would maintain Newfoundland and Labrador as a have not province. Establishing the cap on equalization, as proposed, is effectively a cap, a clawback, and, therefore, by its own definition and words, is meant to maintain Newfoundland and Labrador, Nova Scotia and other provinces as have not provinces. That is not fair.

What the government has proposed in budget 2007, which is one of the many reasons why I cannot accept this budget, is to establish a dual track equalization system once again. The Conservatives will agree to exempt 100% of non-renewables or 50% of renewable and non-renewable natural resources from the equalization formula on the provision that a cap be instituted so provinces receiving equalization must be maintained as have not provinces in perpetuity. That is from the Conservatives own party literature.

Alternatively, the government suggests if those provinces that have received what it has deemed to be the unfair Atlantic accords, unfair in the national interest that create better benefits for Newfoundland and Labrador and Nova Scotia than other provinces, wish to maintain those Atlantic accords, they cannot accept the new equalization formula and, therefore, will also be left out of the 10 province standard. The government says the provinces cannot have it both ways. There cannot be a 10 province standard. The provinces cannot enjoy the enrichment of equalization to the tune of \$1.5 billion and maintain the Atlantic accords.

In other words, Newfoundland and Labrador will not receive any benefit whatsoever from the Conservatives fix to what they call the fiscal imbalance. What has been created by this is several provinces feel very strongly that there is now a strong interprovincial fiscal imbalance in this country.

Why else would B.C., Saskatchewan, New Brunswick, Nova Scotia, Newfoundland and Labrador express the concerns and the frustrations that they have expressed since budget 2007 was presented in the House on March 19? Why would those provinces come forward and say that they no longer know if they can afford or provide the essential public services that they felt were able to if the promise had been kept.

● (1245)

Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, once again, I am amazed at the rhetoric I am hearing from members opposite today. Consistently we have heard the members from Atlantic Canada try to demonstrate or prove that there is a fiscal cap on the Atlantic accord. There is no cap.

Let me be clear for all members in this place and all Canadians watching this debate. The terms and provisions, the benefits that Atlantic Canada, Newfoundland and Labrador and Nova Scotia received from signing the Atlantic accord in 2004 have not changed. There is no fiscal cap placed on the Atlantic accord. There is no change to the provisions. There is no change to the wording.

Therefore, the recipients, those being the provinces of Newfoundland and Labrador and Nova Scotia, received exactly the same deal that they received when they signed the deal. Yet although the budget absolutely refutes the fact, they are trying to say in the House that there is a cap on the accord. There is no cap.

I am not sure if the member opposite is absolutely clueless about the wording of the budget and the impact he has on the accord, or if he is purposely trying to deceive people with his rhetoric. Would he not agree that contained in budget 2007 are words that state, unequivocally, that the Atlantic accord will not be changed, that it will be honoured and respected as written in the original state?

● (1250)

Hon. Gerry Byrne: Mr. Speaker, when parties start to use language, and I do not think is very parliamentary, which is meant to belittle, we know exactly the platform from where they come, which is probably not a platform of strength.

However, we come from a platform of strength in saying that when we made a promise, when we made a commitment, we fulfilled the promise. In fact to this day, the province of Newfoundland and Labrador has received the benefit of a cheque of \$2 billion from a promise made, promise kept. However, it has not been kept by the Conservatives.

Business of Supply

A fundamental, unfair choice was required, which restricted the national program from gaining access to the people, to the province and to the government of Newfoundland and Labrador. A decision point had to be taken. Either it had to take the new equalization formula, a 10 province standard that exempted 100% of non-renewable natural resources or 50% of all natural resources, with a cap, or keep its Atlantic accord and not enjoy the benefits of a 10 province standard, without fulfilling the Conservative promise of 100% of non-renewable natural resources.

The people of Newfoundland and Labrador know very well that non-renewable natural resources also include the riches of Voisey's Bay, the iron ore of Labrador City, Wabush, the gold of Baie Verte and onshore oil developments that are occur in the Port au Port Peninsula. That is the fundamental difference.

A cap is being proposed on the Atlantic accord. Either the province accepts the national program with the cap or it loses \$225 million, according to the budget documents tabled in the House. That is not a promise kept.

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Mr. Speaker, my colleague who spoke did a great job. He was around in November 2004 when we debated the Conservative opposition day motion. Among other things, the member for Central Nova said that in the next election, the people of Nova Scotia would remember that it was the now Prime Minister, then opposition leader, and the Conservatives who supported Premier Hamm's government in its fight for its resources, and that would have gone for Premier Williams as well.

Does he think the people of Newfoundland and Labrador will remember what the Conservative government has done in this case?

I go back to something the Parliamentary Secretary to the Minister of Finance said this morning. This was also evident in the government's budget books of last year. She said that the Atlantic accord and other previous fiscal arrangements like it were gerrymandered. The words disjointed and knee-jerk were used. Does my colleague think the Atlantic accord was a gerrymandered, disjointed, knee-jerked document?

Hon. Gerry Byrne: Mr. Speaker, there certainly was an element of Gerry in that. We on this side of the House worked very hard to get that Atlantic accord in place, and we were very successful with the \$2.6 billion agreement being signed for Newfoundland and Labrador. In actual fact, the benefits of the Atlantic accord are probably much greater than that.

As we know, the Atlantic accord was established for Nova Scotia with the hard work of the MPs from Nova Scotia, and from Newfoundland and Labrador, based on an oil price of \$35 a barrel. We now know the price of oil is much higher than that. Therefore, the \$900 million that the member for Dartmouth—Cole Harbour helped to achieve for his province, a \$900 million cash payment upfront, was achieved with a \$2 billion payment for Newfoundland and Labrador.

We know those benefits will be much higher under the circumstances with the price of oil. That is working very hard for one's province and constituency and seeing results, and that is the Liberal thing.

Hon. Rona Ambrose (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister of Western Economic Diversification, CPC): Mr. Speaker, I will be splitting my time with my colleague and good friend the Minister of Fisheries and Oceans.

I am honoured to be able to reiterate our commitment to the people of Atlantic Canada on how we delivered on our promise to exclude non-renewable resources and honour the offshore accords.

All one has to do is read the budget as delivered by my esteemed colleague the Minister of Finance on March 19 to see that the Prime Minister of Canada has kept his promise to Atlantic Canadians.

The Minister of Finance described budget 2007 as a historic document, and with good reason. Underpinning the budget exercise is our commitment to strengthening our federation and fulfilling the Prime Minister's vision of open federalism in which all governments come together to help Canadians realize their full potential. Nowhere is that more evident than in our Atlantic regions.

We all appreciate the incredible beauty and richness of our Atlantic regions and we recognize their considerable contributions to making this country great. However, we also recognize the unique economic and fiscal challenges faced by these same provinces, particularly Newfoundland and Labrador, and the strong commitment of that province to improve its fiscal situation.

It is evident that the development of offshore oil and gas projects over the course of the last decade has allowed Newfoundland and Labrador to benefit from one of the highest economic growth rates of any Canadian province in recent years.

However, the province also faces a range of economic and fiscal circumstances, notably, a high provincial debt burden and a declining population that will also give rise to unique challenges for the government of Newfoundland and Labrador in providing essential public services to its citizens.

In recognition of these special economic and fiscal circumstances, we made a commitment to work to ensure that Newfoundland and Labrador receives even greater financial benefits from its offshore revenues.

Similarly, our offshore agreement with Nova Scotia ensures that the people of Nova Scotia are primary beneficiaries of offshore resource revenues. This arrangement addresses the unique economic situation of Nova Scotia while also being fair to all Canadians.

The offshore accords with these two provinces provides them with a time limited payment to fully offset any reductions in equalization that would otherwise be triggered by their offshore revenues. With the protection of their offshore accords in the budget, Newfoundland and Labrador and Nova Scotia will continue to have the opportunity to make sustained improvements to their economic and fiscal situation.

Business of Supply

It is important to note that we have honoured our commitment to Atlantic Canada by respecting the offshore accords as they were signed before the budget and after the budget. The Atlantic accord when signed was a historic day for Newfoundland and Labrador and Nova Scotia. When it happened in 2005, Premier Williams himself said:

A brand-new day has dawned in Newfoundland and Labrador—a day of hope, a day of joy, a day of pride and a day of promise.

It is important that Atlantic Canadians recognize that the Atlantic accords remain today as they were on that day, the day described by Premier Williams as a day of hope, a day of joy and a day of pride.

There is more than that. In budget 2007, our new government, outside of respecting the Atlantic accords, has also invested more than \$1.5 billion in Newfoundland and Labrador for priorities such as health care, the environment, infrastructure and education.

This is also about building a strong, united Canada with a strong economic union. The budget makes some important inroads in restoring our fiscal balance by setting out a principled-base plan and taking immediate action through our commitments to restore fiscal balance with provinces and territories by putting transfers on a long term principled-based footing.

It also takes another step toward restoring fiscal balance with Canadian taxpayers through major tax reductions and our new tax back guarantee. It also makes governments more accountable to Canadians by clarifying roles and responsibilities. It will strengthen our economic union based on our plan set out in Advantage Canada.

Now that the fiscal balance has been restored, governments, including provincial governments, can focus on what matters to Canadians: strengthening our health care system; achieving excellence and accessibility in our post-secondary education system; ensuring that we have skilled workers to meet the needs of our economy and compete with the best in the world; help make training available to those who need it; and make progress on environmental challenges. We will create better roads and transit systems and again build a stronger economic union for Canada.

● (1255)

Canada's new government committed to pursuing a vision based on open federalism. This vision is based on a renewed federation which respects areas of jurisdiction and limits the use of our federal spending power. Budget 2007 fulfills this commitment. It presents a long term plan which reflects the needs of all provinces and territories.

It is also worth noting that fiscal balance and open federalism are not abstract concepts. In fact, for many Canadians, fiscal balance represents something very tangible. As my colleague the Minister of Finance said, fiscal balance in essence is about better roads and renewed public transit, about better health care, better equipped universities, and cleaner oceans, rivers, lakes and air.

It is about training to help Canadians get the skills that they need and it is about building a better future for our country. That means getting adequate funding to provincial and territorial governments. That is exactly what we did in our budget and that is exactly what the Prime Minister has done in retaining the offshore accords in their entirety.

The Minister of Finance has good reason to refer to this budget as a historic document. I am particularly proud to note that our approach to open federalism and restoring fiscal balance is the result of significant consultations conducted with all of our partners, including the provinces.

In the spirit of open federalism we worked with every province and territory, and sought views on ways to achieve a balance between a principle-based approach, to limiting federal spending power, and the need to ensure flexibility. We sought perspectives on lessons learned from the past, options for future consideration, and potential priority areas for action.

We also demonstrated to the provinces and territories our commitment to our new and open federalism. We provided an opportunity for provinces and territories to share their views on ways to achieve this level of accountability. We committed to returning the equalization program to a principle-based, formula driven footing as part of our plan to restore fiscal balance.

The equalization program was thoroughly studied by an independent expert panel chaired by Al O'Brien, a highly respected former Alberta deputy treasurer. The O'Brien report proposed a comprehensive, principles-based set of reforms to the equalization program. We reviewed this report and consulted extensively with Canadians and provincial governments. We have concluded that the O'Brien report forms a solid foundation for the renewal of the equalization program.

We now have a formula that is fair and principled to build a strong economic union in Canada. We kept our promise to the provinces and territories to exclude non-renewable resource revenues. Provinces have the option to receive payments based on full exclusion of resource revenues if it provides them a higher benefit. This is fair to all provinces and will help build a stronger and a united Canada.

We also kept our promise to Atlantic Canadians to fully respect the offshore accords. Newfoundland and Labrador and Nova Scotia will be able to continue to operate under the deal that they signed and we respect that. The new equalization program will also give provinces the higher of the payments calculated under 50% their natural resource revenues or full exclusion. This is also fair and principled. It is fair to all provinces and will also help build a strong, united Canada.

Business of Supply

Giving provinces the benefit of exclusion, full exclusion, or 50% exclusion, fulfills our government's commitment to fully exclude non-renewable resource revenues without lowering payments to any province. And again, this is fair to all provinces. It is a principled approach and it is about building a strong economic union. We said that we would respect the offshore accords with Newfoundland and Labrador and Nova Scotia and we did. This is also fair and it was also the right thing to do.

I would quote again the premier himself the day that the Atlantic accords were signed. He said: "A brand-new day has dawned in Newfoundland and Labrador—a day of hope, a day of joy, a day of pride and a day of promise".

Newfoundland and Labrador and Nova Scotia continue to get the same benefits of their offshore accords and receive the full benefits envisioned in these agreements by the people of Atlantic Canada.

• (1300)

We are proudly stating our commitments and keeping our promises in an open and principled way to the people of Atlantic Canada. In so doing, we have strengthened our federation, so that all governments can work collaboratively to build a stronger united Canada.

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): Mr. Speaker, on November 2, 2004 the hon. member, who sits across the way, and I had a conversation over this very same debate. I would like to remind her what she had said to this House. She said:

Alberta's history is one that Newfoundlanders can relate to. In the early part of the 20th century, Alberta's legislators campaigned to ensure that Alberta was granted full rights over its natural resources. Ottawa eventually acquiesced, but not without a fight. In the 1940s and 1950s, Alberta began to strike oil. The difference then was that natural resources were not clawed back in equalization, so while Alberta began to build an oil and gas industry, it used those profits to build [itself up].

When I asked the question again, her comments were:

—when equalization was first brought forward in 1957, non-renewable natural resources were not in the formula so that obviously was of benefit to Alberta—

In 1957 there was no cap. It was below the line, the average, the fiscal capacity, and Alberta was allowed to punch through it, unhindered. But, now, she is saying that it is okay to impose that on Saskatchewan. It is not a fair deal.

If she was a legislator in Alberta in 1957, a good 12 years before she was born but nonetheless, and saw this deal that they are bringing down, she would be deeply disappointed. I would like to ask her to comment on that.

• (1305)

Hon. Rona Ambrose: Mr. Speaker, equalization is one of the most essential and important programs to build a strong economic union and a strong federation in this country.

Our government, very courageously, made a step forward to reform equalization, something that the previous government never had the guts or the courage to do.

This is an important program to build a strong federation, to ensure that, as I would say most simply, a grandmother in Alberta and a grandmother in Newfoundland can have access to comparably the same level of public services that they need when living across

the country from one another. To do that, we needed to re-examine the equalization formula.

We chose to look at the recommendations from an independent panel of experts chaired by one of the most highly respected people that deal with this issue. This panel of experts, I would like to remind the member, was struck by the former government.

What came out of that report were recommendations that are principled and that bring, we believe very strongly as do many experts, a principled long term solution to the problems that we previously saw in equalization. This is something that will benefit all Canadians from coast to coast, particularly, in terms of our respect for the offshore accords, the people of the Atlantic regions.

Ms. Olivia Chow (Trinity—Spadina, NDP): Mr. Speaker, the NDP leader in Nova Scotia, Darrell Dexter, said that the Conservative government is treating Nova Scotia, indeed the Atlantic provinces, in a way that will enshrine regional disparity.

Perhaps the member may not want to just listen to the NDP leader. The premier of Newfoundland and Labrador, Mr. Williams, also said that this is the same Prime Minister who basically reneged on money for women, literacy groups, volunteers, students, and minority rights. He has not lived up to the Kyoto accord and the accord for aboriginal people. There is a long list of people who have been hard done by this minority government. If the Conservatives were to become a majority government, we would have to be very concerned about what commitments they would deliver.

I have a question for the hon. member. What other campaign promise is the government planning to break?

Hon. Rona Ambrose: Mr. Speaker, what we are talking about today is honouring our commitment to the people of Atlantic Canada, and we did just that.

The premier of Newfoundland and Labrador asked us to keep our commitment to the offshore accords that he signed. When he did sign the accord, he said that this was a brand new day for Newfoundland and Labrador, a day of hope, a day of joy, a day of pride, and a day of promise.

That accord is the same accord before the day of the budget as it is the day after the budget. Newfoundlanders and Labradorians will continue to receive the full benefit of the offshore accords, as will the province of Nova Scotia.

This was a historic agreement for the Atlantic region, one that gave them the opportunity to see benefits from their resource revenues for years to come. This was a huge success and we recognize that, which is why in the budget we ensured that the Atlantic accord would not be capped, that there would be no changes to the Atlantic accord, and that it would be fully respected and that all of the benefits that flowed from the Atlantic accord would remain as is.

The Prime Minister made that promise to the Atlantic region. He has kept his promise and Atlantic Canadians will continue to see the benefit of the promise made, promise kept by the Prime Minister.

• (1310)

Hon. Loyola Hearn (Minister of Fisheries and Oceans, CPC): Mr. Speaker, let me thank my colleague for sharing her time.

Business of Supply

Equalization is just part of the story. Under the new budget, this government has invested more than \$1.5 billion in Newfoundland and Labrador for such priorities as health care, the environment, infrastructure and education. However, today's story is about equalization. I want to do two things. First of all, I want to put some factual information on the record.

Newfoundland and Labrador is quickly becoming a have province, something we are very proud of. Just eight years ago, in 1999-2000, Newfoundland received \$1.169 billion, almost \$1.2 billion, in equalization payments. Since then there has been a steady and steep decline in equalization payments to the province: \$861 million in 2005-06; \$632 million this year; \$477 million next year; and \$197 million projected for 2008-09. That is an 85% drop in equalization payments.

The numbers tell a dramatic story of a long dependent province using its own resources to achieve self-reliance. It has not happened very often in this country, and it is usually the reverse, but it is happening right now in Canada's youngest province, my province, so far out on the eastern fringe of the country that most Canadians do not even notice us until we yell.

Taking an 85% cut in equalization payments in 10 years cold turkey can be difficult. The Atlantic accord offset payments were negotiated to cushion that effect and to smooth the transition from an equalization receiving province to a non-receiving province, which we have always striven for, which is what we want to be. The accord offset payments do just that.

While equalization payments dropped, as I mentioned, to \$861 million last year, Newfoundland received \$189 million in offset payments under the accord for a total of \$1.05 billion. This year equalization and the accord offset payments totalled \$961 million. Some of that is because of our population drop. Next year they will total \$971 million. In the following year when equalization payments drop down to \$197 million, the accord offset payments will rise to \$757 million for a combined payment of \$954 million.

The accord offset money is not taken from the pockets of other Canadians. It is revenue from the development of our own natural resources that Newfoundland can hold on to at least for a while to make adjustments to become a self-reliant province of Canada.

Newfoundlanders and Labradorians are understandably concerned that those transitional accord benefits will be lost, reduced or kept in the new equalization plan that the finance minister put forward in the budget. When Newfoundlanders are concerned, they let us know, as they are doing now. There are no back doors in my province. Everything is up front and very personal. We accept that.

However, Newfoundlanders need not worry about the accord offset payments. The payments remain intact just as they were negotiated by Premier Williams in 2005. They have not been changed. They have not been capped or mutilated in any way, not one tittle, not one jot, as former member John Crosbie would say.

Let me come back to that. Accord offset payments will not go on forever. When the accord offset agreement was negotiated, the province and the federal government agreed to an expiry date which could come as soon as 2012 or as late as 2020, depending on

whether or not Newfoundland and Labrador is still entitled to receive equalization in 2011 or 2012.

•(1315)

In any case, accord offset payments will run out either in 2012 or 2020. If Newfoundland and Labrador is still entitled to equalization when that happens or at any earlier time, the province may want to choose those payments to come through the new equalization program delivered in the budget. Under the new plan, all provinces will be able to exclude 50% of all their natural resource revenues or just non-renewable resource revenues from the calculation of fiscal capacity, whichever exclusion rate delivers the greatest benefits to each province.

The new program gives much greater protection against declining resource prices and production levels and provides greater incentive for a resource rich province like mine to develop its resources. Simply put, the old formula penalized problems for developing resources. The new one rewards them.

Let me come back to something stated this morning by the member for Bonavista—Gander—Grand Falls—Windsor. He talked about promises. Yes, there were promises and they have been quoted correctly. During the campaign our party committed to take out 100% of the non-renewable resources from the formula. That commitment was made as he stated, by the way. He said that in response to Premier Williams the Prime Minister said that we would remove non-renewable resources from the formula. That is true. It is in writing not only to Premier Williams but to other premiers. That was a promise not to Newfoundland and Labrador but to the Canadian people.

There was one other promise and that occurred when the premiers themselves got together, when the finance ministers got together, when they met with federal officials and realized that the commitment would not be carried out simply because they could not agree. The premiers could not agree upon a common formula. They did not accept the 100% non-renewable resources out of the formula. The majority of them rejected it. They did not want it. A new formula had to be put in place.

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Because equalization is a federal program, it was up to the federal government and the minister to find that compromise. The compromise was a report commissioned by the former government. It was a good report, supposedly a fair report that would put equalization on a fair and equitable base. However, it was evident that if that formula were accepted, as most premiers thought, at least one province that would lose, and maybe more, would be the province of Newfoundland and Labrador. Premier Williams, in his wisdom, asked for a second commitment and there was a second promise made.

The member for Bonavista—Gander—Grand Falls—Windsor said this morning that the Conservative Party would leave Newfoundland and Labrador with 100% of its oil and gas revenues and there would be no cap. He said it was a promise broken. That is totally incorrect. He either did not read the budget, does not understand it or does not understand our province.

Premier Williams asked if the government went with the O'Brien formula whether it would make sure that the Atlantic accord was not capped. The commitment from this government to Newfoundland and Labrador is that the Atlantic accord will continue as it has and it will not be capped. Our province has not lost one cent, not one.

Could we have benefited if the premiers and the provinces had agreed to a new formula? Perhaps. It depends on who is in, who is out and what is brought or taken. However, we have not lost one cent and the commitment to deliver the Atlantic accord without a cap is there and will always be there until the agreement runs out. That is well into the future and Newfoundland and Labrador will be, not just well on its way, but it will be a have province.

What would have happened if the leader of the Liberal Party had been in place? This is what he said. He stated, "Don't ask me to pretend there is a fiscal imbalance and elect me and hope I will fix it. I don't want to create these kinds of expectations". We would have gotten nothing at all from the Liberals.

● (1320)

Let me say that the commitments to our province will be kept. We will not interfere with the Atlantic accord. There will not be any cap on our Atlantic accord. We have not lost one cent in the transition, not one cent. It is up to the premiers to start negotiating with governments again to try to improve upon their lot.

We are very lucky to have the resources we have. We are benefiting greatly from them. There is a very bright future, thanks to the provincial government and thanks to our efforts for the great province of Newfoundland and Labrador.

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): Mr. Speaker, it seems my name is known quite a bit in this little conversation we have been having.

Let me get this straight. What the Conservatives trumpet, what they talk about, what the minister talks about in this particular budget, what he brags about by saying "no cap", "offset payments", "principal beneficiaries of our own resources", is all that we did and he condemned so much.

The perception was that his government and his leader were going to do much more, \$200 million more, by taking non-renewables out

of the formula, in addition to the accord. Here is the choice that he has been giving Newfoundlanders and Labradorians: they can either stay with what they have got or get less, which apparently in 2012 is likely, according to this.

He complained about the premiers. The Minister of Finance said that they have a great relationship with the premiers, yet the Minister of Fisheries and Oceans said that is not the case. They could not agree. They argued too much and therefore, his commitment was scuttled. Therefore, his government, around a cabinet table, had to come up with a compromise. Each region of the country spoke about their region's concerns and when it came to Newfoundland and Labrador, you, sir, did not show up.

The Acting Speaker (Mr. Andrew Scheer): I would just remind the hon. member for Bonavista—Gander—Grand Falls—Windsor to address comments through the Chair, not directly at hon. members. The hon. Minister of Fisheries and Oceans.

Hon. Loyola Hearn: Mr. Speaker, let me set the George Baker wannabe straight.

First, these decisions are not made around the cabinet table. These decisions are made in negotiations, first of all with the provinces and then by the Minister of Finance and they are kept secret, as they should be, until the budget comes out.

The member opposite talked about the deal. When he said this morning that this promise was broken, that the Atlantic accord was going to be kept, he had not even read the budget.

He also mentioned the deal that the Liberals delivered. Yes, they did, but they delivered it because of the hard work by the people who were then on the opposition side, members of our party, who day after day after day embarrassed the Liberals and forced them, and because of the work of Premier Williams and the people of Newfoundland and Labrador.

Let me say to the member that he should read *Hansard* and compare his input to mine in trying to get the Atlantic accord.

In the lead up to the budget, when it was quite clear that there were concerns, when Premier Williams was going around the country trying to build support for his stand, which he did not get but give him credit that he tried, where was the hon. member? How many questions are in *Hansard* from the hon. member or any hon. member over there about the Atlantic accord, about what we would get or what we would lose? Goose egg.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Mr. Speaker, the goose egg goes into a negative. It is not zero. It is not a positive. It is a zero. When we look at table one in the document “Restoring Fiscal Balance for a Stronger Federation” in the 2007 budget documents, it describes exactly what the impact will be to Newfoundland and Labrador and to Nova Scotia should they abandon their Atlantic accords, as is required of them if they want to participate in the new equalization formula. Should they do that, according to the government's own documents, it will cost the government of Newfoundland and Labrador \$138 million in lost benefits, or for the province of Nova Scotia, it will cost the government of Nova Scotia \$95 million, should they opt in to the new equalization formula.

Therefore, would the hon. minister, who I think is quite committed and dedicated to his province, but is not on the right side of this issue, not agree that it is in effect a cap on the Atlantic accord?

• (1325)

Hon. Loyola Hearn: Mr. Speaker, let us leave out Nova Scotia and talk about Newfoundland and Labrador, the member's province and my province. If our province accepted the O'Brien formula, we would be close to \$200 million, a billion dollars over five years, worse off.

I did not say that they could not agree with the finance minister. However, when the commitment was made to the provinces by the federal government, a consensus could not be reached on the formula so one was brought in, the O'Brien formula, but we would lose. We knew that and Premier Williams knew that, which is why he asked for no cap on the Atlantic accord and got it. A third choice was given to two provinces only, Newfoundland and Labrador and Nova Scotia. The choice was that instead of taking either one of the other options, which would diminish their revenues, they could hold on to the Atlantic accord benefits for five or maybe thirteen more years.

Why would Newfoundland and Labrador and Nova Scotia give that up for the next five years when they have the choice of opting out, at any time by the way? They do not have to go tomorrow or the next day. Why would they opt out when they have these benefits and have five years to negotiate a better deal? That is what I asked the member.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Mr. Speaker, I will be sharing my time with the relatively capable and, most times, eloquent member for Dartmouth—Cole Harbour.

It is sad to think that as an elected member from Nova Scotia, representing the people of Cape Breton Canso, I must come to this chamber and again fight for what is theirs and fight a battle that has already been won.

When we look at the accord, the deal that was signed by a past government with the premiers of two provinces, it is shameful, as a result of the budget last week, that we are forced to once again go back and plead our case and make it look like it is cap in hand politics coming from the east coast. That is shameful and it is as a result of the actions of the government.

The saddest part for me is that the Conservatives, through today's debate, have been able to look straight into the camera and spin to

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the people of Nova Scotia and the people of Newfoundland and Labrador that this is a good deal for them, that there is no loss and that they are supportive of the people in their provinces. We know that it is just not true. However, it is not surprising because we have seen this time and again: a break in the trust, a word given by the government and promises made by the government but yet all we get are broken promises.

However, I can say that Nova Scotians know. The government is not going to spin Nova Scotians who know the difference on this particular issue. Atlantic Canadians know the difference.

I want to mention a comment by the premier of Newfoundland and Labrador, Danny Williams, because when he came out hard against the budget I thought he nailed it early. He referred to a written promise by the Prime Minister that he would have received in a lead up to the last election. The letter reads.

A Conservative government would support changes to the equalization program to ensure provinces and territories have the opportunity to develop their economies and sustain important core social services. We will remove non-renewable natural resource revenue from the equalization formula to encourage the development of economic growth in the non-renewable service sectors across Canada.

That was in writing to the premier of Newfoundland and Labrador. We know the result of that. We know how things have changed and of the broken promise to those people. We know the comments of Premier Danny Williams. He stated that the Prime Minister “should not be trusted”. Surprise, surprise. We have seen time and again the actions of the Prime Minister. He has broken faith and broken promises continually, not just to the provinces, but to the people of Canada.

What about income trusts? We can take another blurb from the campaign platform, from the Prime Minister.

A Conservative government will stop the Liberal attack on savings and preserve income trusts by not imposing any new taxes on them.

We know the break in trust there, the big trust bust of a 31.5% tax on income trusts; \$25 billion in losses for hard-working Canadians. It drove the TSX down over 300 points. We saw that promise made and we saw that promise broken and yet the Conservatives will look straight into the camera and tell us that we are getting one heck of a deal from them.

• (1330)

I spoke earlier in the debate with the member from Eastern Shore. Both he and I have raised in the House the promise in writing to the widow of a second world war veteran, Joyce Carter, a fabulous lady who has done a tremendous amount of work for the veterans independence program. Prior to the last election, she had in her hand an assurance from the then leader of the official opposition that if put in power his party would deliver provisions under the VIP for all veterans, second world war veterans, Korean War veterans. All veterans would be covered under VIP immediately.

A little bit of time has passed. The Conservative government has had two cracks at it. It has had two budgets and both times it failed to deliver on that VIP promise. It failed to support the promise that was made to the veterans of this country and the widows of those veterans. The government has broken faith.

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Premier Rodney MacDonald has put forward a resolution in the provincial legislature. Danny Williams came out strong as a result of the budget announcement by the government. Premier MacDonald was a little more tentative. He said that the budget was disappointing. I was a little surprised by that because it is sort of like Britney Spears walking out of the barber shop two weeks ago and looking in the mirror and saying "It is a little disappointing". If we think Britney was skinned, the people in Nova Scotia were skinned with this budget.

Today in the Nova Scotia legislature the premier has rallied the support of all parties. The premier understands that the intent of the Atlantic accord was to be a stand alone, economic tool to support Nova Scotia's goal of self-sufficiency. I want to quote the premier today. He said:

The federal government has laid down a discriminatory budgetary hammer on the people of Nova Scotia.

It is blatantly unfair.

In altering the formula and treating our accord money as equalization, the federal government has done exactly what it said it would not do, and pushed us backward.

Those statements were made by the Conservative premier of the province of Nova Scotia. The entire legislative assembly has rallied around this. There is a call to the Prime Minister to ensure that the intent of the Atlantic accord is respected and honoured.

I am sure my colleague from Sydney—Victoria would support me on this. Although both he and I are of different political stripes from the former premier of Nova Scotia, John Hamm, we held a great deal of respect for the former premier. He was a man of his word and he was honourable. He certainly was not scared to deliver bad news. We were able to work with him on a number of different files. I can look at the Sydney tar ponds file and the money that was peeled out for that of \$400 million; \$280 million federal and \$120 million provincial. The premier and both of us as elected federal officials worked with the community, which put a tremendous amount of time into the project. We moved forward with the moneys allocated to clean up that project, and it will be done.

It was sort of cute that after it made an announcement about what technology it would use, the Conservative government sent down the Minister of the Atlantic Canada Opportunities Agency to do its dirty work and said that nothing had been done in the last 13 years. It was a kick in the teeth to the community.

When the agreement was negotiated, Nova Scotia was guaranteed that it would receive 100% protection from clawbacks resulting from any increase in non-renewable resource revenue. The former Liberal prime minister went beyond that and wrote a cheque for \$800 million, which the former premier applied to Nova Scotia's debt. That money loosened up \$40 million a year for schools, roads, health, education, those types of initiatives.

I am standing with the legislature of Nova Scotia and with all Nova Scotians and I am asking the Prime Minister to honour the intent of the Atlantic accord through a revision to the budget.

● (1335)

Mr. Pierre Poilievre (Parliamentary Secretary to the President of the Treasury Board, CPC): Mr. Speaker, I noticed that the member was very careful to avoid admitting what his party intends to take away from Canadian families.

This budget and the previous one deliver \$1,200 per child under the age of six to families to help with the growing costs of child care. This budget brought in an additional \$310 per child under the age of 18 for every child, for every family that pays taxes. That is real money in the pockets of real families, because this government is getting it done.

That member failed to admit that if his party got into government, in order to pay for its big spending promises his party would be taking away that \$310 tax credit per child under 18. The Liberals would take away the choice in child care \$1,200 allowance. They would take away all those things. That is what they would do to the middle class working families of this country in order to pay for their big spending promises. They voted against the \$1,200 choice in child care allowance and against the \$310 tax credit for Canadian families.

Those families need that money. They made no gains under the previous Liberal government. Now that we have opened up the store and given this to middle class families, that member and his party want to take it all away. Shame on them.

Mr. Rodger Cuzner: Mr. Speaker, I think it is a very interesting ploy on the part of the government to try to defend the rooking that the people of Nova Scotia took on the accord by having a downtown Ottawa member get up and try to play the shell game, change the subject, and talk about child care. Talk about a joke: it is a joke that has everything in it except the knock-knock.

Let us talk about the taxing of that benefit. Let us talk about the \$250 million you put in the last budget to create new spaces. It was one-quarter of what we had allocated, the \$1 billion that had been negotiated to create new child care spaces, which you guys ripped out of the last budget upon coming to power—

● (1340)

The Acting Speaker (Mr. Andrew Scheer): Order. I would just remind the hon. member that when he says things like "you guys" he is actually referring to the Speaker. I would remind him to direct his comments to members by their riding name, title or perhaps party affiliation.

Mr. Rodger Cuzner: Mr. Speaker, out of respect for the Chair, I note that the government ripped out, tore out and emaciated that \$1 billion investment in child care spaces.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, let us go through a short history of the Conservative Party for my hon. colleague.

Yesterday in Porters Lake, Nova Scotia, there was a class action suit against the Government of Canada regarding SISIP, a program that was part of the veterans first motion moved by the NDP and passed by the Parliament of Canada. When the Prime Minister was in opposition, he said that when motions are passed by the House, the government should honour them. We saw nothing for that veterans first motion in this budget, so now we have put forth a \$290 million fix that would correct the problem of over 4,000 injured soldiers in this country.

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Yesterday we saw the lowest of the low, with the Prime Minister accusing a party and its members of supporting an enemy over our own soldiers. That was disgraceful. He should apologize to all members in the House for that.

I say to the Government of Canada that it is one thing to say it stands up for the troops, and that is a good thing to do, but it has to support them when they take off their uniforms. When it comes to SISIP disabilities, these 4,000 members and their families are undergoing great financial suffering. For less than 2% of the budget surplus, the government could have fixed that problem once and for all, but now these people have to take the government to court. I would like my hon. friend from Cape Breton to comment on that, please.

Mr. Rodger Cuzner: Mr. Speaker, my colleague across the way and I are going to end up having some kind of a complex here, because it seems that anything we have championed the government has turned its back on. Certainly veterans are one group that has been left out in the cold in this.

The people of Nova Scotia are getting short shrift in this budget. Another item that my colleague and I have worked on is small craft harbours. This House unanimously supported a reinvestment of \$35 million, which is nowhere to be found in the budget. I guess the only advice is that we should split company and try some different committee work.

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Mr. Speaker, I am very pleased to have a chance to speak to this motion and to try to live up to the performance of my colleague from Cape Breton—Canso.

I want to congratulate my other colleague, the member for Bonavista—Gander—Grand Falls—Windsor, for bringing this forward. I particularly want to congratulate my colleague from Halifax West, who was the regional minister in Nova Scotia and who negotiated the Atlantic accord along with Premier Hamm and with the former prime minister of Canada and our former finance minister.

If I may, I would like to preface my comments with a thought. As MPs, most of us come to this place with what I think are the best of intentions. We come here to represent our constituents. We also come here to act in a respectful and honourable manner, but every day at about 2:15 that kind of goes out the window, except on Fridays. Outside of question period, we get along. We travel together. We discuss issues. That is the way it should be.

Every now and then things go beyond question period, and November 4, 2004, was one of those days, when the motion brought forward as an opposition day motion was prefaced by this statement: “That this House deplore the attitude of the Prime Minister of Canada at and following the First Ministers' Conference...”. It was a motion designed so that Liberals could not support it, even though at that very moment we were negotiating the Atlantic accord, which came into being about a month later and was enacted a month after that.

On those occasions, we had allegations. We had charges. As Liberal MPs, we were pilloried for no reason except politics. That is shameful, because at that time the prime minister, with the member for Wascana, then the minister of finance, and the member for Halifax West, who was then the minister of fisheries and oceans, and

Dr. John Hamm, the premier of Nova Scotia, a good and decent man who represented his province well, were negotiating the Atlantic accord. We had worked on it for a long time.

Whenever I saw the member for Wascana anywhere in the parliamentary precinct, and I am not alone in this, he would tell me they were working on it and it was not easy. I know it was not easy. We knew that other provinces might say it was not fair. But when it came forward and the Atlantic accord was produced, not only was it adopted by the prime minister, the finance minister and the members from the Atlantic caucus, but I am proud to say that my Liberal colleagues from other provinces, where this accord was attacked, stood with us and voted for the Atlantic accord. It was difficult. It was not easy, but it got done.

Today I stand here with my colleagues to talk about this motion that we have put forward. From my friends on this side we have heard about comments made on that day, November 4, that have backfired on Conservative MPs. We have heard the comments of Danny Williams. We have heard from Rodney MacDonald. We have heard from the premier of Saskatchewan.

I am not going to give members a lot of quotes from other politicians. I want to give members some sense of what the media are saying in Nova Scotia, because they are very unbiased. In fact, most of them in Nova Scotia are not particularly friendly to Liberals.

However, here are some headlines we had the day after the budget: One was that the Prime Minister “wants to keep Nova Scotia a have-not” province.

Another one was, “We need a fighter”, and as well, this article by David Rodenhiser states:

Nova Scotians are left asking themselves: Who's standing up for us?

Right now, the answer is no one.

Certainly not our federal cabinet minister...who's defending Ottawa rather than Nova Scotia on this.

Rodenhiser says that not even the premier is defending Nova Scotia and “is content to pursue process rather than take action”. And that was after the premier had taken some action, at least moderate action, to indicate his displeasure.

Here is another headline: “Note to Rodney: [the Prime Minister] played you big time” In the text of this article, “Message to Rodney”, Marilla Stephenson writes:

[The Prime Minister] has played you like a fiddle.

If any theme rang through the Harper budget...it was that the have-nots are to remain...have-nots.

● (1345)

The Acting Speaker (Mr. Andrew Scheer): Order. I will remind the hon. member that when quoting news articles or other documents, we do not use each other's proper names but surnames or titles, please.

Mr. Michael Savage: Thank you, Mr. Speaker.

Here is another comment:

They think we're fools, apparently. But we are only the have-nots. We don't carry our weight, and we don't pay our own way. Most of all, we have only a few federal seats.

In the big picture, we don't count for much.

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Here is another headline: “Federal Conservatives shaft province, once again”.

There is a good one today: “Purves turns on federal Tories”. Jane Purves was the chief of staff to Dr. Hamm, who helped negotiate the Atlantic accord, and who, it was announced to much fanfare a week or so ago, was going to run for the Conservatives in Halifax. She has taken a look at the budget and she is thinking twice.

Jane Purves is an honourable woman. She may decide to run for the Conservative Party, but she is having second thoughts and is saying, “ I think that whether it's understandable or not from a national point of view, I think it puts the province in a really difficult position to choose between the offshore accords and a different equalization formula”.

Here is a good one: “Atlantic Tories running for cover”. I cannot mention their names. This article is by Stephen Maher. It states, “There were signs East Coast Tories were not enjoying the situation”. One of them, who I will not mention, “whom some expect to retire rather than face the wrath of Mr. Williams in the coming election, did not comment...”.

Another statement is that a member who is normally among the most vocal MPs on the Hill “was not available for comment”. Another one “did comment, but not until his office first said he was unavailable”. Then, says the writer, “he struggled to defend the new equalization deal”.

It was not a good day for Atlantic Canadian Conservatives.

Here is another: “Harper stoops to conquer—

The Acting Speaker (Mr. Andrew Scheer): I will remind my colleague again to use riding names or titles.

Mr. Michael Savage: I did in most cases, Mr. Speaker, but I missed a couple.

The article was headlined, “[The Prime Minister] stoops to conquer” and stated:

Jeering from the sidelines were the budget's unlucky trio of obvious losers: Nova Scotia, Newfoundland and Labrador, and Saskatchewan. All are now victims of a calculated insult—the effective federal clawback of resource revenues under the new equalization scheme.

It is not just Liberals and New Democrats who are saying that this is a bad deal for Atlantic Canadians. It is everybody in Atlantic Canada, with the exception of a few Conservative MPs. We have seen hints coming. In the last budget document, the Atlantic accord was questioned. It is stated in this document that:

The February 2005 agreements to provide Nova Scotia and Newfoundland and Labrador additional fiscal Equalization...were widely criticized as undermining the principles on which...Equalization...is based.

We saw quotes from the Minister of Finance earlier this year, in fact, from Corner Brook on March 8. Corner Brook is a great part of Newfoundland and Labrador, with great representation. The Minister of Finance told reporters, “I can say, as the Prime Minister has said, that we will respect the Atlantic Accords”.

Another Conservative member from Newfoundland said that the Atlantic accord will not be adjusted. Will not be adjusted? The member said that it is written in stone, it is signed, sealed and

delivered, and that this is something that the province need not have any fear of. Clearly that is not the case.

Today we heard the Parliamentary Secretary to the Minister of Finance suggesting that the Atlantic accords were gerrymandered and that previous fiscal arrangements were disjointed and knee-jerk. I can tell the House that in Atlantic Canada no one thinks the Atlantic accords were disjointed and knee-jerk.

We have some good guys representing the Conservative Party in Nova Scotia. I like most of them. The member for Cumberland—Colchester—Musquodoboit Valley is a good person. He is a little too far left of his current crew and I think he has been marginalized. He would not tell us that, but I think he feels that way. He does not have any say in this sort of stuff. He got hammered with this.

The member for South Shore—St. Margaret's is married to a cabinet minister in the Rodney MacDonald government, the government that slammed the deals. How did that conversation go Monday night? I have to wonder.

These guys know that they have been betrayed by a government that does not care about Atlantic Canada because we do not have enough seats.

Today, an article in the *Globe and Mail* has the headline “Budget bashers displaying regional jealousy, says [the Prime Minister]”, suggesting that those who do not like the budget have a regional jealousy, but that is what we are elected to have. We get elected to come here to represent our people. We do not come to Ottawa to bring the message back to the people. We get elected to Ottawa to bring the message here from the people. That is what we are supposed to be doing here. That is our job.

The people of Nova Scotia expect their MPs to represent them here in Ottawa. In the last election, we were bombarded with Conservative ads. Members may recall them. For example, there was a sign and a car going by honking the horn twice, with a beep, beep, meaning “Stand up for Canada”.

That horn is sounding again and the people back home are saying to the MPs from Nova Scotia, “Honk, honk. Stand up for Nova Scotia”. And they should do that.

● (1350)

Mr. Pierre Poilievre (Parliamentary Secretary to the President of the Treasury Board, CPC): Mr. Speaker, the member knows very well that we, as a government, honoured the Atlantic accord. He knows that we kept our promise and that we delivered to the people of Atlantic Canada for all the provinces.

Business of Supply

What the member is really trying to do is distract from the Liberal Party's hidden agenda. His party would take away the \$1,200 choice in child care allowance. His party would raise taxes on families with kids, by taking away these new tax credits we have brought in for young families. His party would put back in the marriage penalty. His party would raise the GST to 7% from 6%. His party would roll back all the efforts we have undertaken to get tough on crime. His party stands foursquare against the middle class working families that work hard, pay their taxes and play by the rules. His party is against all those middle class families that we on this side have fought to defend. He is trying to distract from that fact by making up stories and fantasies regarding the Atlantic accord.

The member knows full well that we have kept our word. The Conservative Party has delivered.

[Translation]

We have delivered on our promises.

[English]

We have delivered for Canadians right across the country and that member is trying to distract. He does not want people to know the real agenda of the Liberal Party, which is full scale attack against middle class families.

• (1355)

Mr. Michael Savage: Mr. Speaker, that is pretty rich. The member can divert one time, as he tried to do with the member for Cape Breton—Canso who then snookered him. However, to go twice in a row and try to change the subject is something else. The reason is he does not know the difference between the Atlantic accord and a Honda Accord. He does not know what this whole thing is about.

He says that we have a hidden agenda and he thinks he knows what we stand for. I will tell him what we stand for. The Liberal Party stands for aboriginal Canadians. We stand for investing in students, in literacy, in the environment, in child care, in Canadians, not only the Canadians who we expect will vote for us, but all Canadians. That is what a good government does. That is what we did. That is what the Conservatives do not do.

Mr. Brian Murphy (Moncton—Riverview—Dieppe, Lib.): Mr. Speaker, I want to ask the hon. member if he thinks things have changed for Canada and for Atlantic Canada? When I was young, there were heroes for Atlantic Canada in this place, Allan J. MacEachen, Roméo LeBlanc, and they led.

The chief minister who represents this region does not seem to hear the editorials. He does not seem to hear the rancour, the disappointment and the frustration that Atlantic Canadians have with the government.

The Prime Minister said that we had a culture of defeat in Atlantic Canada. He still believes it.

Mr. Michael Savage: Mr. Speaker, the most amazing thing about the budget is this. Even though Canadians were betrayed, even though they were lied to, even though Atlantic Canadians were let down, even though their commitments were broken, most of them were not that surprised. There is a history to which the member referred.

People do not have high expectations of the Conservative government in Atlantic Canada, but that does not give it a reason to let them down even further.

The initiatives we put forward when we were on that side of the House, when the Liberals governed the country, took care of Canadians, especially Canadians who needed help. Even when we were fixing the mess the Conservative Party left, we never forgot the people in need. We brought in the child tax benefit. When the Liberal Party lowered taxes, we did it for the lowest income Canadians.

The Liberal government reduced taxes to 15%. The Conservatives brought taxes back up. They did not have the sense to bring them down in this budget to help all Canadians.

Hon. Geoff Regan (Halifax West, Lib.): Mr. Speaker, first, I want to correct a small error I made this morning when I said the member for Cumberland—Colchester—Musquodoboit Valley had a phobia of the media and was not talking about this. Apparently the media did find him yesterday, and I apologize for that error. I learned, after my speech this morning, that he had talked to the *Chronicle Herald* yesterday.

It reports this morning that he spoke up in defence of an equalization plan. He said, “the important thing is that Nova Scotia can choose to keep the accord or opt into the new equalization system”.

That is not what we agreed to when we signed the accord. The members on that side of the House obviously do not understand the accord. It is not about changing equalization; it is about changing the agreement related to offshore royalties. It is about saying that, as agreed originally, these two provinces get to have the primary benefit of their offshore resources. Members over there do not get it. It is like my hon. colleague says, they do not know the difference between the offshore accords and a Honda Accord.

Would my hon. colleague from Dartmouth—Cole Harbour, who has been very effective on this issue, comment on that?

Mr. Michael Savage: Mr. Speaker, my colleague is right. I do not know if he has ever build a Honda Accord, but he was one of the architects of the Atlantic accord, along with the Liberal prime minister, our finance minister, Dr. Hamm, Jane Purves and those folks back home, who worked hard on this.

The Liberals brought in the offshore accords so they could be on top of equalization, not instead of equalization. When we enriched equalization, as we did in government, Nova Scotia got more money and kept the Atlantic accords. It was not one or the other. It was not a Faustian choice. It was a sensible choice for a region of the country that deserves better.

*Statements by Members***STATEMENTS BY MEMBERS***[English]***FIREFIGHTERS**

Mr. Norman Doyle (St. John's East, CPC): Mr. Speaker, I am pleased that the recent federal budget meets a long-standing request from Canadian firefighters. In particular, the budget approved \$500,000 per year to assist firefighters in implementing a hazardous material training program.

Since coming to Parliament 10 years ago, I have met with many firefighters from my riding and with representatives of their local and national organizations. These meetings have always focused on ways that the federal government could positively impact the work and the daily lives of Canadian firefighters.

Dealing with fires that contain toxic substances is becoming more and more an occupational hazard, so it is important to set up and maintain a training program in this area. Hopefully, this \$500,000 annual commitment will provide for better trained firefighters and help protect the public from the hazardous materials that are all too much a part of our modern world.

* * *

• (1400)

TUBERCULOSIS DAY

Hon. John McKay (Scarborough—Guildwood, Lib.): Mr. Speaker, today I rise in support of Tuberculosis Day.

TB is a disease that kills close to two million people annually. Those with HIV-AIDS are a hundred times more susceptible. TB can be cured for a mere \$20. If fully funded and implemented, the TB global plan provides a blueprint for treating 50 million people and saving 14 million lives by the year 2015.

Recently I was in Kenya, where I saw TB's devastating impact first-hand. I visited hospitals and saw TB casualties, the sick and the dying lying head to toe, two to a bed, in overcrowded wards. However, it does not have to be this way. We know that we can cure TB.

Although TB is primarily a disease of poverty, it exists even in the wealthiest of countries, including Canada. Global mobilization is crucial.

The theme of this year's TB Day is "TB anywhere is TB everywhere". It is time—

The Acting Speaker (Mr. Andrew Scheer): The hon. member for Repentigny.

* * *

*[Translation]***QUEBEC INTELLECTUAL DISABILITY WEEK**

Mr. Raymond Gravel (Repentigny, BQ): Mr. Speaker, last week was Quebec intellectual disability week. This week is a special time to remind all Quebecers of the important contributions made by people with intellectual disabilities.

To highlight this event, in my riding of Repentigny, the Centre de réadaptation Les Filandières along with the Association des Amis de

la Déficience Intellectuelle, organized a night of improv. A team of people with intellectual disabilities was pitted against a team of students from the school improv league at Jean-Baptiste-Meilleur de Repentigny school. Édith Cochrane and Vincent Bolduc, from the Ligue Nationale d'Improvisation, were honorary captains for the evening.

The musical group Choc acoustique set the scene and warmed up the audience with their music before the match.

Congratulations to all the volunteers and participants. Thanks to them the evening was a huge success.

* * *

*[English]***THE BUDGET**

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, the number of homeless in Vancouver has doubled since 2002, yet shelters like the Downtown Eastside Women's Centre are being forced to close their doors because they cannot get funding.

The federal budget completely ignores the housing crisis facing Vancouver. Not a dime was dedicated for desperately needed housing.

Nothing in this budget closes the growing gap between wealth and poverty; nothing for a federal \$10 minimum wage; nothing to help the underemployed, highly skilled immigrant Canadians who cannot get their credentials recognized; and nothing on the billions of dollars in EI surplus.

To add insult to injury, a workers' rights bill to ban replacement workers was defeated last night because the Liberals ganged up with the Conservatives to say, no, to fairness for working Canadians. When will the government get it? Workers want a decent wage, families want secure, affordable housing, and we all benefit from fair labour practices.

I am proud to say that 100% of NDP MPs voted yes to the anti-scab bill yesterday.

* * *

ARNE PAUL KNUDSEN

Mr. John Cummins (Delta—Richmond East, CPC): Mr. Speaker, on March 7, a great Canadian, Arne Paul Knudsen, passed away.

Arne was born in May 1909 in Denmark and came to Canada in 1929. His life was a kaleidoscope of adventures. He worked across the country, on farms, in the woods and on construction. He worked on ocean freighters, in China on the construction of the Manchurian railway and in Columbia gold mines.

He served in the Danish Navy and won a bronze medal for swimming in the 1936 Olympics. He fought the fascists in the Spanish Civil War and served with distinction in the Canadian army in World War II. For his heroism, President Truman awarded him the Bronze Star, while King Christian X of Denmark awarded him the Royal Knights Order.

A tireless community worker, Arne served as captain of the North Delta Volunteer Fire Brigade. In 2006 he was presented Delta's Freedom of the Municipality award.

Arne was active politically with the NDP and as a trade unionist with the Operating Engineers.

We shall never forget this most amazing and humble Canadian.

* * *

[Translation]

UNIVERSITÉ DE MONCTON BLUE EAGLES

Mr. Brian Murphy (Moncton—Riverview—Dieppe, Lib.): Mr. Speaker, Moncton is a hockey town. Today, I would like to recognize the success of the Université de Moncton women's hockey team. The Blue Eagles are the Atlantic university women's hockey champions. They proudly represented Atlantic Canada at the Canadian university championships held in Ottawa a few days ago. Congratulations, ladies. We are proud of you.

Today, the Cavendish Cup, the men's university hockey championships, is underway in Moncton. Good luck to the men's hockey team, the Université de Moncton Blue Eagles. Go, Moncton, go!

* * *

•(1405)

[English]

HIGHWAY 400 TRAFFIC ACCIDENT

Mr. Patrick Brown (Barrie, CPC): Mr. Speaker, on March 5, 2007 a severe winter storm brought havoc to southern Simcoe County and caused a massive traffic accident on Highway 400 south of Barrie. Many serious injuries were inflicted, but no loss of life occurred. This is a tribute to the many men and women of our fire, police and ambulance services who responded to the scene.

However, there is one other emergency service that responded to the accident that needs tribute as well: tow trucks, big and small, all part of the private sector and all working bravely in terrible conditions to make rescues possible and remove the horrendous mess of crushed vehicles.

Glenn Currie of Currie Heavy Towing deserves a special mention because he was the man at the controls of the biggest, strongest, most versatile heavy wrecker that day.

Glenn Currie made it his mission to be there in the right place at the right time with the perfect equipment to perform a life-saving recovery. He was assisted by others, but his role was central in lifting a tractor trailer off a trapped driver, thereby allowing the fire and ambulance personnel to remove the driver and save his life.

Glenn Currie, like his father Alex, is a humble man who does great things and is an inspiration to all Canadians.

Statements by Members

[Translation]

WORLD WATER DAY

Mr. Marcel Lussier (Brossard—La Prairie, BQ): Mr. Speaker, World Water Day is celebrated each year on March 22. Coping with Water Scarcity is the theme for 2007. Water resources are scarce and it is important to take into account cultural and ethical considerations when addressing equity and the right to have access to water.

Our societies are built on access to water. The goods we buy and sell are all linked, more or less directly, to water. We could not imagine living without the water around us, without humidity in the air, without the power of a current, without water being available from a tap. Water is no longer a sacred trust. It has become a consumer good that we waste. This day should serve to heighten our awareness of the growing impact of the scarcity of water in our world in order to ensure its sustainable management both locally and internationally.

* * *

[English]

ZIMBABWE

Mr. Deepak Obhrai (Calgary East, CPC): Mr. Speaker, yesterday the president of Zambia likened Zimbabwe to a sinking *Titanic*.

Zimbabwe is currently experiencing a worsening economic and political crisis as a result of the government's disregard for human rights and the rule of law and its destructive economic policies.

On March 11, the Zimbabwean police brutally suppressed a public gathering of opposition leaders. This resulted in two deaths. The Minister of Foreign Affairs immediately condemned the Zimbabwe government's use of violence against protestors and called for the immediate release of more than 100 protestors.

The Government of Canada will continue to call on the Government of Zimbabwe to respect human rights and the rule of law and to encourage a dialogue with all sectors of the Zimbabwean society to find democratic, peaceful solutions to the crisis.

Canada will also work closely with other members of the international community, including countries of the Southern African Development Community, to help resolve the crisis of governance in Zimbabwe.

* * *

TUBERCULOSIS DAY

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Mr. Speaker, today is World Tuberculosis Day. The theme is TB anywhere is TB everywhere. The reason is obvious. TB is spread by breathing, what all humans do every second of every day. In 2005, 1.6 million people died of TB.

We in Canada generally assume that TB is no longer a problem, but it is, and it is particularly true for the world's poorest.

Statements by Members

I joined fellow MPs and Results Canada to visit Kenya in January. In the Mukuru slum, we visited TB patients in their eight foot by eight foot homes in communities where open sewage lines the streets and families sleep in shifts in absolute squalor.

It defies logic and violates any code of human decency for the rich nations of the world to allow people to die of TB. The cost of drugs is cheap and the drugs are effective. We know how to diagnose and how to treat. The root cause of course is poverty.

Canada has played an effective role and must play an increased role in eradicating this disease that needlessly kills our fellow human beings and destroys their families.

* * *

QUEEN OF THE NORTH

Mr. James Lunney (Nanaimo—Alberni, CPC): Mr. Speaker, today marks the first anniversary of the tragic sinking of the ferry *Queen of the North*, which ran aground at Gil Island south of Prince Rupert, British Columbia. All but two of the 101 passengers were safely rescued, but sadly, Shirley Rosette and Gerald Foisy of 100 Mile House have never been found. The accident is still under investigation.

Within moments of the mayday call, the citizens of Hartley Bay, a first nations community, sprang into action. Boats raced from their communities to attend the crippled ferry while others rallied to prepare blankets, clothing and meals for the survivors.

Coast Guard vessels *Sir Wilfrid Laurier*, *Point Henry*, *Ricker*, *Kitimat II* and the *Vector* took part in the rescue along with two Cormorant helicopters and a Buffalo aircraft from CFB Comox.

I am sure that all members will want to join me in offering our sympathy to the families and friends of the two who were lost, and our gratitude to the citizens of Hartley Bay, the Coast Guard and the SAR team from CFB Comox whose prompt and selfless actions saved the lives of 99 souls in peril at sea.

* * *

• (1410)

RACISM

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Mr. Speaker, last week in Winnipeg racism once again reared its ugly head. A high school teacher was targeted with a hateful, threatening, anti-Semitic letter. That teacher, Chuck Duboff, did not stay silent. Chuck has never been silent about racism, no matter who the target, and that has earned him the 2006 Manitoba Human Rights Award.

Last week's incident, along with 20 other anti-Semitic incidents in Winnipeg last year, are deeply disturbing and remind us of the need for constant vigilance and unrelenting personal and collective action against racism. The good news is that Chuck Duboff is not alone in fighting this.

Shaughnessy Park School students have just received a sixth award in the Racism, Stop It! National Video Competition for their video, *The Journey*. Students at the Maples Collegiate Unity Group recently held their successful Rock Against Racism concert.

These students and others working to end racism in our community are sending an important message: racist acts do not affect only the person they have targeted, but touch all of us and we will respond.

As Gandhi has taught us, evil will flourish when goodness remains silent.

* * *

RENEWABLE ENERGY

Hon. Maria Minna (Beaches—East York, Lib.): Mr. Speaker, it is an absolute pleasure to congratulate an excellent environmental company in my riding of Beaches—East York.

Mondial Energy and its founder Alex Winch have been awarded the prestigious European Energy Globe Award. Mondial is being recognized as an innovative renewable energy utility company.

Mondial Energy is the sole winner for Canada in this competition. In 2006 more than 700 projects from 95 countries participated in the Energy Globe Awards competition.

The Energy Globe Awards are an invaluable contribution to help find solutions to and raise awareness of the many obstacles we still have to overcome to help our endangered environment.

Mondial Energy has implemented major solar powered retrofit projects on seniors homes and affordable housing projects throughout Beaches—East York. It is this kind of innovation and move to renewable energy that will make Canada a world leader both in reducing greenhouse gases and in the environmental economy.

I congratulate Alex Winch and Mondial Energy.

* * *

[Translation]

TUBERCULOSIS DAY

Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ): Mr. Speaker, on March 24th, World TB Day will highlight the worldwide fight against tuberculosis with the theme "TB anywhere is TB everywhere".

This theme reminds us of the ravages of this disease. More than two billion people are carriers of the bacteria and every day 5,000 people die from tuberculosis.

The African continent is particularly affected by TB and this reality is due in part to the fatal synergy that exists between tuberculosis and HIV-AIDS. As a result, inadequate investment in the fight against TB also has a negative impact on the fight against HIV-AIDS.

Canada has long been recognized as a world leader in the fight against TB, in large part because of our expertise in the development of treatments to overcome tuberculosis. However, despite that, contributions by CIDA dropped by \$25 million between 2004 and 2006.

World TB Day underlines the urgent need for action and it is imperative for the Conservative government to properly adjust its priorities.

* * *

[English]

DRUG AWARENESS

Hon. Raymond Simard (Saint Boniface, Lib.): Mr. Speaker, T.J. Wiebe would have been 25 years old yesterday. On January 5, 2003, T.J. was brutally murdered just outside Winnipeg, one day before he was scheduled to enter a drug rehabilitation program.

His parents, Floyd and Karen Wiebe, have created the T.J. Wiebe drug awareness fund to provide financial assistance to students participating in programs that promote drug abuse awareness through peer education.

These programs educate young people about the various drugs and their true effects. They help change the attitude that makes it seem cool to use drugs. They help young people feel confident to say no to drug use and to address the social norms that make it seem that it is okay to use drugs.

I have had the privilege of working with the Wiebe family on justice issues and I have developed a great respect and admiration for them. The Wiebe family has turned a horrific tragedy into a positive mission to help other young people who may be in danger of suffering a similar fate.

I encourage all Manitobans to support the T.J.'s Gift Gala evening on May 16, 2007 to raise funds for this worthy cause.

* * *

●(1415)

[Translation]

THE BUDGET

Mr. Luc Harvey (Louis-Hébert, CPC): Mr. Speaker, on Monday, the Minister of Finance tabled in this House our government's budget for the year 2007.

By providing \$39 billion in additional funding, our government has settled once and for all the problem of fiscal imbalance. This money will enable provinces to achieve their priorities.

All Quebeckers will benefit from this additional funding through improved social programs; a healthier environment thanks to the ecotrust; the modernization of their health care system and promotion of our culture through funding for the Francophonie Summit, which will take place in Quebec City on the occasion of its 400th anniversary.

The Conservative government has proven that open federalism can bring about change. What the previous Liberal government denied for 13 years, our government has recognized and corrected within one year. I am proud to be a member of a team that takes Quebec's aspirations to heart and has the means to achieve them.

With the Conservatives, Quebec is stronger.

Oral Questions

ORAL QUESTIONS

[English]

AFGHANISTAN

Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.): Mr. Speaker, yesterday in the House we once again saw that the Prime Minister will say anything and do anything to win his never ending election campaign. It is clear that this is a Prime Minister who thinks that no attack is beneath him, no shot is too cheap, and no smear is too unbecoming.

If the Prime Minister really cared about the troops, really cared about human rights, and really cared about the success of the Afghan mission, he would replace his incompetent minister.

Will the Prime Minister stop putting election politics before everything else and replace the Minister of National Defence immediately?

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, Canadians see a pattern of behaviour from the Liberal Party. It neglected the military for 13 years. The Liberal defence critic calls the military names. He calls the Chief of the Defence Staff a prop.

The defence minister, a brigadier general with 32 years of distinguished service, is sneered at as the arms dealer. This is from the Liberal Party whose advertisements insulted the military by speaking of its horror at "soldiers in our streets".

Those are the disrespectful deeds, words and ads of the Liberal Party and no, we are not making this up.

Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.): Mr. Speaker, members on that side of the House do not seem to understand they have no monopoly on patriotism, no monopoly on support for the military, and no monopoly on support for our troops in Afghanistan.

The Prime Minister is blinded by ambition and Canada is hobbled by his arrogance. By putting into question Canada's duty to uphold the Geneva Convention, the Prime Minister has jeopardized our international reputation.

When will the Prime Minister put Canada's interests ahead of his own?

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, the government corrected an agreement originally entered into by the Liberal government on this very issue in order to ensure Geneva Convention protections are provided.

Yesterday, the Liberal defence critic told the media: "The answer of the Prime Minister today is a disgrace. To ask us to make a choice between the Taliban detainees and our troops—". On this side we do not find it hard to make a choice between our troops and the Taliban. We stand behind our troops.

*Oral Questions**[Translation]*

Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.): Mr. Speaker, yesterday and again today, the government asked the Canadian people to make a ridiculous choice by telling them that anyone who believes prisoners of war should be treated according to international law does not support our troops. That is a ridiculous choice.

Does the Prime Minister believe that the Geneva Convention is optional? Does he think that our treatment of prisoners can differ according to what we think of them? Why is he tolerating an incompetent defence minister and when will he replace him?

[English]

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, the irony drips. This is from the member for Etobicoke—Lakeshore who said that torture is justified when dealing with terrorists.

We have been seeing a pattern of behaviour from the Liberal Party. It does not respect the men and women in the military, suggesting they are a threat when they are allowed on the streets in Canada.

The Liberals spent the past month saying that police officers are not fit to participate in panels that review traditional appointments, something that the Liberal government entrusted to Liberal candidates and Liberal Party executives.

Why does the Liberal Party have a problem with the Canadians who put their lives on the line to protect us?

• (1420)

[Translation]

Hon. Denis Coderre (Bourassa, Lib.): Mr. Speaker, with his disgraceful reaction to the issue of Taliban prisoners of war yesterday in the House, the Prime Minister once again tarnished Canada's reputation on the world stage.

I would like to remind him that there are now four Taliban fighters back in hiding who will surely attack our men and women at the earliest opportunity.

[English]

Does the Prime Minister not realize that his disgraceful conduct yesterday sends the wrong signal to the international community that Canada does not respect the Geneva Convention? Does he not know that taking this position could put the lives of our soldiers in great danger by inflaming our enemies and turning the Afghan people against us?

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, we would send the wrong signal if we said, like the Liberal Party, that we do not stand behind our troops. We will stand behind our troops. We will ensure that they have in place what they need to protect themselves and ensure that they are protecting Afghan detainees under the Geneva Convention.

That is why we are pleased that under this government an agreement was negotiated with the Afghan independent human rights commissioner in order to allow access to detainees and to

report back on that to the Canadian government if there is any evidence of any mistreatment.

[Translation]

Hon. Denis Coderre (Bourassa, Lib.): Mr. Speaker, not only do we have an irresponsible Prime Minister, but we also have an incompetent, negligent Minister of National Defence who is incapable of handling matters transparently, who is incapable of fulfilling his duties, and who has deceived the people. I have here the Canadian Forces' code of honour, which talks about duty, loyalty, integrity and courage, and, most importantly, about honour and duty with honour. This is the military ethic, the warrior's honour.

Will the Minister of National Defence practice what he preaches, act according to his military ethic, and prove that he still has a sense of honour by resigning?

[English]

Hon. Gordon O'Connor (Minister of National Defence, CPC): Mr. Speaker, I think I do follow that code and that is why I take responsibility.

However, let me remind the member that we will protect detainees within the Afghan prison system. We have recently made an arrangement with the Afghan Human Rights Commission. It has undertaken to supervise the treatment of detainees and that will give us some degree of comfort.

* * *

*[Translation]***QUEBEC ELECTION**

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, yesterday, the Prime Minister once again involved himself in the Quebec election campaign. In response to a question from the Bloc Québécois asking for tax fields to be transferred to Quebec to resolve the fiscal imbalance, the Prime Minister said: "To have such fiscal relations with the provinces, it is necessary to have a federalist government in Quebec—".

Is the Prime Minister going to apologize for this gross interference in the election campaign and is he going to make a commitment to Quebeckers that he will respect their choice, whatever it is?

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC): Mr. Speaker, I would like to reassure my honourable colleague: on this side of the House, the Prime Minister and the government he leads have always been very firmly committed to reforming Canadian federalism. Time after time, in recent months, we have seen how far this reform of federalism has benefited not only Quebec, but all of Canada. The Prime Minister and the government are in fact going to continue in that direction so that Quebec can once again be strengthened within a strong and united Canada.

Oral Questions

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the Minister of Transport, Infrastructure and Communities has just shown us that he has no sense of honour. If he had the least sense of honour, he would apologize today. Yesterday, what they said was that it was necessary. After wanting to choose journalists, immigration board members and judges made in his own image, now the Prime Minister would like to choose the next premier of Quebec. This is blackmail. The least he can do is do his duty as Prime Minister properly and say that he will respect the choice made by Quebecers, because respecting the premier of Quebec means respecting all Quebecers.

• (1425)

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC): Mr. Speaker, I would like to reassure my honourable colleague that on this side of the House it is very plain that we are going to respect the choice made by Quebecers next Monday night. That being said, however, we are going to continue, we are going to go ahead with reforming Canadian federalism so that Quebec is able to grow, and grow stronger, within a better and united Canada.

* * *

AFGHANISTAN

Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ): Mr. Speaker, yesterday, the Prime Minister made another blunder. In response to a question from the Leader of the Opposition, he criticized the opposition leader for being concerned about the safety of Taliban prisoners and suggested that he should be more concerned about the safety of Canadian soldiers, as though the two were mutually exclusive.

Instead of adopting a George Bush attitude and suggesting that those who do not agree with him are his enemies—that is how the Prime Minister is behaving—should he not be showing his disagreement with the one person really responsible for the government's problems, namely, the Minister of National Defence?

[*English*]

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, we have made it absolutely clear that we take human rights seriously in Afghanistan and around the world. It is a cornerstone of our foreign policy in the way that it was not in the case of the previous government.

We are certainly ensuring that it is done in Afghanistan by entering into a new agreement. That was not done by the previous government who sent our troops to Afghanistan. This agreement is one that ensures the Afghan independent human rights commissioner has access to detainees and can ensure that there is no mistreatment.

[*Translation*]

Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ): Mr. Speaker, perhaps we could enter into an agreement with the Prime Minister.

Rather than wanting to choose the Quebec premier—which is none of his business—should the Prime Minister not choose another Minister of National Defence, because that is his job, his responsibility?

[*English*]

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, we heard some words read from the code of duty for military forces, words like courage, honour, duty and excellence. These are all words that apply to our Minister of National Defence.

* * *

THE BUDGET

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, British Columbia has been ignored in the budget and the finance minister should immediately take steps to correct the situation.

There was nothing to fight pine beetle devastation, no flood strategy for the Fraser River, nothing for the Kamloops airport, nothing to help the owners of leaky condos, and nothing for affordable housing.

The Conservatives could have done all of that, but they chose not to. Why did the government fail ordinary British Columbians in the budget?

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): On the contrary, Mr. Speaker, British Columbia has done very well under the budget. Obviously, the member from Vancouver has not looked at the aspect of our past budget that gives British Columbia a billion dollars to deal with the pine beetle.

In fact, we bring federal support to B.C. with \$4.7 billion in 2007-08, including: over \$3 billion in the Canadian health transfer for the health of ordinary British Columbians; \$1.3 billion for the Canadian social transfer, funding for post-secondary education and child care to help families from British Columbia; and \$242 million for infrastructure.

In fact, we have the encouragement of the president of the association of—

The Speaker: The hon. member for Vancouver East.

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, the reality is that B.C.ers do feel ignored and no amount of political spin can correct that. The finance minister seems to think that Canada ends at the Rocky Mountains.

Concrete actions could have been taken, like increasing the northern living allowance by 50% as the NDP demanded. But surprise, surprise, the only change made in the whole country to the allowance was made in the Conservative whip's riding.

Why not do what is right and increase the allowance by 50% and expand it, instead of this politically motivated change that we see in the budget?

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, British Columbia and the people of British Columbia have done very well in this budget. Just in infrastructure alone, over the course of the next seven years, the investments are well over \$4 billion.

Oral Questions

We know what that means, and my colleague, the Minister of Transport has helped me on this with leverage with the province, the municipalities and the P3s. It means that will be tripled. It will be more like \$10 billion to \$15 billion in new infrastructure in British Columbia, including the gateway. It is great news for the people of British Columbia.

• (1430)

Hon. Hedy Fry (Vancouver Centre, Lib.): Mr. Speaker, the Prime Minister accuses the provinces of regional jealousies because they dared to speak out against the budget.

This is a Prime Minister who claims his budget has achieved peace. Instead, his budget has really pit province against province, region against region, and Canadian against Canadian. But why should we be surprised?

This is the same Prime Minister who said Atlantic Canada had a culture of defeat and wanted to build a firewall around Alberta.

How can Canadians trust a government that is sowing the seeds of division across the nation?

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, I do not know why that Liberal member is so grumpy. She ought to be enthusiastic.

Be enthusiastic like the member for Thunder Bay—Superior North who says he likes the optimism in the budget.

Be enthusiastic like the member for Esquimalt—Juan de Fuca who says he plans to vote for the budget.

Be enthusiastic like the Liberal member for Charlottetown who praises the infrastructure investment for the province of Prince Edward Island.

Be enthusiastic like the Liberal member for Halton who—

The Speaker: The hon. member for Vancouver Centre.

Hon. Hedy Fry (Vancouver Centre, Lib.): Mr. Speaker, it is hard to be enthusiastic when the Minister of Finance and the Prime Minister falsely claimed this week that the budget provides funding for the pine beetle.

The truth is that the government promised \$1 billion for the pine beetle but it only put \$400 million in the last budget and nothing in this budget. One does not have to be a math genius to know that is a \$600 million broken promise and yet the Prime Minister is surprised when the British Columbia government complains that he has forgotten B.C. in his budget.

Why does he not just come clean and tell us why he has turned his back on British Columbia?

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, I just do not understand why the Liberal member is so negative and lacks enthusiasm for the budget like the member for Thunder Bay—Superior North, but let us not forget the Liberal member for Halton who says that ending the so-called marriage penalty is a good thing, a small tax cut but a worthwhile one. Is that not interesting? There is enthusiasm for the budget.

I also know that the member for Halton is an enthusiastic supporter of pension splitting, which we also have in this budget. I am sure he will vote in favour of that.

Hon. Garth Turner (Halton, Lib.): Mr. Speaker, in the wake of this budget the Canadian dollar has soared by a full cent. The Conservatives might not get it but currency markets know that the minister's budget is inflationary and it will lead to higher interest rates. Higher mortgage rates threaten the housing market and can quickly wipe away the entire benefit of a year's cuts.

Does the minister not get it? Does he not realize the damage this can do to working families? What third rate economist did he consult with, the Prime Minister?

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, there is somebody who does not get it. I am surprised that the member for Halton is still here to ask questions, after all, back in February of 2006 he said, "I think anyone who crosses the floor should go back to the people for ratification".

We want to help the member for Halton stand by his word and stand up to his principles. He can resign and we will call a byelection right away.

• (1435)

Hon. Garth Turner (Halton, Lib.): Mr. Speaker, although that is not relevant to the question I asked, I did offer my resignation.

Some hon. members: Oh, oh!

The Speaker: Order, please. The hon. member for Halton has the floor and we will have a little order, please.

Hon. Garth Turner: I think what Canadians want us to talk about is them, not us, Mr. Speaker, and I will do exactly that.

If the markets are right and if mortgage rates go up by just half a point on a \$300,000 mortgage in Whitby or Calgary, the average payment per year will go up by \$960, which more than wipes out the benefit for a family of four.

Does the finance minister not get it?

Some hon. members: Oh, oh!

The Speaker: We are wasting a great deal of time. The hon. government House leader has been recognized and he now has the floor. We will have order, please.

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, we are happy to accept his resignation on behalf of the government and we encourage you to do the same.

After the member for Halton became an independent member, he held a town hall meeting in his riding to ask what he should do. Forty per cent of the people said that he should stay independent while others said that he should negotiate with the Conservative Party. Does the House know how many said that he should join the Liberal Party? Zero per cent.

Oral Questions

[Translation]

AFGHANISTAN

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, in a mission such as that in Afghanistan, failure to respect international treaties and to ensure the full safety of prisoners places Canadian soldiers in an extremely vulnerable position.

Does the government not understand that, by neglecting the safety of prisoners, it is jeopardizing the safety of our own soldiers, since this sends the message that international treaties are not important?

[English]

Hon. Gordon O'Connor (Minister of National Defence, CPC): Mr. Speaker, this government is committed to protecting the Afghan detainees. As I have said previously, we have recently entered into an agreement with the Afghan Independent Human Rights Commission which is undertaking to monitor the activities of the detainees. If there is any abuse, the commission will report it to us.

[Translation]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, does the Minister of National Defence understand that, not only is our soldiers' safety compromised, but they are also in a vulnerable situation, because they could be brought before international tribunals for failing to respect international conventions? If the minister cannot understand that, when will he resign?

[English]

Hon. Gordon O'Connor (Minister of National Defence, CPC): Mr. Speaker, we will not take any advice from the Bloc on human rights. We stand by human rights, we believe in human rights and we are enforcing human rights. Our men and women in Afghanistan carry the values of Canadians. They do not abuse human rights. We are ensuring that the Afghan government does not abuse the detainees.

* * *

[Translation]

AIRPORT SECURITY

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, the recent Senate report on security comes down hard on the state of security in Canada's airports. It says, and I quote, "What you may find shocking is that so many of the gaping security holes we drew attention to in 2003 are still gaping holes more than four years later".

Will the Minister of Transport, Infrastructure and Communities admit that his government just talks about security, but does nothing about it?

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC): Mr. Speaker, on the contrary, we have taken concrete action. We have invested money to implement security systems that were not there in 2003, not there in 2004, and not there in 2005. However, thanks to the Minister of Finance, we have obtained the necessary funding to make security a priority.

The government is taking action and that is what Canadians expect from us.

● (1440)

Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ): Mr. Speaker, everyone should stick to what they know. The material security of planes, mechanical inspections and pilot competence are responsibilities of Transport Canada. However, preventing terrorist acts and protecting the public from organized crime is police business. The expertise is in the public safety department. It is time to transfer this important file to the department with the expertise and the will to take action.

Is the Minister of Public Safety prepared to accept the responsibility of making this important matter a true priority?

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC): Mr. Speaker, as you know, this House adopted aviation security legislation, which required a legislative review. The review was done and the report was tabled in December.

The Liberal Senate, with senators from that political party, also tabled a report. We are in the process of reviewing the recommendations therein. It is important to note that we took action by investing money in order to correct the mistakes of the past.

* * *

[English]

INFRASTRUCTURE AND COMMUNITIES

Hon. Belinda Stronach (Newmarket—Aurora, Lib.): Mr. Speaker, for Canada to be globally competitive and prosperous we need our cities to be world-class and we need to reinvest in them.

Mayor Miller has said that this budget leaves our cash-strapped cities worse off than a year before and, for Toronto and other major cities, is a step backward.

Why is the government neglecting the needs of our cities by not giving them direct new funding?

[Translation]

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC): Mr. Speaker, I do not know whether the hon. member has had an opportunity to read the budget in detail. If she had looked into it a bit, she would have discovered, even without reading it in detail, that we have promised municipalities an unprecedented amount: \$2 billion a year, which amounts to \$8 billion. To this is added, of course, the money that will come from the transfers for infrastructure.

So what does she want? There is money there and the municipalities are quite happy.

[English]

Hon. Belinda Stronach (Newmarket—Aurora, Lib.): Mr. Speaker, the real issue of this budget is sustainability.

The FCM has also said that this budget does not provide real long term relief to the municipal infrastructure deficit.

Oral Questions

The mayor of Aurora has even said that this budget does little to respond to the realities faced in Aurora, “there is no big leadership commitment in this budget”.

In June 2005, the Prime Minister promised to do more for municipalities. Why has he broken this promise?

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities, CPC): Mr. Speaker, I met with the representatives of the Canadian Federation of Municipalities, as well as a large number of provinces and territories. All of them asked for long term predictable financing and funding. Clearly, the government acted. We responded. The Minister of Finance presented an unprecedented amount, not only in gas tax but in infrastructure, \$33 billion. That goes to our Canadian communities for projects. We are getting it done. They did not do it.

* * *

AFGHANISTAN

Hon. Ken Dryden (York Centre, Lib.): Mr. Speaker, the Prime Minister is the great divider. For him it is all about politics: create the wedge, then divide. On Afghanistan, he decides who is patriotic and who is not.

For aboriginals, the poor, the less educated, he decides who will get a chance.

Yesterday, he decided that it was not possible to support our troops in Afghanistan and to support the basic human rights of all peoples. It is one of the reasons we are there.

A prime minister is a connector, not a divider.

When will the Prime Minister start to act like a prime minister?

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, Canadians are united when they are proud of our troops serving overseas. Canadians are united when they see a Canadian government standing up for human rights in China, which did not happen under the previous government. Canadians are proud of a government that has, as its cornerstone to its foreign policy, freedom, democracy, human rights and the rule of law. It is a commitment people will see from this government that they never saw from the Liberals.

* * *

• (1445)

KELOWNA ACCORD

Hon. Ken Dryden (York Centre, Lib.): Mr. Speaker, Kelowna offered hope. Everyone was at the table, governments and aboriginal peoples together. This would be tough. Trust was needed and that was what was building. Now it is gone.

Listen to the voice of the aboriginal peoples. They know what Kelowna meant: Hope.

No hope.

The Prime Minister is in or he is out. He wants a majority. It is okay to lose the majority of Canadians in the doing. It is politics. One just needs to look south of the border to see what the politics of division has done.

Real leaders, real prime ministers, do not divide.

When will the Prime Minister start acting—

The Speaker: The hon. the Minister of Indian Affairs and Northern Development.

Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC): Mr. Speaker, the hon. member, together with the member for LaSalle—Émard, can trumpet any private member bill they wish.

I will tell the House this about that particular member's bill. It is consistent with the previous 13 years of Liberal inaction: no expenditures are contained in that bill. It is consistent with the 10 years that the member for LaSalle—Émard was the minister of finance and the 13 months that he was the prime minister.

The culmination of all that is, as Gerard Kennedy described, “a devastating record”.

This government is getting things done. We are moving forward and we are making progress. The budget contains \$10 billion of expenditures.

* * *

THE BUDGET

Mr. Ed Fast (Abbotsford, CPC): Mr. Speaker, our recent budget is great news for British Columbians. Families, disabled children, students and even truck drivers are big winners today. We are getting \$30 million for the Great Bear Rain Forest, \$15 million for the UBC Brain Research Centre and tax relief for farmers, fishers and small business owners.

My question is for the Minister of International Trade. As Canada's trade shifts toward the Pacific Rim, could he tell us what we are doing about the Asia-Pacific Gateway?

Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC): Mr. Speaker, as has been noted by the Minister of Finance and others, the budget contains an unprecedented \$33 billion in commitments for infrastructure, of which well over \$4 billion will go into British Columbia.

Another \$1 billion has been earmarked for the Asia-Pacific Gateway initiative, on top of funding for our global commerce strategy, that will ensure British Columbia remains an economic powerhouse well out into the future.

*Oral Questions***AUTOMOBILE INDUSTRY**

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, like its Liberal predecessor, the Conservative government has done nothing and stood idly by as the auto industry has been shedding jobs and losing market shares.

The budget on Monday was another catastrophic attack on the auto industry. We will continue to see companies restructure, plant after plant closedown and worker after worker told to go home without a job. Canadians and the industry are outraged.

When will the industry minister introduce a real auto strategy so jobs are made here and developed here, and more important, so we can compete with the world and not turn over hard cash from Canadian people to other people in other countries?

Hon. Maxime Bernier (Minister of Industry, CPC): Mr. Speaker, maybe the hon. member did not hear what the Automotive Parts Manufacturers' Association said about our budget. It is very simple. It said that Canada's auto industry got the most important thing in the budget.

Also the Canadian Vehicle Manufacturers' Association said that there were some very good things in the budget for the automobile industry.

That is what we did, and I am very proud of that.

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, the Minister of Industry should listen to what Canadians think and what the people of Windsor, Oshawa and Oakville think. Why is money not being invested in their communities? They do not want their taxpayer money to go to Seoul, Beijing and Tokyo.

That is what the minister is doing. He is subsidizing plants in other countries as opposed to putting the green technology on the ground floor in Canada, ensuring Canadians are doing the work on fuel efficiency vehicles.

I ask the minister to abandon his plan, invest in Canadians and ensure we have the jobs, not shift our money overseas.

Hon. Maxime Bernier (Minister of Industry, CPC): Mr. Speaker, I know it has taken four days for NDP members to remember that they care about the automobile industry.

I can assure the House, in the budget we care about the automobile industry. We care about families. We care about children. We care about seniors. We care about manufacturing. That is why it is a good budget and that is why those members must vote for the budget.

* * *

• (1450)

MINISTER OF PUBLIC SAFETY

Mr. Mark Holland (Ajax—Pickering, Lib.): Mr. Speaker, the RCMP was given new details last night of former MP Jim Hart's departure to make way for the Public Safety Minister.

In a just obtained fax dated August 22, 2000, Mr. Hart states:

—I took this step of resigning in good faith. I could have remained in office until the general election, finished my term and not experienced these losses [of pension, salary, et cetera]. My resignation was contingent upon this negotiation.

Such a buyout would be illegal and represents a serious violation of public trust.

My question is for the Public Safety Minister. Is this how he got his seat in the House of Commons?

The Speaker: I see the Minister of Public Safety is rising to answer the question. I am not sure this question has to do with the administration of the Government of Canada, but if he wishes to say something in response, we will hear him.

Hon. Stockwell Day (Minister of Public Safety, CPC): Mr. Speaker, I was hoping you would rule that way. The last time the Liberals tried this drive-by smear, the RCMP concluded, and I quote from its conclusions, "No criminal offence had been committed".

I sincerely feel badly for the member for Ajax—Pickering. His previous missteps, which have embarrassed his party, has obviously put him on the low rung of the totem pole with the Liberals. He is now in charge of drive-by smears.

The only problem with drive-by smears is that innocent people get hurt. Mr. Hart is being hurt in this process. In every conversation I had with Mr. Hart from the time I knew him, he has only been honourable about this. He deserves an apology.

Mr. Mark Holland (Ajax—Pickering, Lib.): Mr. Speaker, this side of the House will not take lessons on drive-by smears. There are facts in this case—

Some hon. members: Oh, oh!

The Speaker: Order, please. The hon. member for Ajax—Pickering has the floor. We cannot hear him.

Mr. Mark Holland: Mr. Speaker, these revelations are new and explicit. They detail not just potential criminal buy-out, but the source of those funds might well have come from the then leader's office and that a fraudulent contract was created, using public money, to illegally pave the way for the public safety minister to become a member of the House.

Given the gravity of these allegations and the clear nature of the documents presented, will the Minister of Public Safety, the minister responsible for Canada's national police force, do the prudent thing and step down until the RCMP is finished its investigation?

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, there is absolutely nothing new here. The RCMP investigated this matter. It looked into all the things, which the member for Ajax—Pickering has alleged, and concluded that there was no wrongdoing.

I do not know what other RCMP investigations he wants reopened, perhaps into the income trust scandal or perhaps into Shawinigate. Perhaps Nancy Drew over there could put himself to good work for the taxpayers of Canada and find out where that missing \$40 million from the Liberal sponsorship scandal went.

*Oral Questions***WAGE EARNER PROTECTION PROGRAM ACT**

Mr. Mario Silva (Davenport, Lib.): Mr. Speaker, over 15 months ago, Bill C-55 was passed by Parliament. The bill was supported by all parties, including the Conservatives. It would compensate employees in cases where employers went bankrupt.

The government has had over a year to make a small technical amendment and proclaim the bill into law, but all we get from the government is silence.

Why is the government stalling wage protection for hard-working families in Canada?

[*Translation*]

Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC): Mr. Speaker, we actually wanted to bring this bill before the House shortly before Christmas. The opposition members of all parties had agreed in principle. However, when the time came to keep their word, the opposition members introduced an amendment. So long as that amendment has been there, it has been impossible to make progress with the bill. If the hon. members could arrive at a consensus, we could table it this afternoon and send it directly to the Senate.

Mr. Mario Silva (Davenport, Lib.): Mr. Speaker, frankly, the minister did not answer the question. What he said is not accurate. When Bill C-55 was passed last November, the Conservatives supported it. This bill ensured that employees would be compensated for wages not paid in the six months prior to the bankruptcy of their employer. It provided that employees who found themselves in this situation would receive up to \$3,000.

Why has the government turned its back on this bill and, at the same time, on working people?

• (1455)

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 would like to remind the hon. member once again that Bill C-55, which really would protect employees' wages in case of bankruptcy, still exists. We still intend to bring it before the House. If the opposition members can arrive at a consensus on this bill that reflects the unanimous will of the House during the previous Parliament, we will introduce it this very day.

* * *

OLDER WORKERS

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Speaker, the federal government is swimming in billions of dollars in surpluses, and the Minister of Finance is unable to find \$75 million to implement an income support program for older workers who have been victims of mass layoffs. In a budget of several billion dollars, \$75 million is a mere drop in the bucket.

Why is the government stubbornly refusing to provide financial assistance to these workers and their families?

[*English*]

Hon. Monte Solberg (Minister of Human Resources and Social Development, CPC): Mr. Speaker, as the member knows, we presently have a targeted initiative for older workers program in

place. We also have launched a older workers panel that is criss-crossing the country. It will be hearing from Canadians on this issue.

I look forward to hearing its conclusions. I invite the member to make his views known to that panel.

* * *

[*Translation*]

GOVERNMENT PROGRAMS

Ms. Paule Brunelle (Trois-Rivières, BQ): Mr. Speaker, the March 18 edition of the Chicoutimi *Progrès-Dimanche* reported that the Minister of Labour was not happy to have lost his discretionary power to award subsidies under the new Canada summer jobs program, and deplores this new centralization.

Is the government going to face the facts, rethink its decision and bring back the program that existed before?

[*English*]

Hon. Monte Solberg (Minister of Human Resources and Social Development, CPC): Mr. Speaker, I am afraid to inform my friend from the Bloc that the era of Liberal entitlement is over. We are no longer going to allow members of Parliament to manipulate where grants go. That is completely contrary to the spirit of the Federal Accountability Act.

Canadians sent us into government to clean up the mess that the Liberals left behind. We are not going to go back there. I am sorry if the Bloc does not like it. We are not going back to that era.

* * *

AGRICULTURE

Mr. Lloyd St. Amand (Brant, Lib.): Mr. Speaker, the Minister of Agriculture has utterly failed to deliver assistance to tobacco farmers, teetering on the brink of disaster.

In 2004 the member for Haldimand—Norfolk criticized the Liberal government's TAAP as too cheap in providing \$71 million. The minister wrote to me less than two weeks ago and said, "the sector's difficulties remain an important concern to my department". Some concern. Nothing was provided in the budget for over 600 tobacco farmers, who are in desperate straits.

When does the minister intend to demonstrate real concern and provide a buyout package?

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, I realize the very difficult situation for tobacco growers, especially in Ontario.

There is a proposal that they have put together. It involves over \$1 billion in federal money for about 600 producers. I have told the producers that this particular package is too rich, frankly, for the government.

Oral Questions

We are working with stakeholders within the department, the provincial governments and other stakeholders in the industry to try to find a way forward, but it is difficult. The \$71 million is one thing, but a \$1 billion is too rich. We are trying to find the right balance so we can move forward with an appropriate package for the region.

* * *

ABORIGINAL AFFAIRS

Mr. James Bezan (Selkirk—Interlake, CPC): Mr. Speaker, victims of Indian residential schools have been calling for years for a settlement agreement. Unlike the former Liberal government that miserably failed on aboriginal issues, this Conservative government has taken action on this since the beginning and has moved things forward as quickly as possible.

Could the Minister of Indian Affairs and Northern Development update the House on the status of the settlement for the Indian residential schools survivors?

Hon. Jim Prentice (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC): Mr. Speaker, I am pleased to advise the House today that as of yesterday, March 21, all the court approvals have now been secured for the residential schools agreement in all nine jurisdictions in which they were required. We will inform all parties to the settlement agreement to ensure that the former students and their families receive access to the benefits under the agreement as quickly as possible.

This is an honourable settlement that will foster healing and reconciliation among former students and, indeed, among all Canadians.

* * *

• (1500)

[Translation]

PET FOOD

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Mr. Speaker, pet owners across Canada are worried about their pets. Some 14 cats and dogs have died of renal failure because of bad food.

Pet owners in Canada now realize that pet food in our country is not regulated or tested.

[English]

It is sad that it has taken a tragedy to expose this problem. Now that the minister is aware, what is he going to do about it? Will he immediately seek to expand the CFIA mandate to ensure safe foods for Canada's cats, dogs and all our furry friends?

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, I think all Canadians are very concerned about these reports that started in the states and have now come across the border. This concern is for all pet owners who are worried about the welfare of their own animals.

These products were regulated in the United States. They are regulated products. As soon as we were made aware of this and the company was made aware of it, it started a recall program. CFIA has

been monitoring that recall program to ensure these products are off the shelves.

We urge all pet owners to ensure they do not have any of that product in their cupboards and also that they protect their pets as best they can at this time.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Mr. Speaker, my dog Shodan is not satisfied with that response.

The United States has regulation. The United Kingdom has regulation. In fact the entire European Union has regulation.

Canadian pet owners are scrambling to keep their pets safe. Animals were dying and no one knew why. No one in Canada's government is responsible for ensuring what we feed our cats and dogs is safe.

What is the minister going to do? Will he expand the role of CFIA? Will he regulate this industry?

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, CPC): Mr. Speaker, I am sure all members in the House share the concern of the hon. member from the Kootenays. It is a concern for all of us.

We have several regulations in place, things that prevent the importation of products that contain BSE related food. We have regulations in Industry Canada, which ensure they are properly labelled. We have arrangements with the USDA for regulated products, such as the product in question, to ensure that we can withdraw them and pull them from the shelves as soon as we are made aware of those dangers.

There is no regulation that would have saved this problem here in Canada.

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HEALTH

Hon. Carolyn Bennett (St. Paul's, Lib.): Mr. Speaker, we have learned this week that a woman from British Columbia has died after taking pills she ordered from an Internet website labelled Canadian.

The Minister of Health has clearly failed in his duty to protect the lives of Canadians. Our drug supply is being threatened by counterfeit and contaminated drugs, and the upcoming U.S. legislation will make Canada America's drugstore.

How many more deaths will it take before the minister will act to protect the quality and supply of Canada's medicines?

Hon. Tony Clement (Minister of Health and Minister for the Federal Economic Development Initiative for Northern Ontario, CPC): Mr. Speaker, as the hon. member knows, this was a very tragic situation and our hearts go out to the family involved in this particular situation. As the hon. member does know, I am sure, the regulation of these kinds of products are left with provincial agencies and with the provincial colleges.

Business of the House

The hon. member is trying to draw a tenuous, specious link between this tragedy and her own public policy issue, which is in fact a non-issue because, as the hon. member knows, or should know, the amount of export from this country to the United States is down 50% in one year alone.

The hon. member, quite frankly, is trying to tie one issue to another, which is a tragic issue. She should stick to the facts and not try to—

The Speaker: The hon. member for Glengarry—Prescott—Russell.

* * *

JUSTICE

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Mr. Speaker, after years of neglecting the criminal justice system, the Liberals are trying to deceive Canadians by stating they are suddenly interested in getting tough on crime. They even went so far as trying to use an opposition day motion to perpetuate this deception, which the Speaker ruled out of order.

[Translation]

My question is for the Minister of Justice. What can hon. members do to help the government achieve its criminal justice objectives?

[English]

Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC): Mr. Speaker, the Liberals are indeed trying to claim to be converts to the justice file. The first thing they should not have done is start breaking the rules of the House of Commons.

That being said, I can understand why they would want to change the channel. They spent the last couple of months bashing police officers' participation in judicial advisory committees. They voted against their own Anti-terrorism Act. They have been fighting us about increasing mandatory minimum sentences for people who commit crimes with firearms.

I guess the low point came a couple of weeks ago when the Attorney General of Ontario said the Liberal approach on crime is something from the summer of love.

* * *

• (1505)

PRESENCE IN GALLERY

The Speaker: I would like to draw to the attention of hon. members the presence in the gallery of Laureates of the Governor General's Awards for Visual and Media Arts: Ms. Daphne Odjig, Mr. David Silcox, Mr. Ian Carr-Harris, Ms. Agantha Dyck, Mr. Bruce Elder, Mr. Murray Favro, Mr. Fernand Leduc and Mr. Paul Mathieu.

Some hon. members: Hear, hear!

* * *

BUSINESS OF THE HOUSE

Hon. Ralph Goodale (Wascana, Lib.): Mr. Speaker, I wonder if the government House leader would be kind enough to indicate to us

his business plan to carry through for the next week right up until the Easter break.

Specifically in that report, I wonder if he could indicate his plan with respect to what was Bill C-55 and is now Bill C-47. Opposition House leaders have been asking about this bill for some time now. We have been asking for a report from the Minister of Labour as to exactly what is wrong with Bill C-47 and how the Minister of Labour proposes to correct it. The minister made some favourable comments in question period a few moments ago, so I wonder if the House leader could indicate if we will see that bill in the properly revised form within the course of the next 10 days.

Second, I wonder if the minister could tell us about Bill C-16, the bill dealing with the timing of election dates. I understand that is subject to a technical amendment in the other place today. I wonder if the government House leader would give us the assurance that the unelected Conservative senators in the other place will not delay that bill. Perhaps we could deal with it tomorrow or at the beginning of next week.

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, I believe that the opposition House leader takes a very broad view of the definition of technical. However, we hope that Bill C-16 will progress and will be approved in a form that is appropriate and reasonable to approve and that we will have it here to deal with in the House quickly. That has not happened yet, however, and therefore today we are going to continue with the Liberal opposition motion and the business of supply.

Tomorrow we will continue debate on second reading of Bill C-35, which is the bail reform bill. This is one that has been the subject of positive words from the opposition, and we hope that we will be able to move to unanimous approval.

That would allow us to get on with other issues such as Bill C-42, the Quarantine Act; Bill S-2, hazardous materials; Bill S-3, which deals with defence and justice matters; and Bill C-33, which is an Income Tax Act item.

On Monday, we will be having day three of the budget debate. On Tuesday, we will have the final day of the budget debate.

On Wednesday and Thursday we will continue with the unfinished business from this Friday, including hopefully, the addition of Bill C-10 dealing with mandatory minimum penalties, which I know the opposition House leader will want to add to his package of justice bills he wishes to enthusiastically support.

On Friday, March 30 we will begin debate on the budget implementation bill.

I would like to designate, pursuant to Standing Order 66(2), Wednesday, March 28 for the continuation of the debate on the motion to concur in the 11th report of the Standing Committee on Agriculture, and Thursday, March 29 for the continuation of the debate on the motion to concur in the second report of the Standing Committee on Health.

There is one further item that the opposition House leader raised which was the question of the labour bill. I believe he heard a very generous offer from the Minister of Labour today. I believe the ball is now in the opposition's court on this.

* * *

PRIVILEGE

COMMENTS BY GOVERNMENT HOUSE LEADER

Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.): Mr. Speaker, I rise on a question of privilege and it relates to remarks made by the government House leader during question period in which allegations were made in respect of torture. This is an unfounded, baseless allegation.

If the Speaker would allow me, I would like to quote one sentence from a book of mine on this subject which makes my views perfectly clear. As I wrote in 2004 in *The Lesser Evil*:

Torture should remain anathema to a liberal democracy and should never be regulated, countenanced, or covertly accepted in a war on terror.

I ask the government House leader to withdraw his comments.

• (1510)

Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, I am pleased to have this opportunity to respond to the member for Etobicoke—Lakeshore because he has said some other things that are very different, in fact, on which I based the very comments I made in the House. I am quite happy to provide these to the House.

In the *Edmonton Journal* on May 9, 2004 he said, “To defeat evil we may have to traffic in evils: indefinite detention of suspects, coercive interrogations”—I think that is torture—“targeted assassinations, even pre-emptive war”.

Again in the *Edmonton Journal* on May 9, 2004 he said, “But defeating terror requires violence”. Violence; I think that is torture. “It may also require coercion, secrecy, deception, even violation of rights”.

Then in the *Toronto Star* on May 5, 2004 he said, “Defeating terrorism requires violence. Putting the problem this way is not popular”. I suspect he feels that way right now. He continued, “But thinking about lesser evils is unavoidable. Liberal societies cannot be defended by herbivores. We need carnivores to save us”. Well, I think the member for Etobicoke—Lakeshore has demonstrated he is a pretty good carnivore.

Mr. Michael Ignatieff: Mr. Speaker, the point is very simple. Any member of this House is committed to the defence of the Charter of Rights and Freedoms. I have taught human rights, I have promoted human rights, I have defended human rights. I ask the minister to stop taking remarks entirely out of context and withdraw the remarks that he has made.

Hon. Peter Van Loan: Mr. Speaker, I believe the remarks stand for themselves. I welcome the apparent conversion of the member for Etobicoke—Lakeshore whereby he is now embracing this notion that we must stand by the charter, but I will quote once more from the *Edmonton Journal* of May 9, 2004:

Privilege

The siren song in any war on terror is “let slip the dogs of war. Let them hunt. Let them kill. Already, we have dogs salivating at the prospect.”

And then he goes on with his comment about herbivores and carnivores.

I have simply relied on the words that the member said, admittedly before he was a member of Parliament. If he wishes to say that his views have changed, I will fully accept that, but I have no intention of withdrawing comments that are obviously accurate in the context of what he has said, on which I relied.

Some hon. members: Oh, oh!

The Speaker: Order. It seems to me that we are into a debate about the meaning of various—

Some hon. members: Oh, oh!

The Speaker: Order. The discussion that is taking place on this question of privilege is one that sounds to me like a debate over the meaning of various words that have been used in various contexts. I am not sure that any member's privileges were breached by misquotation of the member's comments.

The member for Etobicoke—Lakeshore has suggested that the comments that were quoted were inaccurate. There is clearly a dispute about that. Various quotes have been read. I can examine the statements of members and if I see something that appears to be a deliberate misquote, there may be some argument. But it is hard for me to imagine that a member's privileges have been breached because he has been misquoted, unless the misquote is something completely at odds with what has been stated.

I think the member for Etobicoke—Lakeshore has made his point. Obviously the government House leader is relying on different materials than the member for Etobicoke—Lakeshore quoted in making his statements. Whether he is entitled to draw the conclusions from them that he has is another matter, but I am not sure it is one for the Chair to decide.

As I say, I will look at the material and if necessary get back to the House.

[*Translation*]

Hon. Denis Coderre (Bourassa, Lib.): Mr. Speaker, the accusations made today are serious. When it is said that an hon. member of this House is in favour of torture, when an individual is deemed guilty by association and the reputation of the hon. member is sullied, that is serious.

I understand that the Conservatives are mean-spirited and that they can stoop pretty low, but that is unacceptable. That is not just hot air. When they say that someone is in favour of torture, they are saying that the individual is against the Charter of Rights and Freedoms. To find him guilty by association is also a serious matter. One cannot do indirectly what one cannot do directly.

Mr. Speaker, I ask you to take this into consideration because there is beginning to be a serious lack of decorum. It is completely unacceptable to sully the reputation of an hon. member, of an honourable Canadian who has devoted his life to the well-being of Canadians and to say to him that he is in favour of torture.

Points of Order

•(1515)

[English]

The Speaker: There are various statements that are made in the House that are unacceptable in my view as well, not just on this subject. But the fact is it is not for the Speaker to decide, except in the case of the use of unparliamentary language.

Some hon. members: Oh, oh!

The Speaker: We will have a little order please.

If we are going to have that kind of discussion, we can have it, but I will say to hon. members that it is words that are unparliamentary that are prohibited in the chamber, not misquoting others and so on. While I am concerned about the use of this kind of description, that is a matter for members to govern for themselves. I think they have to realize that in saying things about one another, there is a risk of misrepresenting statements or saying things that are not accurate about what other members have said. That is the kind of dispute I believe we have here.

As I have said, I will look at the matter again and if necessary, I will come back to the House on it.

The hon. member for Notre-Dame-de-Grâce—Lachine is rising on another point of order.

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, with respect to House business and further to your ruling yesterday, I wonder if you would seek unanimous consent for the following motion: That notwithstanding any Standing Order or usual practice, Bill C-18, An Act to amend certain Acts in relation to DNA identification, be deemed to have been amended at the report stage, as proposed in the report stage motion of the Minister of Justice in the notice paper of March 20, 2007, concurred in at the report stage, and read a third time and passed.

The Speaker: Does the hon. member for Notre-Dame-de-Grâce—Lachine have the unanimous consent of the House to propose this motion?

Some hon. members: Agreed.

Some hon. members: No.

Hon. Marlene Jennings: Mr. Speaker, let us try again. Would the Speaker please seek unanimous consent for the following motion: That notwithstanding any Standing Order or usual practice, Bill C-22, An Act to amend the Criminal Code (age of protection) and to make consequential amendments to the Criminal Records Act, be deemed to have been reported without amendment by the Standing Committee on Justice and Human Rights, concurred in at the report stage, and read a third time and passed.

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

Some hon. members: Agreed.

Some hon. members: No.

Hon. Marlene Jennings: I will try a third time, Mr. Speaker, again with respect to House business and further to your ruling yesterday, I wonder if you would seek unanimous consent for the

following motion: That notwithstanding any Standing Order or usual practice, Bill C-23, An Act to amend the Criminal Code (criminal procedure, language of the accused, sentencing and other amendments), be deemed to have been reported without amendment by the Standing Committee on Justice and Human Rights, concurred in at the report stage, and read a third time and passed.

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

Some hon. members: Agreed.

Some hon. members: No.

Hon. Marlene Jennings: Mr. Speaker, for a final time, let us see if we can get unanimous consent of all parties, including government members, for the following motion: That notwithstanding any Standing Order or usual practice Bill C-35, An Act to amend the Criminal Code (reverse onus in bail hearings for firearm-related offences), be deemed to have been read a second time, referred to and reported without amendment by a legislative committee, concurred in at the report stage, and read a third time and passed.

•(1520)

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

Some hon. members: Agreed.

Some hon. members: No.

* * *

POINTS OF ORDER

COMMENTS BY MINISTER OF FINANCE

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): Mr. Speaker, this relates to comments made by the finance minister during question period.

It relates to my voting behaviour on the upcoming budget. I want to correct the hon. member and any suggestions that I am voting for this budget. It is rooted in voodoo economics and one which shafts my province of British Columbia in favour of the government's cheap electioneering in other parts of the country. It is one that I would never support.

Therefore, I am not supporting or voting for this budget. I hope this corrects any delusions that the finance minister may have on this point.

[Translation]

LANGUAGE USED DURING ORAL QUESTION PERIOD

Mr. Steven Blaney (Lévis—Bellechasse, CPC): Mr. Speaker, unfortunately, this afternoon during question period I heard some unparliamentary language. What is more, this language was used by the leader of a political party from Quebec. The Leader of the Bloc Québécois, who should be respectful and a model parliamentarian, unfortunately used unparliamentary and disrespectful language when the Minister of National Defence had the floor.

Points of Order

COMMENTS BY MEMBERS FOR PALLISER AND WINNIPEG SOUTH

Out of respect for the electors of the Minister of National Defence and for the parliamentarians in this House, I am calling on the hon. member for Laurier—Sainte-Marie to withdraw his comments and apologize to the Minister of National Defence for his disrespectful comments. We are entitled to expect all parliamentarians to show a minimum of respect and decency here in this House.

Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ): Mr. Speaker, I would like the hon. member for Lévis—Bellechasse to be a little more explicit about the comments made by the Leader of the Bloc Québécois.

I know that the hon. member for Laurier—Sainte-Marie and Leader of the Bloc Québécois is able to repeat outside the House everything he says in the House. Unfortunately, the Leader of the Bloc is not here right now because he is holding a press conference.

You could always listen to the tapes. Nonetheless, I would like the hon. member to be a little more explicit.

Mr. Steven Blaney: Mr. Speaker, he said one thing when the mikes were on and another when the Minister of National Defence was answering at the far end of the House. However, people around him heard these comments and will not tolerate disrespectful comments about the Minister of National Defence or any other hon. member in this House.

For this reason, I am calling on the Leader of the Bloc Québécois to apologize and withdraw the comments he made about our Minister of National Defence.

Mr. Michel Guimond: Mr. Speaker, given that we do not know which comments he is talking about, could you explain to the member for Lévis—Bellechasse that, when one asks a member to withdraw comments, it is important to know exactly what they are?

Mr. Steven Blaney: Mr. Speaker, do you not find that there is enough mud-slinging going on in this campaign without starting to repeat people's nonsense?

I am calling on the leader of the Bloc Québécois' sense of honour and I am asking him to withdraw his comments. As a parliamentarian, he should rise and withdraw his comments.

The Speaker: The Chair will review today's *Hansard*. If unparliamentary language is found within, the Chair will certainly comment thereon.

[*English*]

Is the Minister of Finance rising on the point of order raised earlier?

Hon. Jim Flaherty (Minister of Finance, CPC): If I may, Mr. Speaker, in reply to the comments made by the Liberal member for Esquimalt—Juan de Fuca. I was referring to the quotes in the press that he planned to vote for the budget.

I am sorry to hear that I gather he has been intimidated by the expulsion from caucus of the member for Thunder Bay—Superior North who was exercising his independent view as a member of Parliament.

I am sorry that the member for Esquimalt—Juan de Fuca values his membership in that caucus more than the independence of his vote in the House.

Mr. Gary Merasty (Desnethé—Missinippi—Churchill River, Lib.): Mr. Speaker, I also rise on a question of privilege. Several comments were made to me last night during the adjournment proceedings in which I find a great deal of offence.

I was speaking specifically to the Ile-a-la-Crosse boarding school not being recognized as part of the compensation package for the students that are typically going to be compensated for the current residential school agreement as it is presently structured. I have some documents I would like to table in support of that argument.

My privilege that is being denied to me is the ability to sit in the House of Commons without having baseless insults thrust upon my character as a standing member of this House.

Many in Saskatchewan and Canada know that I won my riding by a small margin in a tough fought campaign. I have the greatest of respect for all the candidates that took part in that campaign. I openly and without reservation encouraged a call for two separate recounts, the first by Elections Canada and the second by a Saskatchewan Court of Queen's Bench.

Several allegations were made on my win, which ranged from attacks on my character to the voting process in the aboriginal communities, specifically first nations communities. These allegations were all refuted by a thorough investigation by Elections Canada, which I also submit clearly absolved me of any of these alleged wrongdoings.

Despite this my reputation and character is still being attacked. During the proceedings last night, the member for Palliser began to insult me and my standing in the House. He referred to me as a "vote fraud artist". This comment was picked up by the microphone of the Parliamentary Secretary to the Minister of Indian Affairs and is very clear on the taped proceedings of last night.

As far as I know, when an allegation to that extent is made, it is an offence. The member was accusing me of committing an offence.

I am sure outside the House those types of allegations would carry a different recourse than when they are said in the House. Some people just have to say what they have to say with the protection of the House.

After making this disgusting personal insult, the member then attacked the aboriginal communities that the former MP had made allegations against and which were also refuted.

First nations people were denied the right to vote in this country during more than half of the country's existence. When they come out to vote and are told that they are frauds and there are unscrupulous accusation that they are not entitled to vote, that is a shame to this parliamentary system. We have people in this country who were denied the right to vote and did not get it until the 1960s. Then, when they start to participate, they are attacked because the government opposite does not like the turnout now.

The parliamentary secretary decided to engage in the practice of smearing my reputation as well. He said in response to my second question last night:

Speaker's Ruling

Mr. Speaker, to comment on the assertions of the member opposite, I do find it somewhat dubious for him to make the claim that there was any sort of tampering with the electorate in terms of this approach that was taken. Of course, he would know nothing about tampering in elections.

This is disgusting. Elections Canada and the courts validated the Desnethé—Missinippi—Churchill River—

• (1525)

The Speaker: Order, please. The hon. member may have had a point of order in respect of the language used about him, or a question of privilege about his character.

I think he is going on on a subject that may be of interest, but I do not think constitutes a point of order. If it does, he had better tie it in very quickly because he seems to be getting rather lengthy on a subject that I think has little to do with the privilege of the hon. member or a point of order in the House.

Mr. Gary Merasty: Mr. Speaker, I guess the nub of it is that the member for Palliser opposite stated out loud, to be caught on tape last night, calling me a “vote fraud artist”.

If the Speaker finds, on a prima facie basis, that there is evidence to support my claim, I would be prepared to move a motion.

The Speaker: I will take the matter under advisement and examine the tapes. It is not in the *Hansard* I notice, but I will examine the tapes and get back to the House in due course.

[Translation]

STANDING COMMITTEE ON INDUSTRY, SCIENCE AND TECHNOLOGY—
SPEAKER'S RULING

The Speaker: I am now prepared to rule on the point of order raised on March 1, 2007 by the hon. member for Edmonton—Leduc in which he requested clarification of the rules applicable to the adjournment of meetings of standing committees of the House.

I wish to thank the hon. member for raising this matter in a point of order and I note for the record his courtesy in stating that it was not his intention to criticize in any way the actions of the members and staff of the committee.

• (1530)

[English]

In raising this matter, the hon. member stated that during a meeting of the Standing Committee on Industry, Science and Technology on Wednesday, February 28, the bells were rung to summon members to the chamber for a recorded division. Shortly thereafter, in order to allow members to proceed to the House, two motions to adjourn the meeting of the committee were proposed and defeated, the majority on the committee choosing to continue debate on the motion then under consideration.

The hon. member cited pages 856 and 857 of *House of Commons Procedure and Practice* which states that the chair of a committee must ensure:

...that the deliberations adhere to established practices and rules, as well as to any particular requirements which the committee may have imposed upon itself and its Members.

The hon. member for Edmonton—Leduc then called the attention of the chair to what he perceived as a contradiction between his duty to respect the decisions of the committee and his duty to vote in the

House of Commons. Invoking the principle that “the House has first claim upon the attendance and services of its Members”, he expressed the view that in the event of a conflict with other parliamentary duties, a member's duty to the House should take precedence.

In closing, the hon. member for Edmonton—Leduc sought guidance from the Speaker to assist committee chairs and members to address similar circumstances in the future.

In responding to the arguments made by the hon. member for Edmonton—Leduc, I said that it appeared to me at first glance that the issue was a grievance rather than a point of order.

Having now had the opportunity to consider the matter further, I must return to the comments that I made at the time. Hon. members may recall that I made reference to a ruling delivered by Mr. Speaker Fraser on the same issue. I refer again to pages 9512 and 9513 of the *Debates* for March 20, 1990.

[Translation]

Mr. Speaker Fraser had observed at the time that:

Committees sitting at the same time as bells are sounded to call members into the House for a recorded division continues to be a problem in the eyes of some hon. members.

I noted as well that Mr. Speaker Fraser had referred to previous rulings from the Chair in 1971, 1976, 1978 and 1981 on this question.

[English]

Since Mr. Speaker Fraser ruled on this question in 1990, there have been no changes to the rules and practices of the House material to this issue. The Standing Orders clearly confer upon both standing and legislative committees of the House the power “to sit while the House is sitting” and “to sit during periods when the House stands adjourned”. I refer the hon. member to Standing Order 108(1)(a) and Standing Order 113(5). There is no provision elsewhere in the rules which might have the effect of limiting the exercise of these powers.

[Translation]

Furthermore, *House of Commons Procedure and Practice* on page 840 states:

While committees usually adjourn or suspend their proceedings when the division bells summon members to the Chamber for a vote, committees may continue to sit while a vote is being held.

[English]

The Chair acknowledges that the grievance brought forth by the hon. member for Edmonton—Leduc appears to reflect a chronic and still unresolved ambiguity in our practice. As Mr. Speaker Fraser did when this question was raised some years ago, I would suggest that the Standing Committee on Procedure and House Affairs consider this matter and report to the House. In its report, the committee could recommend appropriate directives or changes to our rules.

In addition, I would like to remind hon. members that there is no obstacle to a committee adopting a motion setting out how it will respond to the ringing of the division bells. It might be helpful for committees to consider including such motions among their routine motions.

Business of Supply

I regret that there is no relief the Chair can offer the hon. member for Edmonton—Leduc at this time but I thank him for raising this important question.

GOVERNMENT BUSINESS

[Translation]

BUSINESS OF SUPPLY

OPPOSITION MOTION—EQUALIZATION

The House resumed consideration of the motion.

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Mr. Speaker, the Liberal motion before us today is a perfect example of how poorly Canadian federalism is working. By making piecemeal agreements, by creating a patchwork of claims and promises all over the place, we completely lose sight of the essential element of this issue. What is before us now, among other things, is the equalization issue.

Let us review the fundamentals of the equalization principle. What is it all about? Equalization is a system that redistributes tax revenues from all citizens—Quebeckers, Maritimers, Westerners, Ontarians and everyone else. The government puts all those tax dollars together and then redistributes them to some provinces to give them similar fiscal capacity. That is the goal. The goal is that no matter which province a person lives in, the provincial governments can provide services similar to those offered in the other provinces. Each province makes its own choices, but they should all be able to count on having similar fiscal capacity.

Normally, the process should be pretty simple. Average fiscal capacity is calculated according to how much each province can collect in sales and income taxes and fees of all kinds. Then, provinces that fall below the average fiscal capacity are given enough money to reach that capacity, without penalizing the provinces that are above the fiscal capacity average. This system seems very simple and should work very well, but it is not working properly. Why? Because the government has lost sight of the essential elements of the system and has signed on to a bunch of piecemeal agreements for preferential treatment for various regions.

The Liberal motion and their position on these piecemeal agreements that were already in place are a concrete example of how the government will try to sign individual, piecemeal agreements to show favouritism to various provinces over and above the principle of fairness provided for in the equalization program.

So much for the Liberals. However, we note that the Conservative's proposal in the budget also goes down the same road in that, regardless of the principle of equity, regardless of the principle of wanting all provinces to have a similar fiscal capacity, arbitrary rules will be established that will change the formula and benefit or disadvantage certain provinces. The rule found in the current budget excludes half of tax revenues from non-renewable natural resources.

That may seem technical, but really it is not. It is very, very concrete. The end result is that provinces that produce a great deal of non-renewable natural resources appear to be less rich than they are in reality. When their capacity is calculated, their ability to raise tax

revenues is understated and their overall fiscal capacity is then changed accordingly.

For Quebec, among others, this represents billions of dollars in losses year after year. That would not be the case if all revenue from non-renewable natural resources were included. It should be noted that we were not asking for preferential treatment for Quebec.

• (1535)

We were only asking that the basic principle of fairness be applied so that all provinces have the benefit of the same fiscal capacity.

Why exclude non-renewable natural resources? Since the debate began no one in this House has been able to answer this question. The reason is simple: there is no rational reason; the only reason is quite arbitrary. It was decided, just like that, to exclude this area of tax revenue because it was in the best interests of certain provinces. Furthermore, it allowed some politicians to defend their provinces. And very well, indeed.

So why, for example, were renewable resources such as hydroelectricity not excluded? The Government of Quebec earns significant revenues from its hydroelectricity. Excluding this resource from the equalization formula would have generated much more money for Quebec.

Why not exclude revenues from the aerospace industry? As if! Why did the members from the Bloc Québécois not stand up and ask for that? Honestly, why did my fine colleagues not think of that? They should have thought of that. Let us exclude the aerospace sector from the equalization calculation. It just so happens that this sector is in Quebec. Well, that would be great! Why did none of the Bloc Québécois MPs ask for that? Because it is completely arbitrary. Why exclude sectors of the economy from the equalization calculation? There is no reason other than to unduly disadvantage one province. For that reason, I believe that the Liberal motion is off base.

Even though the government's proposal in the budget gives Quebec some supplementary money, it does not go far enough to fully respect the principle of equalization, which is to ensure the same fiscal capacity for everyone by taking into account all the revenues the provinces might benefit from.

There is another adverse effect to excluding non-renewable resources from the equalization calculation. When it comes to the Kyoto protocol and reducing greenhouse gases, there will be incentives for provincial governments to develop these industries at the expense of other industries.

We already knew there were incentives for companies, for the oil companies and so forth, but now there will be incentives for governments. A provincial government is better off developing non-renewable energies since the revenues the province earns from those resources will not be included in the equalization calculation. That government will therefore earn twice as much money.

Business of Supply

This is not productive at all. It is unfair and should be changed quickly, in the next budget, I hope. In any case, the Bloc Québécois will continue to fight for all natural resource revenues to be included, whether the resource is renewable or not.

Some will say that this represents a lot of money for Quebec. Nonetheless, out of all the provinces that receive equalization, Quebec receives the least per capita. In this group of provinces that receive money under equalization, Quebec is by far the most populous. Therefore, the total amount of money should be greater.

Nonetheless, we must not be fooled by this figure. It is normal that, in all the transfers, the more populated provinces receive more in total than less populated provinces. That is the very principle of equalization. The principle aims to ensure that all provinces can provide the same services to their citizens. It is therefore only normal that more populated provinces need more money to provide the same services.

• (1540)

The question of equalization is only one aspect of the larger problem that is the fiscal imbalance.

The Bloc will support this budget because we see the beginnings of a move to correct the fiscal imbalance. The money is on the table and, since a good portion of that money belongs to Quebecers, of course we will take it. However, the government must go even further.

Let us get back to the basics. The expression “fiscal imbalance” exists for a reason. In Quebec, the Séguin commission is the basis for a consensus that transcends all political parties. Everyone subscribes to it. When Mr. Séguin and the members of his commission decided to name this problem the “fiscal imbalance”, they did not pull these words out of a hat at random. They did not believe that, by putting together the words “fiscal” and “imbalance”, they would baptize the problem.

There is an underlying reason for the expression “fiscal imbalance”. It is simple. They called it that because, first of all, it is an imbalance, and secondly, because it is a fiscal problem. They did not call it the “budget imbalance”, the “monetary imbalance” or the “financial imbalance”. They called it the “fiscal imbalance”. Thus, we are talking about a fiscal issue, a taxation issue, here.

The imbalance arises from the fact that the federal government takes too much in income tax to provide the services it is constitutionally bound to offer. And on the other hand, the provinces do not have enough tax revenue to be able to offer all the services they are bound to provide.

The problem continues to grow because the provinces’ independent tax revenue remains stable while federal government revenue increases significantly. At the same time, the provinces’ expenditures are steadily increasing because education and health account for a large part of provincial budgets. They cost a lot. The increase exceeds inflation, while the expenditures of the federal government are much easier to control and increase much more moderately.

What conclusion can we draw from this? Only a tax solution will make it possible to settle the fiscal problem once and for all. It means

transferring some tax fields from the central government to the provinces. To my mind this is obvious.

This week the Minister of Finance said that the fiscal imbalance was over. My goodness, he has not understood what the fiscal imbalance is. He demonstrates perfectly that the presence of the Bloc Québécois in this Parliament is more necessary than ever. He claims to be solving a problem but he is showing clearly that he has not understood.

If he had not understood the word “*déséquilibre*”, I would have said to myself that, since in English the term is imbalance, perhaps the translation was not right. However, the word “fiscal” is written the same way in English and in French.

So there are no reasons to explain why the Minister of Finance and the Prime Minister do not understand the meaning of the word “fiscal”. There is no reason for them not to understand that they cannot claim to have settled the problem once and for all as long as they have made any fiscal transfers?

And what would those be? What the Séguin commission most enthusiastically recommended was a transfer of the GST, probably because that would be the simplest thing. For example, the federal government could stop collecting the 6% tax in Quebec, and in return, the Quebec government would collect 6% more for itself. For the taxpayer this would have no impact, but it would have an impact on Canadian federalism. This would enable Quebec to have independent revenue, revenue it can control, that it can plan on and that is not subject to the vagaries of the federal government’s decisions.

Such is today’s reality: Quebecers, even with this beginning of a settlement, remain dependent upon the federal government.

• (1545)

It is dependent because, on March 27, after the election, the government can change its budget if it wants to. It can change the equalization formula. The fact is that for the past five years, the equalization formula has changed nearly every year. It is time to escape from this dependence, and in the short term, under the current federal structure, that can only be achieved by a fiscal transfer.

I spoke of the example of the GST, which could be used. There could also be a transfer of income tax points. That has already been done in the past. The federal government could agree to a reduction in income tax for residents of Quebec, and, in return, the Government of Quebec could raise more income tax from its taxpayers. This was done during the time of Pierre Elliott Trudeau and René Lévesque. When the Prime Minister told us yesterday that he would not negotiate with a sovereignist government, he revealed the extent to which he does not understand reality and also how contemptuous he is of Quebec democracy.

In my opinion, there is a message that must be drawn from the Prime Minister's remarks this week. It is that this government believes it can get away with anything. He scorns Quebecers when he says, "We have settled the fiscal imbalance. We have decided that the fiscal imbalance is resolved and those who are not happy can go back home". Then he says, "From now on, we will negotiate only with those we choose. If the government that you elect—that Quebecers elect—does not suit us, we will not negotiate with it". That is intolerable and unacceptable because it denies Quebecers the right to choose their own government.

I am convinced that the Prime Minister's remarks will arouse Quebecers, because they know that having the Parti Québécois in power in Quebec will best defend their interests. That is certainly obvious and we saw it clearly in the reaction of the party leaders after the unfortunate remarks by the Prime Minister. Only André Boisclair stood up and said that no one can tell us whom to choose as our government. The choice will be made by Quebecers and the federal government will have to accept that choice. That is all that we ask of it.

This is not the first time that the government has interfered in the decisions made by Quebecers. It did so in the last two referendums, and in 1995 it did so in a particularly shameful way, spending millions of dollars during the referendum campaign to promote its option in violation of Quebec's referendum law. So the federal government has obviously learned nothing. It is still the same dominating, centralizing, paternalistic government that tells Quebecers what to think and do. It still does not understand the Quebecers want to take charge of their own affairs. That is where I am headed.

What we see here is an inability to resolve the fiscal imbalance and develop an equalization plan in keeping with the basic principles of a normal federation. That shows us one thing: the only way forward for Quebecers is to take charge of our own affairs and have a country of our own, not because we do not like Canadians—I like most of my colleagues here with whom I have had a chance to go out, have a beer, and so forth—but simply because we are obviously bad for each other. We are bad for each other because in wanting as many powers as possible for our National Assembly, in wanting to make all our own budgetary choices, and in wanting to pass all our own laws, we Quebecers prevent Canada from becoming what it really wants to be, that is to say a country with a strong central government that gets involved in education, health care and a multitude of other areas outside its own jurisdiction.

The choice that Quebecers are going to make next Monday is to say that we are going to make the right decision, we are going to choose to pass all our own laws, to control all our budgets, to sign all our international treaties and to make our voice heard in the rest of the world. This choice means giving ourselves a country and achieving sovereignty, and that starts by supporting the Parti Québécois next Monday.

● (1550)

[English]

Mr. Mike Wallace (Burlington, CPC): Mr. Speaker, I appreciate the member's presentation. I sit on the finance committee with him and he is always well-prepared and well-spoken, and I normally disagree with him.

Business of Supply

He began his discussion today talking about the motion before us, a motion from the official opposition, but then went on to other topics. I fundamentally disagree with him. For example, he talked about the need to have Bloc members in the House because they are the only ones defending Quebec's interests. That is absolutely not the case and is erroneous, in my opinion. We have a great team of members from Quebec on my side of the bench who do a great job in defending the rights and issues that affect Quebec directly.

I am a little confused by his presentation. I want to clarify something with the member as to where he was going. The budget states:

Fulfilling the Commitment to Respect the Offshore Accords

To respect the Offshore Accords, Nova Scotia and Newfoundland and Labrador may continue to operate under the previous Equalization system until their existing offshore agreements expire. This fulfills and builds upon the Government's commitment to respect the Offshore Accords and ensures that these provinces will continue to receive the full benefit that they are entitled to under the previous system. These provinces can permanently opt into the new Equalization system at any point in the future.

It is in writing in a number of spots. I know the member can answer this question because he is quite an intelligent young man. I could not tell, based on his presentation, whether the Bloc would actually be supporting what is in front of us, which I think is a disingenuous statement about where we stand with the offshore accords that have been signed.

The motion will go to a vote this evening. Could the Bloc member tell me whether the Bloc Party has decided to support the opposition motion today or oppose it?

● (1555)

[Translation]

Mr. Thierry St-Cyr: Mr. Speaker, I will begin with a simple answer. We will vote against the Liberals' motion because we do not support piecemeal agreements that violate the principle of equalization.

To get back to the issue of Conservative members from Quebec who are supposedly working in our best interest, one might ask why there are two levels for natural resources: 0% and 50%. Moreover, why is it that the level that would be best for Quebec, that is, 100% inclusion, is not in the budget? Why is it that in this budget, a province that would benefit from the 0% level can choose, and a province that would benefit from the 50% level can choose, but a province like Quebec, which would benefit from a 100% inclusion, cannot choose? Because it is not in the budget. Is that, perhaps, because the Conservative members from Quebec did not do their jobs? Perhaps they did not do their jobs, but there might be another possibility. Maybe they are not able to do their jobs. Maybe the Quebec members do not participate in making this government's decisions. Why? That is the problem with this federation. This federation was not created for minorities like Quebecers.

Business of Supply

The only solution open to Quebecers is to take charge and get out of this dependency situation calmly, peacefully and with good will. They must understand that Canadians want to build a country in their own image that meets their own needs. Fine. Who can blame them? We, however, as Quebecers, should do as Canadians, Germans, the French, Americans, Venezuelans, the Congolese and who knows how many others around the world have done: make our own decisions.

That is the choice we have. It all starts next Monday.

Hon. Robert Thibault (West Nova, Lib.): Mr. Speaker, it is unfortunate that the member is not supporting the motion put forward by the member from Newfoundland and Labrador.

I would still like to offer a warning. The member and his party intend to support this budget because, in their opinion, it partly addresses the thorny issue of fiscal imbalance. I do not see anything in this budget that bears this out, that ensures that money collected this year will be collected in years to come. There is only a promise from the current government, the Conservative government.

In 2004, the same government said it fully supported the Atlantic accord. Now, it is asking the premiers of Nova Scotia and Newfoundland and Labrador to play Russian roulette, and to think about accepting a few more equalization dollars, since all the promises made under the Atlantic accord are not being kept.

I can easily imagine that next year, or any other year in which the Government of Quebec is not holding an election and is not in an election period, the Conservative Minister of Finance would be less generous to the Government of Quebec than he was a few days before a provincial election.

• (1600)

Mr. Thierry St-Cyr: Mr. Speaker, I agree with much of what I just heard. I am even tempted to order the audio tape and make sure that all of Quebec hears it. It is the best argument in favour of sovereignty and the best argument confirming that the fiscal imbalance issue has not been resolved.

Yes, the Liberal member is entirely correct. There is absolutely no guarantee that this money will be available next year. Just as his government reneged on some promises, so has the new government. There is nothing to guarantee Quebecers that this money will still be available for the next budget. I completely agree with the hon. member.

In fact, that was the point of my entire speech. During the 20 minutes of my speech, I explained that, as long as there is no fiscal solution, there is no permanent solution. The only avenue left for Quebecers is to take charge of their own future and become sovereign.

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Mr. Speaker, I would first like to congratulate my colleague on his speech on the fiscal imbalance.

At this time, the budget presented by the Conservative Party aims to begin resolving the issue of fiscal imbalance. Solutions are proposed to offset the fiscal imbalance, such as writing a cheque every year. What the Bloc Québécois has been calling for for years, rather, is a tax transfer. As my colleague explained very clearly, this would consist of tax point transfers or GST transfers to the Quebec

government. This would place all fiscal responsibility on the Quebec government for planning its future revenue.

Now here is my question. Can my hon. colleague comment briefly or draw a parallel to explain to us the advantages of the formula proposed by the Bloc Québécois, that is, obtaining tax points or GST transfers instead of being given a cheque every year, based on the whim or impulse of the government of the day?

Mr. Thierry St-Cyr: Mr. Speaker, I thank my colleague for his question. The advantage would be the resulting budgetary independence.

I believe that the purpose of our political existence is to achieve political independence for Quebecers as quickly as possible. This week's budget is a case in point: it has allowed Quebec sovereignists to score several points and to demonstrate what we wanted to contribute.

First, there is our incredible dependence on the federal state. When the tabling of a federal budget becomes an issue in a provincial election, there is a problem with the federation. Primarily it is a sign of the dependence of this province on the choices made by the central government.

The budget benefits sovereignists in another way. With funds provided to the next government formed by André Boisclair's Parti Québécois, we can show Quebecers what they will be able to do when they control their own taxes and they make their own budget decisions. The effect is similar to that of the Club Med advertising: 15 seconds of Club Med, could you imagine a week? With one, two or three billion dollars in taxes recovered, we can then suggest to Quebecers that they imagine what it will be like when we recover \$41 billion in taxes.

• (1605)

[English]

Hon. Scott Brison (Kings—Hants, Lib.): Mr. Speaker, it is with pleasure today that I speak to the opposition day motion and to defend the interests of my province and the interests of Atlantic Canadians.

With a massive surplus, one would expect from a government some pleasant surprises. In fact, Atlantic Canadians received a very unpleasant surprise in this budget.

I think the headlines this week in the Halifax papers said it all. "Conservatives have 'abandoned Atlantic Canada'..." was the headline in the *Daily News*. "No fiscal fairness for N.S. Province loses equalization battle to vote-rich Ontario, Quebec, Alberta" was a headline in *The ChronicleHerald*. "Federal Conservatives shaft province, once again", another heading in the *The ChronicleHerald*. "Note to Rodney: Stephen—", that is the Prime Minister, "—played you big time", also in the *The ChronicleHerald*.

The finance minister speaks of fiscal imbalance. There are two kinds of fiscal imbalance. One is between a federal government and the provincial government and the other is between provincial governments.

Business of Supply

I will be sharing my time with the member for West Nova today and he will expand on this important principle.

I would argue that the fiscal imbalance between provinces has grown as a result of this budget. The finance minister speaks to the importance of us addressing the issue of a welfare wall. In fact, this budget constructs a welfare wall around the people of Atlantic Canada by denying them the opportunity to get their economies in shape and to move forward with a prosperous, vigorous economy for future generations of Atlantic Canadians.

The finance minister, in his budget speech, said:

The long, tiring, unproductive era of bickering between the provincial and federal governments is over.

Within minutes, the Conservative premier of Nova Scotia, Rodney MacDonald, said that his province was essentially being asked to make a choice, to roll the dice. He continued by saying:

It's almost as if they want to continue giving handouts to Nova Scotians rather than us keeping our offshore accord, and that to me is fundamentally unfair.

He also said:

I'm certainly caught by surprise tonight, and quite frankly, my government's caught by surprise tonight. I've always believed the offshore accord was an economic right of Nova Scotians—not equalization, not a handout.

It's almost as if they want to continue giving handouts to Nova Scotians....

He said Monday he was "blindsided" by the federal budget's attack on the accord.

He further stated:

The federal government has laid down a discriminatory budgetary hammer on the people of Nova Scotia.

It is blatantly unfair. We believe it is money that properly belongs to the people of Nova Scotia.

In altering the formula and treating our accord money as equalization, the federal government has done exactly what it said it would not do, and pushed us backward.

One of the federal Conservative candidates for the nomination in Halifax is Jane Purves. Jane Purves was the chief of staff to Premier Hamm who helped negotiate the accord with the Liberal government. I know the member for Halifax West, a colleague in the federal cabinet, was actively involved in those negotiations and he would remember that Jane Purves and Premier Hamm played important and constructive roles in helping to make this accord happen.

This is what Jane Purves, who intends to seek the nomination for the Conservative Party in Halifax, says about this. She stated:

—I think it puts the province in a really difficult position to choose between the offshore accords and a different equalization formula. I don't know what they're going to do.

She further stated:

I was part of that team and that's what makes it difficult.

I'm not in support of this particular aspect of the budget....

Even the member for Avalon, in a radio interview, said, "We didn't get what most people wanted on equalization". He admitted his government's failure to stand up for the people of Newfoundland and Labrador and Nova Scotia.

Premier Williams has been extremely vocal. He said:

I am calling on all Progressive Conservatives across this country who don't agree with the policies of Stephen Harper—

The Acting Speaker (Mr. Andrew Scheer): I would remind members that even though they may be quoting from other publications, they should stick to referring to members by riding name or title.

Hon. Scott Brison: Thank you, Mr. Speaker.

Premier Williams said that he was calling on women and literacy groups, minority groups, aboriginals, volunteers and students, people who have been deprived of funding by the Harper regime.

• (1610)

The Acting Speaker (Mr. Andrew Scheer): Perhaps the member could read ahead in his speech to find any areas that might refer to the Prime Minister by his last name and change them to riding name or title.

Hon. Scott Brison: Mr. Speaker, can I say harpocracy?

Some hon. members: Oh, oh!

Hon. Scott Brison: Mr. Speaker, an economist, Mary Webb of Scotiabank, said that the province had been anticipating a 3% hike in transfers. Not only was that not the increase they had been expecting, it was a reduction. She goes further, expecting that the provincial taxes in Nova Scotia will go up as a result of this budget.

I have no difficulty with the people of Quebec receiving a generous tax benefit. I believe in more competitive taxes. However, I believe the people of Nova Scotia deserve competitive taxes as well. As a result of this budget, they may end up, according to Scotiabank's economist, paying more.

The history of the Atlantic accord is an important one. I think some of the most important and erudite words and perspective on the Atlantic accord was provided by the Prime Minister, when he was leader of the opposition, on November 4, 2004, when he said:

This is an opportunity and...a one time opportunity. It is [an]...opportunity to allow these provinces to kick-start their economic development, to get out of [their] have not status, to grow this...opportunity into [the] long run...and revenue that will be paid back to Ottawa over and over again and that will benefit the people of those regions of Canada for a...long time.

He went further in justifying the offshore accord by referring to the situation in his own province of Alberta. He said:

This is what happened in the case of my province of Alberta. Alberta discovered oil and gas in the 1940s and 1950s, Alberta was a have not province. [But between] 1957 until 1965, Alberta received transfers from the equalization [system]. Alberta was allowed to keep 100% of its oil royalties and there was no federal clawback. This is what allowed Alberta to kick-start its economy, to expand and diversify, to build universities, to advance social services and to become one of the [economic] powerhouses of the 21st century....

That, exactly, is the justification for the Atlantic accord, no cap, unconditional support, above and beyond equalization payments, that the people of Newfoundland and Nova Scotia deserve full benefit from the revenue of their offshore resources.

The member for Central Nova, in the same debate on November 4, 2004, said in this House:

There [has been] a recognition that when an industry is started there is a lag time before those benefits actually begin, as in the province of Alberta, which was permitted to continue to receive equalization. And equalization is just that: it is meant to equalize opportunities, both financial and otherwise, for citizens of that region.

Alberta was permitted to have that industry kick start, to have [its] exploration...take place.... Equalization is about giving our region the [same] ability to reach [its] potential and...future growth.

Business of Supply

Further to that, in an oped in November 2004 in the Halifax *ChronicleHerald*, the member for Central Nova said:

In the interests of Atlantic Canadians, the prime minister must commit to 100 per cent of the royalties, no caps, no time limits.

He went further and said:

The spectacle of these Liberals joining forces with the separatist Bloc Quebecois in order to defeat the Conservative offshore motion adds insult to injury.

I wonder whether he would consider what he is doing now, uniting with the separatists and the Bloc against the interests of Nova Scotians and Newfoundlands, just as egregious.

He also went further and said:

In the next election, the people of Nova Scotia will remember that it was...the Conservatives who supported Premier Hamm's government in its fight for our own resources. Meanwhile, Nova Scotia Liberal MPs will be left to explain to the voters why they chose to abandon the interests of our province and, in doing so, betrayed the future prosperity of the people of Nova Scotia.

Let me rephrase that into the current context and, in his own words, I think it would be appropriate to say that he would probably agree that in the next election the people of Nova Scotia will remember that it was Stéphane Dion and the Liberals who supported Premier MacDonald's government in it's—

The Acting Speaker (Mr. Andrew Scheer): Yet again, the hon. member has done this. I really would encourage him to look through the rest of his speech and find those names. He only has about a minute left and he try not to use names.

Hon. Scott Brison: Mr. Speaker, the leader of the Liberals. It was the Liberals who supported Premier MacDonald's government in its fight for our own resources and that Nova Scotian Conservative MPs will be left to explain to the voters why they chose to abandon the interests of our province and, in doing so, betrayed the future prosperity of the people of Nova Scotia.

This is a brochure that was sent by the Conservative Party throughout Newfoundland, Nova Scotia and Saskatchewan in the last election. It starts off by saying “There is no greater fraud than a promise not kept”. The brochure is very clear, “That's why we would leave you with 100% of your oil and gas revenues. No small print. No excuses. No caps”. That is what the people of Newfoundland and Nova Scotia—

•(1615)

The Acting Speaker (Mr. Andrew Scheer): Questions and comments, the member for South Shore—St. Margaret's.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Mr. Speaker, let us be clear that what is on the table is a new plan for Nova Scotia and Newfoundland, if they care to take it, and the rest of Canada. But what is also on the table for Nova Scotia is the Nova Scotia-Canada offshore accord exactly as it was negotiated under the former government in 1982 by the provincial government in Nova Scotia and in 1986 by the Buchanan government in Nova Scotia. It is exactly the same plan. If that is the best plan for Nova Scotia, the plan that the Liberals signed, then it should take that plan.

I am here to say it is not the best plan because the new plan offers \$95 million more in equalization payments to Nova Scotia. It offers \$112 million in tax relief to Nova Scotians. The Liberals can obfuscate and disenfranchise as much as they want, but the reality is the new plan is better. If the Nova Scotia government decides it

wants to take the old plan for some long term planning reasons, it has that option.

Hon. Scott Brison: Mr. Speaker, as I mentioned earlier, I was part of a cabinet that negotiated the offshore accord. The member for Halifax West, the minister of fisheries at that time, was integrally involved in the negotiation of that accord.

One of the reasons it was a difficult accord to negotiate through the Department of Finance was that it did exist above and beyond any equalization agreement. It separated the offshore revenue from consideration under the equalization deal. That was part of the accord. That is why it was such an extraordinary achievement for Atlantic Canadians. That is why the hon. member campaigned in the last two elections to extend that accord, to support that accord.

The fact is the member has to answer to his constituents why his government changed its mind, why his Prime Minister decided to turn his back on the people of Nova Scotia and decided to play their interests against the interests of Ontarians, against the interests of other parts of Canada.

A budget is supposed to try to unite Canadians; it is not supposed to divide Canadians. This is the most divisive budget in the history of Canada. This is a budget that hurts Atlantic Canadians. It is a budget that tells have not provinces, “You are going to continue to be in that position for the foreseeable future because we do not believe you deserve to have the opportunity to stand on your feet and to succeed and build your economies with the offshore revenue that we promised in the last election”. That is the Conservative position on this.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Mr. Speaker, it was stated in this House on October 26, 2004 by the leader of the official opposition at the time, who is our current Prime Minister, that the Government of Canada had a moral obligation to keep its promises to the people of Newfoundland and Labrador, no caps, no clawbacks, no limitations, no conditions, no big exceptions in the fine print.

Does my colleague feel that the Prime Minister, through this budget, has shunned his moral obligation to the people of Newfoundland and Labrador and Nova Scotia?

Hon. Scott Brison: Mr. Speaker, the premiers of Nova Scotia and Newfoundland and Labrador, both Progressive Conservative premiers, have been clear that this is a betrayal of their provinces. This is the breaking of a solemn promise by the Prime Minister, the same Prime Minister who destroyed the Kelowna accord, who ripped up agreements with all provinces and territories for early learning and child care, and who on a consistent basis does not seem to believe either in keeping his promises or respecting treaties and accords.

This is an accord between the federal government and the provincial governments of Newfoundland and Labrador and Nova Scotia. It is an accord that the provinces were counting on. It was going to make a fundamental change in the future of the region. In fact the member for Central Nova said:

Business of Supply

This issue is of historic proportions for Atlantic Canada. In the past, we have seen attempts made to put forward what I would describe as "election amnesia".

It would seem that this is what the Prime Minister is suffering from right now, a bad case of election amnesia, to quote the member for Central Nova.

• (1620)

Hon. Robert Thibault (West Nova, Lib.): Mr. Speaker, it is a pleasure to rise in support of the motion by the member for Bonavista—Gander—Grand Falls—Windsor. It is a great motion that illustrates very well the concerns that we have in Atlantic Canada.

Canadian seniors particularly saw \$25 billion to \$30 billion being ripped off from their savings by a broken promise on income trusts. Atlantic Canadians are seeing hundreds of millions, if not billions, more being stolen from their provincial treasuries by breaking this promise on the Atlantic accord.

It is a calculated manoeuvre that comes out of a sense of entitlement by the leader of the Conservative Party, an entitlement to be Prime Minister in a government that would have a majority so that he could bring forward an agenda that would be much more right wing than anything we have seen in decades in this country. That is what he is attempting here. If he wanted to build a nation rather than a majority, he would be looking at assisting the weakest so that they could meet their potential and bring the country up in all regions.

He could have looked at lowering taxes for those with a lower income, lowering the taxes that he increased in the last budget. He could have increased the child tax benefit, helping all Canadians of low and modest income. He could have assisted single seniors, who are among the hardest hit in our country, from the rising cost of fuel and other problems that make the basic cost of living go up quite a lot. He could have assisted on child poverty. There are still a million children living in poverty.

Next year he intends in his budget, according to past promises, to reduce the GST again by another per cent, which would be roughly \$6 billion. That would bring a million children out of poverty, but there is none of that.

He could have assisted students, but when he sees the plight of the students, it is a little like Marie Antoinette before the French revolution who said, "Let them eat cake". Now the minister says "Let them buy steaks".

Some investments and calculations are based on "who we can get to vote for us". There is a ring around Toronto where people are quite affluent and another ring of people around Montreal, so he goes after those people. As for the rest of the country, it does not matter too much. Alberta will do fine. It gets some money. Provinces such as Nova Scotia, Newfoundland and Labrador and British Columbia get zero, not one penny more.

The Prime Minister has often said that Atlantic Canada has a culture of defeatism. He wants to make sure that by doing this, we are completely defeated.

The Atlantic accord was a hard fought victory for Atlantic Canada. A lot of people carried a lot of weight. Dr. Hamm is to be

commended on the work he did. The then minister, the member for Halifax West, the members from Newfoundland, all the Atlantic caucus worked with the government. We could not always get what we wanted. It took a long time. It was a battle of many years, but finally we did get it. Premier Williams of Newfoundland joined that battle. He did a lot of work on it.

The situation at that time was that the offshore revenues would go to the federal government. The federal government would return 100% of those revenues to the provincial governments, but a large part of that would be calculated against equalization. The ability of the provinces to use these resources, which are finite in nature and very expensive to extract, was quite limited in improving their overall economy.

Those provinces made the argument successfully that they should get all of those revenues and that they should be able to invest that in their provinces and that it should not be calculated against future considerations, changes in equalization programs or anything else. It should be above and beyond what they would normally get.

In the last budget by the Liberal government there was an increase in equalization and it did not reduce the money for the accord. There was no question of making choices. The money was above and beyond. The provinces had the right to expect that it would be like that in the future.

What do we see this year? We have a province like Nova Scotia with a lot of requirements for highway infrastructure, for investments in education, health care, social services, productivity, research and development, the modern economy. It was hoping that equalization would give it a few dollars more.

They knew that the Prime Minister would be putting a lot of money in the equalization formula to appease those votes he is trying to get in the more populous provinces so they could expect to get that money by election day. "No, Russian roulette is what you are going to have to play, Williams; Russian roulette, MacDonald. You choose now. Take a few dollars more this year and forgo billions of dollars for your province in the future years".

• (1625)

That is a very difficult situation. It is a very difficult thing for those premiers to do, to look at the natural heritage, that oil and gas that is in the ground that can buy their citizens a better future, and say that has to be traded away against a few dollars now. We know that is what he wants them to do. We saw it in his budget last year where he said in his budget that he did not like the offshore agreement that had been negotiated, so he found a way to get rid of it.

Whom do we have to defend Atlantic Canada? The Minister of Fisheries, who as a Progressive Conservative and as a Conservative was very adamant on fighting for it. He was very adamant that it had to be 100%. Now I hear him say that the premier of Newfoundland is lying. I think he thinks that a few flights in the Challenger jet gives them much better capacity to analyze the fiscal capacity of Newfoundland than anybody else can, but that cannot be done from St. John's. One has to come to Ottawa. One has to sit next to the Prime Minister a few days and then one can do that.

Business of Supply

He did not get in the budget what he had promised us. Money for small craft harbours, when he was on the fisheries committee he always talked about more money for small craft harbours. We did not see that. There was a reduction to the tune of some \$30 million annually. Custodial management was not mentioned. We have not seen that anywhere and he remains an apologist.

While in opposition, the member for Central Nova was a fierce fighter for the rights of Nova Scotia and now he is a lapdog for the Prime Minister. He watches our money, the money for which the premiers fought so hard, being taken away, being eroded by force. I am forced to make a very difficult decision. I would like to be at Tim Hortons in Pictou if he dares to go back there. I would assume that the coffee and the reception would be very cool. He may need the company of Condoleezza Rice as somebody to sit with him.

I listened to the Minister of Finance when he was reading his budget speech. He said that the long days of bickering between the federal and provincial governments were over. I have not heard a quote like that since I read about Neville Chamberlain talking about peace in our times right before the second world war.

Now the premiers are speaking out. Rodney MacDonald, the premier of Nova Scotia, does not attack the Prime Minister very easily. He was the only cabinet minister in the John Hamm government to get on the leadership team of the Prime Minister when he was seeking the leadership. He has been very loyal to him. He was one of the three co-chairs in Nova Scotia of his campaign. He was very mad about the way they were being played, like a fiddle I think is the way that it was mentioned in a Nova Scotia newspaper.

Jane Purves, chief of staff to the premier of Nova Scotia during the time of John Hamm, a cabinet minister herself, minister of education, knows how difficult it is to make ends meet in the Nova Scotia budget. She was planning to run in Halifax for the Conservatives and today she is not so sure. I was reading those things. I do not know that she wants to go around defending the budget. What she and the premier, and Liberal MPs and MLAs had for many years argued and fought for and finally got, with one stroke of a pen the premier and the minister of finance of Nova Scotia were put in a position where they have to play Russian roulette, a few dollars more this year and maybe billions of dollars less.

If there is no oil and gas industry, it is an easy decision. If there is no expansion, if the second field or future fields do not go on stream, take the money, get the new equalization money. But if it happens in the future, it could be the wrong decision, like premier Buchanan made in his agreements with a Conservative government previously.

I think the minister of finance was Greg Kerr. He ran against me last time and will run again. He will be much more happy because this is his type of management. This is a type of management that, under his tutelage, got Nova Scotia a billion dollars in debt, and it is a small province.

Premier Hamm and a lot of other people worked hard with the former prime minister, the member for LaSalle—Émard to get the Nova Scotia, Newfoundland and Canada accord which gives opportunity and hope. The Conservatives want to see defeat for Atlantic Canadians.

●(1630)

Mr. Mike Wallace (Burlington, CPC): Mr. Speaker, I appreciate the presentation from my colleague across the way. I also sit on the finance committee with him and I appreciate his comments.

In general, I think, there is some confusion among the public. In my latest householder, for example, I indicated the difference between a fiscal payment and an equalization payment. In this budget, the actual equalization payments have gone up by over \$1.5 billion in total, I believe, and I think the total is around \$12.5 billion.

The fiscal payments, the actual payments that are tied to actual spending in terms of health care, post-secondary education and social services, are a much bigger chunk of what we spend. If I recall correctly, last year we sent the provinces a little over \$50 billion.

We can see that there is a significant difference. We have to keep in mind that equalization is an issue that was identified in our Constitution. It is a constitutional item and it is not geared to each province in terms of how it is spent. We may see different provinces spending differently.

I appreciate having a discussion on this topic because I think it is important. I do not agree with the motion that is in front of us because I think it is disingenuous.

I would tell the member who spoke that we relied on changing the formula or at least giving an option for the formula to Newfoundland and Labrador, for example. We gave that province an option based on a report that was done by Mr. O'Brien—

Mr. Todd Russell: A goose egg.

Mr. Mike Wallace: Your goose is going to be cooked in the next election.

I want to ask the member if he agrees with the O'Brien recommendations or not.

Hon. Robert Thibault: Mr. Speaker, rather than take the few remaining minutes that I have to talk about all the questions of fiscal transfers and equalization transfers, I would like to take the member to Halifax this evening, where we would sit with Michael Baker, the minister of finance, who has to write the Nova Scotia budget for tomorrow.

What he has been expecting through the years is that increases in equalization would be above and beyond the money that he is getting from the offshore accord. He learned on Monday that this was no longer the case. It was an either-or decision, in which he could take the old formula but not participate in the new equalization scheme, so there would be no more money, or he could take a few more dollars, which would be a help this year, and it would be welcome money in Nova Scotia, let me assure the member, but he would be putting at risk and jeopardizing the future prosperity of Nova Scotians.

This is a very tough decision for a gentleman who is also going through a very difficult personal time. I wish Minister Baker good health and good luck.

Business of Supply

Hon. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I want to congratulate my colleague from West Nova for his very articulate and impassioned debate and speech.

One of the things that I would like the member to expand on is the fact that the motion calls upon the government not to abandon the principles of equalization. One of those main principles, of course, is that provinces that have necessary resources are able to balance those resources with the provinces that do not have the necessary resources so that services and programs are roughly equivalent across this country.

If we look at Atlantic Canada, we can see that there are many challenges there. If we look at the province of Quebec, of course, it is a have not province now because of the policies of the separatists, but I am wondering about this. I know that technically the province of Quebec can take the \$693 million that it got out of the increase in equalization and can do whatever it wants with that money. Does it not seem a bit strange, though, that Quebec would take that money to reduce taxes after the provinces have complained bitterly to the federal government that they need the resources to provide health care and education to their citizens?

• (1635)

Hon. Robert Thibault: Mr. Speaker, I will speak about the way the money was being used in Nova Scotia. The premier of Nova Scotia took the advance payments that came under the Canada-Nova Scotia offshore agreement and put them against the debt, the debt created by Premier Buchanan and Greg Kerr and the group, and reduced the fiscal payouts on interest by \$40 million a year. That was a very responsible thing to do.

Fiscally, Nova Scotians are having a hard time this year. The difficulty would be \$40 million or \$50 million worse had that decision not been taken. Nova Scotians also would have liked to have a tax break, but I think the more responsible thing was done by Premier Hamm. I congratulate him on doing that and I implore the federal government, the Minister of Finance and the Prime Minister to restore the full Atlantic accord so that such decisions can be continued in the future.

Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC): Mr. Speaker, I am very pleased to take part in this debate and speak to the motion by the member for Bonavista—Gander—Grand Falls—Windsor.

I am eager to tell Canadians, constituents back in Central Nova and all Nova Scotians just what this new budget is going to do for them and just what the consequences are of this way the government has taken to restore the fiscal balance that is required in a nation as grand and as diverse as our own.

While the members of the previous government, the Liberal Party opposite, stand in this House and preach from on high about what they would like to do, let us not forget that they were there for 13 years. There was nothing stopping them from addressing this issue of the fiscal balance. Instead, what they actually did, and the record is very clear on this, was gut \$25 billion out of the equalization program. They took away money that provinces were using for health care, for infrastructure and for important projects and important investments throughout Canada.

What this government is doing is exercising fiscal fairness. We are exercising the type of federalist flexibility required to bring a country together and to recognize that there are disparities in this country.

I want to point out two very specific things in my remarks.

Number one is that the province of Nova Scotia is getting an increase this year, an increase, even under the old formula, of almost \$200 million. In fact, it is getting \$2.44 billion from the federal government this year. That number is staggering when we start to think about how that is invested in various things throughout the entire province of Nova Scotia. That figure, in fact, would include a \$95 million increase if they were to opt into this new modified O'Brien program for the province, so let us keep that in mind.

With respect to the allegation that somehow we are taking something away from the province of Nova Scotia, nothing could be further from the truth. The Atlantic accord remains fully intact, 100% respected by this government if the province of Nova Scotia opts to stay in that program.

When that program was put forward, members of this party, my colleague from South Shore—St. Margaret's and my colleague from Cumberland—Colchester, fought long and hard to see that the Atlantic accord was achieved. People have already spoken about the merits of the Atlantic accord, in terms of John Hamm, the premier at that time, working long and hard to bring the government of the day, the Liberal Party opposite, kicking and screaming to the point where finally it had to sign on to the Atlantic accord.

When that happened, we all celebrated. That was a good day for Nova Scotia.

That was a great deal for Nova Scotia, so what we are saying today is that Nova Scotia can keep that great deal or it can take an even better deal, one that gives Nova Scotia an additional \$95 million. So it is door number one, good deal, or door number two, better deal.

We have heard about the requirement of Nova Scotia, about the budget they are about to draft tomorrow and the requirement for more money. That option is there for them. The option is clearly there. And I will go one better. If that is to happen and Nova Scotia decides that it is going to opt for this new proposal, which will give them more money, they have the flexibility to go back. They have the flexibility to use the Atlantic accord. It is a choice they have.

Speaking of choices, the members opposite, in the withering windsock that is the Liberal Party, speak of principles. What we know is that they do have principles, but if people do not like those principles or if polls change, they have other principles. That is the way they have operated for so many years.

We are all aware of the current Liberal leader's position. He denies the existence of a fiscal imbalance. In fact, in January of this year, the newly minted Liberal leader pronounced, "I don't think there is a fiscal imbalance". He said that each province, every time, each and every way, is arguing that it gets shortchanged by Ottawa and that it would be difficult to make all the provinces smile. Yet that is exactly what the Prime Minister tried to do.

Business of Supply

That is exactly what he tried to do. This motion is the calculation of another flip-flop on behalf of a weak Liberal leader who has not been upfront with Atlantic Canadians about his own position. The usual criticisms that come from the opposite side never come with a solution. They never come with “this is how we would do it differently”. They just castigate, criticize and tear down without describing what they would do as an alternative.

● (1640)

The truth of the matter is that Premier Williams in fact got exactly what he asked for. We honoured the Atlantic accord and we did it while restoring fiscal balance to the federation, and we did it by keeping our promise to exclude 100% of natural resources. He is caught between a rock and a better place. That is where the Premier of Newfoundland and Labrador finds himself.

Back in May of 2006, the Leader of the Opposition was very much in favour of a principled approach to reforming the equalization program and supported Premier McGuinty's call for fairness campaign, but now, once again, he has flipped. He said, “I think you need to have a clause that says whatever is the formula of equalization payments, a province that received equalization payments cannot see its fiscal capacity going above the fiscal capacity of a province that does not receive equalization payments”.

He is now saying exactly what we are saying: that there has to be fairness. There has to be a recognition that an equalization formula is for everyone.

The member for Kings—Hants knows a lot about flip-flops. He flipped to one side of the House. He flopped back to the other side of the House. He has changed his position on everything from ACOA to tax cuts. Name the position and he has tried it. He has turned himself inside out. He is an Olympic back-flipper. Here is what he had to say: “I find that Atlantic Canadian politicians”, so he is speaking about himself, “by and large, are too parochial”. This was part of his pithy and partisan commentary.

He went on to say:

Someone's angry in Halifax because Moncton got something. Someone is upset in Moncton because Charlottetown got something. In our four provinces, there's a great sense of competitive angst as opposed to vision, and I think the future of the region will be shaped by politicians who can play a role nationally and not just bring home the bacon.

That is what he had to say back then. He is firmly on record on so many other subjects about ACOA. He was an MP, he boasted in 2003, “who had the guts to say ACOA isn't working for Atlantic Canada, and (to urge) getting rid of it and replacing it with dramatic tax reform for Atlantic Canada...”.

He went on to say, “I believe we need to replace failed regional economic development programs and corporate welfare with dramatic corporate-tax reductions, because the market can pick winners and losers better than bureaucrats”.

That was then and this is now. Each and every day we see that hypocrisy knows no bounds.

This particular attempt, plain and simple, is about fairness: it is about giving Nova Scotians an option. It is about giving Premier MacDonald the opportunity to bring forward a budget that speaks to the needs of Nova Scotia just the way our budget does the same.

I want to turn our attention back to the offshore accord itself. Nova Scotia, I repeat, may continue to operate under the previous equalization system until its existing offshore agreement expires. This fulfills and builds upon the government's commitment to respect the offshore accords. It also ensures that the province will continue to receive the full benefit it is entitled to under the previous system, if it so chooses.

But the beauty of this is that there is another option. There is an option to opt in to the new formula, a new formula that has been calculated in fairness with all of the provinces and that gives Nova Scotia more. It gives the province of Nova Scotia an additional \$95 million, so it is take the deal that is good for Nova Scotia now, take a deal that will provide Nova Scotia with more money, and the option to move if at the end of the year there is a decision that Nova Scotia feels that might be advantageous to it. That is what is being offered.

We are willing to work with the province of Nova Scotia the way we always have and the way we will continue to, to see that the province of Nova Scotia is treated fairly and with the same level of respect it has always been afforded by this government. That is why we have the Canada health transfer, which this year will provide our province, the province of Nova Scotia, with \$21.3 billion, our portion being \$636 million for the province of Nova Scotia. The same can be said of the Canada social transfer of \$270 million for the province.

With respect to our infrastructure, there is an enormous opportunity called the Atlantic gateway. Our portion of that particular set-aside, that \$2.2 billion fund that would see Nova Scotia tap into the container traffic that is coming from Asia, coming from the Orient, will give our province a chance to make a major breakthrough. I would suggest that this in fact is bigger than the potential of the offshore if we can capture that traffic and that type of business and economic growth; that again is an opportunity and this government wants to work with the province.

The money is there. The negotiations that will lead to greater money under health care, under infrastructure and under other programs are available to Nova Scotia. We will continue to represent its interests and continue to work with it for the betterment of all people in our province.

● (1645)

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Mr. Speaker, in terms of net advantage the hon. member, the Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency said that this would provide a net benefit deal for all provinces. Unfortunately, to opt into the new equalization strategy formula, as proposed by the government under budget 2007, the province of Newfoundland and Labrador would have to agree to lose \$238 million in the upcoming fiscal year. Also we would lose \$101 million this past fiscal year and an additional \$25 million next year.

Business of Supply

However, the province of Nova Scotia would gain \$95 million, according to the minister, if it were to opt into the new equalization formula, a formula that basically has two decision points in it, either a full exemption of non-renewables or a 50% exemption of non-renewables.

Is the minister saying, because this is a very interesting point, that it could gain \$95 million this year? We know that in years to come, under the new formula, it could lose more money relative to what it would achieve under the Atlantic accord. Could it move back to the old Atlantic accord should that be a more beneficial circumstance for the province of Nova Scotia?

Hon. Peter MacKay: Mr. Speaker, yes, at a point in time should it make that decision. That is the option, but it has to decide. It cannot opt in, opt out, opt in, opt out. It has to make a decision.

However, again, the choice is clear. I want to point out, as my hon. friend did, that the province of Newfoundland and Labrador is a different situation. In fact, it has garnered a great deal more from the Atlantic accord. Because of the reserves that exist in its offshore, it has been a much larger beneficiary of the agreement with the federal government.

The province of Nova Scotia has yet to realize the full potential. It has Sable I and II. The Deep Panuke project has yet to live up to the billing, but we remain hopeful.

Therefore, that choice exists for Nova Scotia. I suggest it is beneficial to our province, and it is one that will be made. That is also in addition to other deals yet to be worked out around infrastructure spending, the Atlantic gateway initiative and issues related to health, and let us not forget the environment.

There are huge dollars available to Nova Scotia.

Hon. Geoff Regan (Halifax West, Lib.): Mr. Speaker, I will follow up on the question that my hon. colleague, the member for Humber—St. Barbe—Baie Verte asked.

On that technical question, I want to know if that is on what the Minister of Foreign Affairs has based his decision to support this budget. It concerns me because I am looking at one of the budget documents, which says, “Restoring Fiscal Balance for a Stronger Federation”. It states on page 16, “These provinces can permanently opt into the new Equalization system at any point in the future”. It does not talk about opting in and then opting out. It simply says that they “can permanently opt into” that system.

Why is the word “permanently” there? Does it have no meaning whatsoever? If what he is saying is true, should this not say these provinces can opt into or out of the equalization system at any point in the future?

• (1650)

Hon. Peter MacKay: Mr. Speaker, they have to make a decision at some point in time is the short answer to that. That is what happens with decisions. There has to be a choice at some point.

When the choice is made, when they decide which is in their best interest, and they will have before them those figures in their budget documents, they will have to decide if they want to take this more beneficial system or if they want to remain under the Atlantic accord. Those discussions are taking place.

Clearly there is a benefit in both. The province of Nova Scotia, just like Newfoundland and Labrador, will have to calculate those figures. There is an infrastructure advantage. They can look at those figures and decide which is best for the people of Nova Scotia.

I should have added, Mr. Speaker, that I am splitting my time with member for Avalon, who is taking the second part of this speaking time.

Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC): Mr. Speaker, there is a lot of misunderstanding I find. In fact, I had a media reporter ask me today why the equalization payments were cut off from Nova Scotia.

Could the minister tell us what would have happened had the government not brought in the new equalization formula? What could it have expected in the equalization payments and the Atlantic accord? What would it have had with no new plan?

Hon. Peter MacKay: Mr. Speaker, that is a very astute question from the member for Cumberland—Colchester—Musquodoboit Valley. What they would have received is less under the old system. According to their own figures, they would have received an increase of approximately \$57 million. Under this new option, the so-called modified O'Brien option, they will receive \$95 million, so that is the difference.

If no new equalization formula had been struck, which would have been the case under any other government, because they would not have pursued this equalization formula, and had we not taken the initiative to try to re-balance the fiscal framework of the country, this option would not have been available. Nova Scotia would have received \$57 million under the old equation. Now it has the option to take that or, under the new fiscal formula, receive \$95 million, more money for this year's budget.

The Acting Speaker (Mr. Andrew Scheer): Order, please. It is my duty pursuant to Standing Order 38 to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Notre-Dame-de-Grâce—Lachine, Minister of Citizenship and Immigration; the hon. member for Vancouver Island North, Democratic Reform; the hon. member for Gatineau, Official Languages.

Mr. Fabian Manning (Avalon, CPC): Mr. Speaker, it is indeed a great opportunity to stand today to make a few comments on the motion put forward by my colleague from across the House.

I will talk about the day I was in Newfoundland and Labrador. In fact, I was a member of the Williams government the day the Atlantic accord was signed and brought home. It was a great and very proud day in my province. I will speak about that in a few moments.

It was a hard fought campaign by everyone, including the present Minister of Fisheries and Oceans and other members from Newfoundland and Labrador on all sides of the House. They fought long and hard to have the Atlantic accord brought home. It was a great day and a credit to everybody involved, including people on that side of the House.

Business of Supply

There are a few facts about the Atlantic accord, and I have a concern with the motion as it is worded. To remind everybody who may have forgot the wording of the motion, part of the of the motion states:

That this House regret that the party now forming the government has abandoned the principles respecting the Atlantic Accords...

The Conservatives have not abandoned the principles respecting the Atlantic accord, and I will explain why. During the campaign, and in discussions in the past couple of months, the decision was made that we would try to come together across the country to fix the fiscal imbalance. For two decades, parties on all sides had been talking about it, but the party on this side of the House said that it would try to do something about it.

We opted to take into consideration the recommendations by an independent panel, referred to by most as the O'Brien report. If we remember, that report called for a cap to be put on the payments of revenues going to each province. In budget 2007 there is no cap on the revenues coming from the Atlantic accord. I do not know how many times we have to say it on this side of the House. A cap does not exist on the Atlantic accord.

For the next number of years, there will be no clawback in any way on the Atlantic accord in Newfoundland and Labrador. One hundred per cent of the revenues that are generated from its oil and gas offshore will go into the coffers of Newfoundland and Labrador.

If in 2010-11 or 2011-12 Newfoundland and Labrador is still on equalization, the Atlantic accord then extends out to 2020. This is the concern that we raised as members on this side of the House. I was very surprised, knowing full well that this debate was ongoing in my province and in Canada with regard to the fiscal imbalance, that not a question was raised by the members from Newfoundland and Labrador in the House, regarding what the plan was or if a solution would be put forward to the concerns raised in our province.

On this side of the House, myself and my two colleagues continuously raised the concern about the issue with the Atlantic accord. We made sure that a cap was not put in place and that the benefits of the Atlantic accord would continue to the people of Newfoundland and Labrador.

Let me talk for a minute about the concerns of fiscal imbalance. The Liberals and the Leader of the Opposition do not even recognize that there was and still is a fiscal imbalance in the country. I will read a couple of statements made by the Leader of the Opposition.

First, on January 22, the Leader of the Opposition said:

I don't think there is a fiscal imbalance...Every province...is arguing it gets shortchanged by Ottawa in one way or another, and it would be difficult to make "all the premiers smile".

There is no doubt about that.

On January 17, in the Canadian Press he said:

Don't ask me to pretend there is a fiscal imbalance and elect me and (hope) I will fix it. I don't want to create these kinds of expectations.

He also said, "We should say that a province that does not receive equalization payments should not see, with its money, another province become richer than it. You need to have a ceiling, a kind of safety net that will protect Ontario".

These are not my words. They are the words of the Leader of the Opposition.

The government decided against the recommendation in the O'Brien report to put a cap on the Atlantic accords and we gave Newfoundland and Labrador another option that the rest of the country would not have under this new equalization program. That option is to stay with the Atlantic accord, receive no clawback and that could extend until 2020. That is the concern we have on this side of the House.

● (1655)

I just want to go back and talk about the Atlantic accord once again. When the accord offset agreement was negotiated, the province and the federal government agreed to an expiry date, which will come, as I mentioned earlier, as soon as 2011-12 or as late as 2020, depending on whether Newfoundland and Labrador is still entitled to receive equalization in 2011-12. That is my concern and the bone of contention I guess that has been raised, and it concerns the level of equalization payment we receive.

I was in a hotel ballroom in 1985 when the original Atlantic accord was signed. It was a proud day in the history of Newfoundland and Labrador. As I said earlier, I was also involved and part of the government of Newfoundland and Labrador when the Atlantic accord was signed, another proud day in the history of Newfoundland and Labrador.

However, I say with all sincerity that I will be prouder than I have ever been before if I could stand in this House here or stand anywhere in Newfoundland and Labrador and say that we are off equalization, that our province does not need equalization anymore, and that Ottawa can keep the cheque.

That is the goal that we should all be working toward, not creating the divisions that we are creating here, but working toward the fact that Newfoundland and Labrador and Nova Scotia, and any other province that receives equalization can stand up someday, sooner than later, and say they do not need the cheque from Ottawa.

We have the opportunity to do that in Newfoundland and Labrador. We have the opportunity to do that through developments like: the Lower Churchill, Hebron, Hibernia extensions, a second oil refinery, the fishery, major mineral potential throughout Newfoundland and Labrador, and untapped tourism.

In order for these to work, in order for these industries to grow, so that we can take in the revenue from them and not be dependent on equalization, we need cooperation between the federal government and the provincial government. We need cost share programs that get these projects off the ground, that put the money into Newfoundland and Labrador, so we can reap the benefit from it, so that the sons and the daughters of Newfoundlanders and Labradorians are not on planes going to Fort McMurray and other parts of this country. We need them to stay in Newfoundland, continue to work in Newfoundland, and continue to generate the revenue that we need in Newfoundland and Labrador. That is what we should all be working toward.

We have many opportunities here. I would like to be able to stand in this House and be proud of the fact that we can tell Ottawa that we do not need its cheques anymore. The reason why Newfoundland and Labrador and many of the other provinces are still living in the world of a fiscal imbalance is because for a decade or more, the transfers to Newfoundland and Labrador were gutted by the former government. Health care, education, social assistance, all of these were gutted. Therefore, it created a fiscal imbalance in our province from which we are still trying to crawl out.

We have the opportunity here through the Atlantic accord to continue taking 100% of our oil and gas revenues and putting them into the coffers of Newfoundland and Labrador. By doing that until 2011-12, or until 2020, we will have a day in Newfoundland and Labrador when we can say to Ottawa, "Keep the cheque, we do not need it, we are off the equalization, standing on our own two feet. We are proud Newfoundlanders and Labradorians and we do not need the help anymore".

That is the goal that all members on both sides of this House and in both levels of government, whether it is here in Ottawa or it is Newfoundland and Labrador, should be working toward because then the whole question is answered because then we are standing on our own two feet.

I hope that by working together with all members here that we can continue to do that and then equalization cheques can stay in Ottawa. We can stand on our own two feet in Newfoundland and Labrador and be the proud Newfoundlanders and Labradorians that we continue to be.

• (1700)

Mr. Todd Russell (Labrador, Lib.): Mr. Speaker, I cannot believe that the member for Avalon would get up in the House and defend a broken promise, that he would defend a shaft that was given to the people of Newfoundland and Labrador, Nova Scotia and Saskatchewan, and that he would defend a knife in the back of the premier and a knife in the back of the people of Newfoundland and Labrador.

He had the gall only a few years ago to criticize the Liberals who lived up to a promise, and now he defends his own government that broke a promise to the people of Newfoundland and Labrador.

He talks about a deal that will last till 2020 when the Finance Minister just said a few minutes ago that it will be there till 2012, and then take it or leave it and then it is over. Take it or leave it and then there will be no more benefits for anybody in the province of Newfoundland and Labrador.

He talks about how we are going to move ahead: Lower Churchill, a big goose egg, we already said that; Trans-Labrador Highway, a big goose egg. The Prime Minister says to the people of Newfoundland and Labrador, "You can have one big goose egg or a bigger goose egg". That is all he said to the people of Newfoundland and Labrador.

Any member who would get up in the House and defend a broken promise would believe that black is white. They would believe that cats are dogs. They would believe that war is peace. The only ones who believe that in the House are the Conservatives across the way.

Business of Supply

I say to him, stand up for his people. Will he stand up for his people tonight and vote for the motion as put before the House by my hon. friend from Bonavista? Will he vote in favour of the motion and declare his loyalties? Either he is for the people of Newfoundland and Labrador or against the people of Newfoundland and Labrador, and his vote will determine that tonight. I ask him.

Mr. Fabian Manning: Mr. Speaker, we never have to worry about the egg when it is in the shell. It is when it is cracked, we have to be concerned.

I say in all honesty that I stand up for the people of Newfoundland and Labrador. With the Atlantic accord there was a misrepresentation. There is a misrepresentation happening here today because the Atlantic Accord is safe. The Atlantic accord is solid. The Atlantic accord will continue to reap benefits for Newfoundland and Labrador.

Are the members opposite afraid that Newfoundland and Labrador will reap benefits under the Atlantic accord and be able to say to Ottawa to keep its equalization cheque? That is the question I ask the members opposite. Are they afraid that we can stand on our own two feet, or do they want us to be crawling to Ottawa all the time?

I do not want to be crawling all the time to Ottawa. That is why I hope at the end—

• (1705)

The Acting Speaker (Mr. Royal Galipeau): Order, please. I want to congratulate all members of the House who are attentive to other members of the House when they are being recognized by the Chair. Actually, I noticed that during the time of the question. I would have liked to have noticed that during the time of the answer.

I now recognize the hon. member for South Shore—St. Margaret's.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Mr. Speaker, certainly, this is an interesting debate and it is one in which all Atlantic members want to participate. Beyond the huffing, puffing and blowing their straw houses down by the members of the Liberal Party, there are some questions here that need to be defined.

I say to the member for Avalon, Nova Scotia has a different situation than Newfoundland. I appreciate his explanation that the Atlantic accord is there for Newfoundland and will remain there for Newfoundland. If at some time Newfoundland decides to opt in to the new equalization formula, it would have every ability to do that.

However, if Nova Scotia stays in the old formula and if it stays in the Atlantic accord, it will reap a benefit of \$57 million. If it opts into the new plan, it will reap a benefit of \$95 million. Nova Scotia has a different offshore reserve than Newfoundland and Labrador. It is a totally different situation.

If the people of Nova Scotia had two choices and one choice was better, would they not take the choice on the new equalization program?

Mr. Fabian Manning: Mr. Speaker, Newfoundland and Labrador has two choices. In fact, we have three. The choice that we have now is to stay with the Atlantic accord that is honoured by the government, that has received no cap, and that we can continue to receive 100% of our oil and gas revenues from the offshore reserves.

Business of Supply

The member for Bonavista—Gander—Grand Falls—Windsor, when he spoke this morning in the House, said that the Prime Minister said that we will have no more side deals. Then he said that there is a side deal with Newfoundland and Labrador under this new agreement, and there is a side deal with Nova Scotia under this new presentation that came forward in the budget.

I ask the member for Bonavista—Gander—Grand Falls—Windsor, is he upset that the Prime Minister and the Minister of Finance and the government gave Newfoundland and Labrador a third option? Is he upset about that? I am not. I am pleased to have a third option, so we can get on our own two feet.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Mr. Speaker, I will be sharing my time with the member for Labrador.

We are here today talking about the great injustice that has been done this week by the Prime Minister and the Atlantic Conservative MPs.

There were a lot of good comments made on this side of the House by my colleagues about how Atlantic Canada got shafted here this week. I would like to make some comments and observations of my own to sum up what has really taken place.

First, because of the good fiscal management the previous Liberal government and the hard work of Canadians, we have roughly \$10 billion extra to spend on our budget. So what happened at the cabinet table? Why do we lose money instead of gaining money when the budget was done? What does it mean when equalization payments are cut and regions in our province have to do with less?

In terms of money, what do we lose? The provinces have less money for roads. They have less money for social assistance, funds for schools, hospitals, and also for farmers. It means that our people are not given the tools and the resources to live dignified lives.

Not only have we been left out of meaningful amounts of transfer payments in the Atlantic provinces but we also noticed, over the last year and a half, all the cuts that were made on our social payments. It is unbelievable.

Where is the money for the Atlantic Canada gateway initiative? The hon. member for Central Nova talked about it. It is not in the budget. We do not see the money. We do not see the announcement of that money.

He talks about the future of oil and gas. That is unknown. We want to see the money now. We want to see the \$10 billion share.

Where is the money for the small craft harbours? It is not mentioned in the budget. Something happened at that cabinet table. The Atlantic cabinet ministers must have been left out.

Let me recap. The taxpayers of Canada have given the Conservative government \$10 billion more to work with and the government never gave a cent to Atlantic Canada. Why are the Conservatives entrusted with this money? Why are they neglecting Atlantic Canada?

Let me be clear. The Conservative Atlantic MPs over there, on the opposite side, should do the honourable thing and vote against this budget and stand up for Atlantic Canadians.

● (1710)

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Mr. Speaker, the reality is that every province in Canada gets more money under this budget. The reality is that Nova Scotia has a choice to make. It can take the old system, which was a good system in its day, and receive \$57 million. It can opt into the new system and receive \$95 million, plus \$112 million of tax relief. I know the hon. member is not that good in math, but would he sooner have \$200 million in his pocket or \$57 million in his pocket?

Hon. Mark Eyking: Mr. Speaker, the hon. member is going to have some explaining to do to his wife when he goes home this weekend. The big challenge here is how the Minister of Finance is going to deal with his budget in Nova Scotia tonight.

I would recommend that the members opposite from the Conservative Party not to go home this weekend and let everybody try to cool off, and give them some breathing space because they are in big trouble. We can hear it in the tenseness of the voice of the hon. member across.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Mr. Speaker, I think it is a little disingenuous for my colleague across the way to pose the question that this is an either/or situation. In fact, in the past government, changes were made to the equalization over and above the Atlantic accord. The Conservatives are saying that this cannot be done and that is disingenuous for that party to pose the question in that way.

We know there is a moral obligation on the part of the government. It was stated by the current Prime Minister that there is a moral obligation for the government to follow through with its promises.

Does my colleague believe that this moral obligation has been shunned by the Prime Minister by turning his back on the people of Nova Scotia and Newfoundland and Labrador?

Hon. Mark Eyking: Mr. Speaker, the hon. member is definitely a hard-working member from Cape Breton, Nova Scotia. He will see what is going to happen in his riding and other ridings in Nova Scotia when the province does not have the money to help us out in those regions.

There is a moral shame here. There is \$10 billion more for this government across to spend and it forgets Atlantic Canada, or it did not forget Atlantic Canada, but it blatantly left us out. That is the issue here. If there is an election called this spring, the people of Nova Scotia will answer the call.

Ms. Diane Ablonczy (Parliamentary Secretary to the Minister of Finance, CPC): Mr. Speaker, I was shocked to hear that member say that Nova Scotia would not be receiving more money under the budget, because in fact it will, and he knows that. Every single province gets more under this new equalization deal.

Why is he trying to mislead Nova Scotians?

Hon. Mark Eyking: Mr. Speaker, if the hon. member would have looked at the budget, this so-called aspiring budget, she would have seen from the numbers that transfer payments for Quebec and other provinces have increased and our province's have not increased any substantial amount.

She knows the Conservatives are buying votes. They are leaving five provinces behind and they should be ashamed of themselves.

• (1715)

[*Translation*]

The Acting Speaker (Mr. Royal Galipeau): It being 5:15 p.m. and the last allotted day for the supply period ending March 26, 2007, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the business of supply.

The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And five or more members having risen:

The Acting Speaker (Mr. Royal Galipeau): Call in the members.

• (1745)

(The House divided on the motion, which was negated on the following division:)

(*Division No. 137*)

YEAS

Members

Alghabra	Atamanenko
Bagnell	Bains
Barnes	Beaumier
Bélangier	Bell (Vancouver Island North)
Bell (North Vancouver)	Bennett
Bevilacqua	Bevington
Black	Blaikie
Bonin	Boshcoff
Brison	Brown (Oakville)
Byrne	Cannis
Charlton	Chow
Christopherson	Coderre
Comartin	Crowder
Cullen (Skeena—Bulkley Valley)	Cullen (Etobicoke North)
Cuzner	Davies
Dewar	Dhaliwal
Dhalla	Dion
Dryden	Easter
Eyking	Folco
Fry	Godfrey
Godin	Goodale
Guarnieri	Holland
Hubbard	Ignatieff
Jennings	Julian
Kadis	Karetak-Lindell
Karygiannis	Keeper
Layton	LeBlanc
Lee	MacAulay
Malhi	Maloney

Marston
 Martin (Winnipeg Centre)
 Masse
 McCallum
 McGuinty
 McKay (Scarborough—Guildwood)
 Merasty
 Murphy (Moncton—Riverview—Dieppe)
 Nash
 Owen
 Patry
 Priddy
 Ratansi
 Regan
 Russell
 Savoie
 Scott
 Siksay
 Simard
 St. Amand
 Stoffler
 Szabo
 Temelkovski
 Tonks
 Wasylcyia-Leis
 Wrzesniewskij

Business of Supply

Martin (Esquimalt—Juan de Fuca)
 Martin (Sault Ste. Marie)
 Mathysen
 McDonough
 McGuire
 McTeague
 Minna
 Murphy (Charlottetown)
 Neville
 Pacetti
 Pearson
 Proulx
 Redman
 Rota
 Savage
 Scarpaleggia
 Sgro
 Silva
 Simms
 St. Denis
 Stronach
 Telegdi
 Thibault (West Nova)
 Turner
 Willfert
 Zed — 110

NAYS

Members

Abbott	Ablonczy
Albrecht	Allen
Allison	Ambrose
Anders	Anderson
André	Arthur
Asselin	Bachand
Baird	Barbot
Batters	Bellavance
Benoit	Bernier
Bezan	Bigras
Blackburn	Blais
Blaney	Bouchard
Boucher	Bourgeois
Breitkreuz	Brown (Leeds—Grenville)
Brown (Barrie)	Brunelle
Callkins	Cannan (Kelowna—Lake Country)
Cannon (Pontiac)	Cardin
Carrie	Carrier
Casey	Casson
Chong	Clement
Crête	Cummins
Davidson	Day
DeBellefeuille	Del Mastro
Demers	Deschamps
Devolin	Doyle
Duceppe	Dykstra
Emerson	Epp
Faille	Fast
Finley	Fitzpatrick
Fletcher	Freeman
Gagnon	Galipeau
Gallant	Gaudet
Gauthier	Goldring
Goodyear	Gourde
Gravel	Grewal
Guay	Guergis
Guimond	Hanger
Harper	Harris
Harvey	Hawn
Hearn	Hiebert
Hill	Hinton
Jaffer	Jean
Kamp (Pitt Meadows—Maple Ridge—Mission)	Keddy (South Shore—St. Margaret's)
Kenney (Calgary Southeast)	Khan
Komarnicki	Kotto
Kramp (Prince Edward—Hastings)	Laforest
Laframboise	Lake
Lalonde	Lauzon
Lavallée	Lemay
Lemieux	Lessard
Lévesque	Lukiwski
Lunn	Lunney
Lussier	MacKay (Central Nova)

Business of Supply

MacKenzie	Malo
Manning	Mark
Mayes	Ménard (Hochelaga)
Ménard (Marc-Aurèle-Fortin)	Menzies
Merrifield	Miller
Mills	Moore (Port Moody—Westwood—Port Coquitlam)
Moore (Fundy Royal)	Mourani
Nadeau	Nicholson
Norlock	O'Connor
Obhrai	Oda
Ouellet	Pallister
Paquette	Paradis
Perron	Petit
Picard	Plamondon
Poilievre	Prentice
Preston	Rajotte
Reid	Richardson
Ritz	Roy
Scheer	Schellenberger
Shipley	Skelton
Smith	Solberg
Sorenson	St-Cyr
St-Hilaire	Stanton
Storseth	Strahl
Sweet	Thibault (Rimouski-Neigette—Témiscouata—Les
Basques)	
Thompson (New Brunswick Southwest)	Thompson (Wild Rose)
Tilson	Toews
Trost	Tweed
Van Kesteren	Van Loan
Vellacott	Verner
Vincent	Wallace
Warawa	Warkentin
Watson	Williams
Yelich— 173	

PAIRED

Nil

The Speaker: I declare the motion lost.

* * *

[English]

SUPPLEMENTARY ESTIMATES (B) 2006-07

Hon. Vic Toews (President of the Treasury Board, CPC) moved:

That Supplementary Estimates (B) for the fiscal year ending March 31, 2007 be concurred in.

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

An hon. member: On division.

(Motion agreed to)

Hon. Vic Toews (President of the Treasury Board, CPC) moved that Bill C-49, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2007, be now read the first time.

(Motion deemed adopted and bill read the first time)

[Translation]

Hon. Vic Toews moved that the bill be read the second time and referred to committee of the whole.

[English]

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

An hon. member: On division.

The Speaker: I declare the motion carried. Accordingly the bill stands referred to a committee of the whole.

I will now leave the chair so the House can reconvene in committee of the whole.

(Bill read the second time and the House went into committee thereon, Mr. Bill Blaikie in the Chair)

Hon. Raymond Simard (Saint Boniface, Lib.): (Clause 2)

Mr. Chair, I would like to ask the President of the Treasury Board if the bill is in its usual form?

Hon. Vic Toews (President of the Treasury Board, CPC): Mr. Chair, the requests in the bill are intended to provide for all necessary requirements of the Public Service of Canada up to the second supply period 2007-08. In no instance is the total amount of an item being released by the bill.

The form of the bill is essentially the same as that passed in the previous supply period. However, the supporting schedules have been modified to remove reference to Governor General special warrants since none have been issued.

The passing of the bill will not prejudice the rights and privileges of members to criticize any item in the estimates when it comes up for consideration in committee and the usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

The Chair: Shall Clause 2 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Clause 2 agreed to)

• (1750)

The Chair: Shall Clause 3 carried?

Some hon. members: Agreed.

An hon. member: On division.

(Clause 3 agreed to)

The Chair: Shall Clause 4 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Clause 4 agreed to)

The Chair: Shall Clause 5 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Clause 5 agreed to)

[Translation]

The Chair: Shall Clause 6 carry?

Some hon. members: Agreed.

Some hon. members: On division.

Business of Supply

(Clause 6 agreed to)

The Chair: Shall Clause 7 carry?

Some hon. members: Agreed.

Some hon. members: On division.

(Clause 7 agreed to)

The Chair: Shall Schedule 1 carry?

Some hon. members: Agreed.

Some hon. members: On division.

(Schedule 1 agreed to)

[*English*]

The Chair: Shall Schedule 2 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Schedule 2 agreed to)

The Chair: Shall Clause 1 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Clause 1 agreed to)

The Chair: Shall the preamble carry?

Some hon. members: Agreed.

An hon. member: On division.

(Preamble agreed to)

[*Translation*]

The Chair: Shall the title carry?

Some hon. members: Agreed.

Some hon. members: On division.

(Title agreed to)

The Chair: Shall the bill carry?

Some hon. members: Agreed.

Some hon. members: On division.

(Bill agreed to)

[*English*]

(Bill reported)

Hon. Vic Toews moved that Bill C-49 be concurred in at report stage.

[*Translation*]

The Chair: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: On division.

(Motion agreed to)

[*English*]

The Speaker: When shall the bill be read a third time? By leave, now?

Some hon. members: Agreed.

Hon. Vic Toews moved that the bill be read the third time and passed.

[*Translation*]

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: On division.

(Motion agreed to and bill read the third time and passed)

* * *

[*English*]

INTERIM SUPPLY

Hon. Vic Toews (President of the Treasury Board, CPC) moved:

That this House do concur in Interim Supply as follows:

That a sum not exceeding \$21,748,026,017.43 being composed of:

(1) three twelfths (\$14,174,724,076.50) of the total of the amounts of the items set forth in the Proposed Schedule 1 and Schedule 2 of the Main Estimates for the fiscal year ending March 31, 2008 which were laid upon the Table Tuesday, February 27, 2007, except for those items below:

(2) eleven twelfths of the total of the amount of Canadian Grain Commission Vote 40, Canadian International Development Agency Vote L40, Library of Parliament Vote 10 and Treasury Board Vote 5 (Schedule 1.1), of the said Estimates, \$762,664,833.34;

(3) eight twelfths of the total of the amount of Canada Council for the Arts Vote 10 (Schedule 1.2) of the said Estimates, \$120,880,833.33;

(4) seven twelfths of the total of the amount of National Battlefields Commission Vote 55, Canadian Centre for Occupational Health and Safety Vote 25 and Indian Affairs and Northern Development Vote 25 (Schedule 1.3) of the said Estimates, \$22,380,750.00;

(5) six twelfths of the total of the amount of Human Resources and Skills Development Vote 5 (Schedule 1.4) of the said Estimates, \$577,896,000.00;

(6) five twelfths of the total of the amount of National Arts Centre Corporation Vote 50, Citizenship and Immigration Vote 5, Environment Vote 10, Indian Affairs and Northern Development Vote 10, Canadian Space Agency Vote 35, Justice Vote 1, Office of the Director of Public Prosecutions Vote 35, Marine Atlantic Inc. Vote 35, Office of Infrastructure of Canada Vote 55 and Transportation Appeal Tribunal of Canada Vote 70 (Schedule 1.5), of the said Estimates, \$3,586,251,031.26;

(7) four twelfths of the total of the amount of Canadian Broadcasting Corporation Vote 15, Public Service Commission Vote 80, Public Service Labour Relations Board Vote 85, Canadian Environmental Assessment Agency Vote 15, Finance Vote 1, Health Vote 5, Public Health Agency of Canada Vote 40, Indian Affairs and Northern Development Vote 1, Statistics Canada Vote 95, National Defence Vote 5, Royal Canadian Mounted Police Vote 55, Canadian Transportation Agency Vote 25, Office of Infrastructure of Canada Vote 50, VIA Rail Canada Inc. Vote 75 and Veterans Affairs Vote 5 (Schedule 1.6), of the said Estimates, \$2,503,228,493.00;

be granted to Her Majesty on account of the fiscal year ending March 31, 2008.

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

An hon. member: On division.

Business of Supply

(Motion agreed to)

Hon. Vic Toews (President of the Treasury Board, CPC) moved that Bill C-50, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2008, be read the first time.

(Motion deemed adopted and bill read the first time)

[*Translation*]

Hon. Vic Toews moved that the bill be read the second time and referred to committee of the whole.

• (1755)

[*English*]

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

An hon. member: On division.

The Speaker: I declare the motion carried. Accordingly the bill stands referred to a committee of the whole.

I will now leave the chair so the House can reconvene in committee of the whole.

(Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Bill Blaikie in the chair)

[*Translation*]

Hon. Raymond Simard (Saint Boniface, Lib.): Mr. Speaker, I would like to ask the President of the Treasury Board whether the bill is presented in its usual form.

(Clause 2)

[*English*]

Hon. Vic Toews (President of the Treasury Board, CPC): Mr. Chair, my speech is exactly the same one. The form of the bill is essentially the same as was passed in the previous supply period and I think everything is in order.

The Chair: Shall clause 2 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Clause 2 agreed to)

The Chair: Shall Clause 3 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Clause 3 agreed to)

The Chair: Shall Clause 4 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Clause 4 agreed to)

The Chair: Shall Clause 5 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Clause 5 agreed to)

[*Translation*]

The Chair: Shall Clause 6 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Clause 6 agreed to)

The Chair: Shall Clause 7 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Clause 7 agreed to)

The Chair: Shall Schedule 1 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Schedule 1 agreed to)

The Chair: Shall Schedule 2 carry?

Some hon. members: Agreed.

An hon. member: On division.

(Schedule 2 agreed to)

[*English*]

The Chair: Shall Clause 1 carry?

Some hon. members: Agreed.

And hon. member: On division.

(Clause 1 agreed)

The Chair: Shall the preamble carry?

Some hon. members: Agreed.

An hon. member: On division

(Preamble agreed to)

The Chair: Shall the title carry?

Some hon. members: Agreed.

An hon. member: On division.

(Title agreed to)

The Chair: Shall the bill carry?

Some hon. members: Agreed.

An hon. member: On division.

(Bill agreed to)

[*Translation*]

The Chair: Shall I rise and report the bill?

Some hon. members: Agreed.

Private Members Business

(Bill reported)

Hon. Vic Toews moved that Bill C-50 be concurred in at report stage.

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: On division.

The Speaker: I declare the motion carried.

(Motion agreed to)

[*English*]

The Speaker: When shall the bill be read the third time? By leave now?

Some hon. members: Agreed.

Hon. Vic Toews moved that the bill be read the third time and passed.

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

An hon. member: On division.

(Motion agreed to, bill read the third time and passed)

The Speaker: I would like to inform the House that under the provisions of Standing Order 30 I am designating Tuesday, March 27 as the day fixed for the consideration of private member's Motion No. 242, standing in the order of precedence in the name of the hon. member for St. John's East.

[*Translation*]

This additional private members' hour will take place from 6:30 p.m. to 7:30 p.m., after which the House will proceed to the adjournment proceedings pursuant to Standing Order 38.

[*English*]

It being 5.58 p.m. the House will now proceed to the consideration of private members' business as listed on today's order paper.

PRIVATE MEMBERS BUSINESS

[*Translation*]

DEVELOPMENT ASSISTANCE ACCOUNTABILITY ACT

The House resumed from February 20 consideration of Bill C-293, An Act respecting the provision of development assistance abroad, as reported (with amendment) from the Standing Committee on Foreign Affairs and International Development.

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, it is a privilege for me to discuss Bill C-293 which is much awaited by groups working in the field of international cooperation.

This bill sets out criteria respecting resource allocation to international development agencies and enhances transparency and monitoring of Canada's international development efforts.

First, I must explain the context surrounding this bill.

In her February 2005 report, the Auditor General of Canada raised a number of questions concerning the management of CIDA. Among other comments, the report set out the following observations: CIDA has sharply increased the use of grants rather than contributions to fund aid projects; a situation that was troubling at the time because, to some degree, CIDA was sacrificing a degree of control and oversight over how recipients spend CIDA funding.

CIDA also makes grants without prior evaluation of needs. CIDA does not audit any in-kind contributions. Of 19 files reviewed, 12 mentioned this type of contribution, but for 11 of those, there was no indication that CIDA had done any analysis to determine their real value.

In addition, only 3 of 19 agreements audited noted that CIDA had considered the cost elements of the project, in order to verify that there was no provision for profit by the recipient. Finally, according to the Auditor General, CIDA needed to strengthen its current practices concerning audit adjustments, because it was possible that the agency was reimbursing unauthorized expenditures. These criticisms by the Auditor General made it clear that there were a number of shortcomings in CIDA's accountability and transparency.

This bill contains two important elements. First, it defines development assistance and second, it defines the framework for providing such assistance.

Development assistance must first contribute to a reduction in poverty. It must also take account of the opinions of the poor. It must be compatible with international standards of human rights and it must, necessarily and absolutely, include mechanisms for consultation and the production of reports that are available to every citizen.

That means that in order to contribute to a reduction of poverty, the government must calculate its official development assistance budget by taking into account only the criteria that are defined in this bill.

As for the reduction of poverty, certainly over the past 25 years we have witnessed a significant decline in world poverty. With the appearance of new economic powers such as China and India, thousands of people have got out of their impoverished state and have been able to access education, live as equals and satisfy their hunger. It remains, however, that the situation has also worsened in some other countries, and that we are still far from a world in which everyone has enough to eat and the infant mortality rate is comparable to rates in the western world.

In 2005, the then Secretary-General of the UN, Kofi Annan, published a report in which he indicated his intention to strengthen the UN. His three major themes were: the freedom from want, the freedom from fear and the freedom to live in dignity. This was a program that demanded fundamental reforms of the organization itself, notably the expansion of the Security Council.

With regard to the main points of this bill, the Bloc Québécois supported Kofi Annan's plan to implement measures that would enable all peoples of the world to live free of want, that is, to make the right to development a reality for everyone and to free all humanity from want.

Private Members Business

In Canada, the Canadian International Development Agency's goal is to support the efforts of developing countries to improve their social and economic prospects.

• (1800)

Also, it is written on the CIDA site that its mandate is to reduce poverty and to contribute to a more secure, equitable, and prosperous world.

The Bloc Québécois totally agrees with CIDA that it should reduce poverty in the world. We also share the idea that this should take place in a context of sustainable development. Canada, through its development assistance, must ensure sustainability for the local population. It would be too easy to adopt solutions that produce immediate results but that would be sources of problems for future generations.

This being said, the wording of the bill left us a bit puzzled during second reading. The bill says, in clause 2:

—that all Canadian development assistance abroad is provided with a central focus on poverty reduction—

We would have liked the bill to contain a provision broadening as much as possible the meaning of the word "poverty". What meaning do we give to the struggle against poverty in development assistance? We believe that the reduction of poverty must also include its underlying factors.

Poverty is not only a matter of money, it is also a social issue. That is why we think that the UN's millennium goals are the frame of reference that would enable us to better identify the work required to actually alleviate poverty.

There are eight millennium goals: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce female mortality; improve maternal health; combat HIV-AIDS, malaria and other diseases; ensure environmental sustainability; and develop a global partnership for development. Only two of those eight goals appear in the bill: eradicating poverty and sustainable development.

Although the millennium goals are all related to poverty, we believe we have to go much farther. For example, outbreaks of certain diseases are often due to unsanitary conditions, inadequate investment in health and so on. Although they are all connected, the UN goals focus on specific problems and must be addressed independently to enable development in countries that receive Canadian assistance. We must never forget that poverty often results from socio-economic inequalities within a country. In that regard, we submitted an amendment to the committee stipulating that any measures to address poverty take into account the underlying factors, such as health, education and equality. Our amendment was rejected.

I have only two minutes left but I have so much more to say. We support this bill because we think that we need to find out what poor people think. At some point, we will also have to discuss Canadian values. The Bloc Québécois wholeheartedly supports this bill, a bill it helped create. This bill will ensure that official development assistance focuses on reducing poverty. In the current context, where poverty provides fertile ground for terrorism, we must act immediately. We do, however, believe there are other ways to fight terrorism.

The purpose of this bill is to ensure that CIDA, in providing assistance, respects the environments in which it is helping people. CIDA will also require the government—and this is very important—to take the opinions of people in the field into account.

We support this bill. We hope that all parliamentarians in this House will vote for it.

• (1805)

[English]

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Mr. Speaker, I am pleased to speak on this bill before the House today. Bill C-293, An Act respecting the provision of development assistance abroad, is an important piece of legislation. Although it is a private member's bill, I feel quite comfortable in saying that New Democrats will be supporting it.

I also want to acknowledge the tireless work of the member for Halifax. She has spoken passionately about the importance of this bill before the House. In a previous Parliament, she introduced a private member's bill, Bill C-243. I want to acknowledge the very good work done by the member for Halifax on this particular piece of legislation.

Although this bill talks about issues such as looking at accountability and transparency and does not specifically address money, I think there is an important context to this bill. An *Embassy* article on March 21 talked about the fact that Canada's official development assistance level fell from 0.34% of GNP in 2005 to 0.33% last year. Barring any large changes, that number is expected to drop to 0.32% in 2007.

As the needs are increasing throughout the world, we see that Canada's commitment is actually dropping off. Many of us have supported the 0.7% allocation for aid and we would encourage all members of the House to work hard in that direction.

I want to address a couple of issues about why this private member's bill is so important. I will refer to some of the work that the Stephen Lewis Foundation has been doing. It has been doing a tremendous amount of work around the grandmothers to grandmothers campaign. This highlights the need for this particular piece of legislation. I will read for members from an article from one of the websites:

Sub-Saharan Africa has overwhelming numbers of children orphaned by AIDS—an estimated 15 million, projected to reach 18-20 million by the year 2010. As the death rate accelerates, countries and communities simply cannot cope. They are so impoverished that they're driven over the edge by additional mouths to feed and by the desperate efforts to absorb the orphan children.

Amidst this devastation, grandmothers have stepped into the breach. They bury their own adult children and then look after their grandchildren; often as many as fifteen to twenty kids. Somehow, these unrecognized heroes of Africa hold countries and communities together.

Part of the goal of this grandmothers to grandmothers campaign is to have grandmothers and grandfathers in Canada work to support grandmothers in Africa, who are often the glue that is holding families together. Without these grandmothers, many of these children would simply end up on the streets and eventually die.

Private Members Business

This is an effort by a number of groups throughout Canada. I want to talk about one in particular from my own riding in Nanaimo. There is a group called the Nan Go Grannies. The Nan Go Grannies formed after hearing Stephen Lewis speak about the plight of women and children in Africa. They developed a group that came together to do fundraising to help out grandmothers in Africa who are dealing with children orphaned by the AIDS epidemic.

The Nan Go Grannies have drafted a mission statement that states:

We are moved to act by the generations of people affected: the millions of children who see their mothers die, the mothers who die in extreme poverty without even meagre resources to ease their suffering, and the elderly, often frail grandmothers who shoulder the burden of raising many children despite their own grief and the lack of resources.

Thus, we have an example in my own riding of Nanaimo—Cowichan of grandmothers coming together to work hard on behalf of the children and grandmothers in Africa.

In addition, my riding also has another project on the go that is supporting people internationally. There is the Malaspina Ghana project, which is a collaboration between Malaspina and two colleges located in Ghana. It is partially supported by CIDA, but in addition, the Malaspina Ghana project is doing fundraising in the community for this initiative.

● (1810)

The purpose of the project is to help reduce poverty in the Sunyani district of Ghana through four community development projects identified by their partners. These include reducing household waste, reducing HIV-AIDS, improving forest fire management, and developing ecotourism.

The intent of this project is to work with partners in Ghana to develop outreach programs and other strategies aimed at providing rural communities with the knowledge and skills needed to effectively address the four project areas described above.

It is these very good local initiatives that are so important in supporting citizens in other countries in their desperate struggles around poverty, sickness and lack of access to clean drinking water. Many of these things have been outlined in the millennium development goals. It is very important that we in Canada continue to support this good work.

I want to talk a bit more about the reality of HIV-AIDS and again about why accountability and transparency are so important in the dollars we are sending overseas. On the grandmothers to grandmothers website, they talk about “key statistics on orphans, grandmothers and HIV-AIDS”.

These are global figures. The number of people living with HIV-AIDS in 2006 was 39.5 million worldwide, and 24.7 million in sub-Saharan Africa. The number of women living with AIDS in 2006 was 17.7 million worldwide, and 13.3 million in sub-Saharan Africa. The number of people newly infected with HIV in 2006 was 4.3 million worldwide, and 2.8 million in sub-Saharan Africa.

Those are generations of people that we are losing. In many cases what we are talking about is the hollowing out of the working people. We are talking about losing people between the ages of 18 to 49. In Africa, those are the most productive years of people's lives. Those are the mothers and the fathers, the workers, the farmers and

the truck drivers. Africa is losing that entire generation, thus passing on that burden to the grandmothers.

The article goes on to talk about the fact that sub-Saharan Africa has 10% of the world's population but makes up more than 60% of all people living with HIV. In sub-Saharan Africa alone, approximately 13 million children have been orphaned by AIDS, a higher number than the total of every girl and boy under 18 in Canada, Norway, Sweden, Denmark and Ireland combined. That figure is expected to reach more than 18 million children by 2010.

According to HelpAge International, older women are the backbone of AIDS care. In some countries in sub-Saharan Africa, between 40% to 60% of orphans live in grandparent-headed households, with the vast majority of these grandmothers. Over 50% of orphaned children live in grandparent-headed households in Botswana and Malawi and over 60% in Namibia, South Africa and Zimbabwe.

These are frightening figures. If we can encourage members of this House to support this important piece of private members' business now before the House so we have a quality of life in other countries, so we can say with some confidence that we are completely behind the millennium development goals, and so we are urging this House and all Canadians to support the 0.7%, it would be an important step. We could hold our heads up high in the international community.

As it is, Canada continues to fall behind the goals that have been set by many people in this country, including the make poverty history campaign. I would urge each and every member of this House to support this private member's bill, to say yes and demonstrate that we can be leaders in the international community.

● (1815)

Hon. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I am very pleased to participate in this debate on a very important private member's bill, Bill C-293 sponsored by my colleague from Scarborough—Guildwood. I would like to congratulate him for an excellent piece of legislation which I certainly will be supporting. Any time we can bring more accountability and transparency to the Government of Canada, to the Parliament of Canada, that is a very good thing.

I would like to note that one of my constituents, Mr. Sharif Salla, wrote me a note and asked me to support this bill. It is not often that a constituent, at least in my experience, writes in to support a private member's bill, but I will be supporting it for that reason and for a host of other reasons.

The bill sets out what the government should be doing with respect to official development assistance, or overseas development assistance as some people would call it. It states:

Development assistance may be provided only if the competent minister is of the opinion that it (a) contributes to poverty reduction; (b) takes into account the perspectives of the poor; and (c) is consistent with Canada's international human rights obligations.

Private Members Business

There is one piece missing. I have spoken to my colleague, but obviously the committee and the House at this point have not considered it a valid argument, but I think it still is. I would add a fourth criteria which would be that the recipient country practises good governance and is committed to the fight against corruption. I think it is a very important point.

The member for Nanaimo—Cowichan talked about the work that Malaspina College is doing with the country of Ghana. Ghana is a country that has committed to the fight against corruption. I had the great pleasure to meet President John Kufuor. Many of my constituents are from Ghana originally. He is an honest man, a good man. It is coming right from the top that Ghana is committed to fighting corruption.

We need to be mindful of that because Canadians and indeed people around the world are sick and tired of sending money to countries only to have the money ripped off by greedy leaders who stash away huge amounts in offshore banking centres or they launder the money domestically and buy votes. We cannot tolerate that any more, where 50¢ dollars that are going into countries for overseas development assistance just are not good enough. The bill goes a long way to bringing more accountability.

One of the criteria is that it contribute to poverty reduction. That is a very noble, very necessary criteria, but it is a vexing question. How can that be measured? The measurement process is very difficult, but it is still an objective that we need to keep in our sights and we need to keep working on.

A few years ago I had the great honour as a member of a subcommittee of the finance committee and the international affairs committee to meet in Washington, D.C. with Robert McNamara who had served as president of the World Bank and of course as secretary of defense in the U.S. government. In his role as president of the World Bank, we asked him how accountable could our Canadian dollars be going through these development organizations, the multilaterals, or even our bilateral assistance, how could we be assured that it was reducing poverty?

That gentleman who was president of the World Bank for seven or eight years said that was a very difficult and challenging question because there are so many other variables. If development assistance goes into a country the next year, there could be flooding, or there could be five years of drought, or there could be a conflict. How do we take out those variables and measure whether the development assistance that went to that country actually reduced poverty or did not? Notwithstanding that, it is an important criteria.

I am somewhat surprised that from time to time when we look at development assistance we do not spend enough attention looking at the question of corruption.

I recently read a book by Jeffrey Sachs who is a special adviser at the United Nations. He advises the UN on how to reach the millennium development goals, which are the goals to reduce poverty worldwide.

• (1820)

In his book, *The End of Poverty* which is some 300 pages, I looked up the word “corruption” in the index. Sadly, I could not find the word “corruption”. In fact, in his whole book when he talks

about development assistance and fighting poverty, there is not one mention of the word “corruption”.

I have had the opportunity over the years to be very involved with the Global Organization of Parliamentarians Against Corruption. It has 700 members of Parliament worldwide and is represented in around 70 countries. It was actually my colleague across the floor from St. Albert who took the initiative to get this organization going. There is a lot of momentum. We are including more and more parliamentarians around the world, those parliamentarians who are committed to the fight against corruption and are committed to doing something about it.

I would like to put some context to corruption. I did some work, for example, to look at the correlation between poverty and corruption. There is a high level of correlation. It is in the 90% range.

The problem is we know there is a high correlation between poverty and corruption, but we do not really know which comes first, whether the poverty comes first and that drives the corruption, or whether the corruption comes first and that drives the poverty. There is actually no reasonable way to try to come to grips with that and try to deduce that, but we do know there is a high correlation.

I was attending some debates in Europe one time and members of Parliament in Europe were arguing that poverty drives corruption. I think that is true to some extent, particularly at the lower levels of what we call petty corruption, petty bribery, where people have to pay so many rand, rupees or shillings to get a permit to do this, that and the other thing. If the people who are working in those departments are not paid anything, they are expected to take bribes.

When leaders of countries, whether they are elected leaders or officials, are salting away millions and billions of dollars into Swiss bank accounts, I am sorry, this is not driven by poverty; this is driven by greed. I have a few examples of some of the people over the years. This is only a partial list of leaders of countries who have salted away billions of dollars. The amounts are not really in dispute. They are pretty well widely acknowledged.

For example, President Suharto of Indonesia salted away between \$15 billion and \$35 billion U.S. Ferdinand Marcos of the Philippines salted away about \$5 billion to \$10 billion. Mobutu Sese Seko from Zaire, \$5 billion. Sani Abacha from Nigeria, \$5 billion. Slobodan Milosevic from Yugoslavia, \$1 billion. Mr. Duvalier from Haiti, \$300 million to \$800 million. Alberto Fujimori, Peru, \$600 million. Pavlo Lazarenko from Ukraine, \$114 million to \$200 million. Arnoldo Aleman from Nicaragua, \$100 million. Mr. Estrada from the Philippines, \$78 million to \$80 million.

If we look at the range of those and total them up, we are looking at a figure of \$32 billion to a high of \$58 billion. These are just some of the leaders of these countries, impoverished countries I might add, and I will come back to that in a moment. The leaders of those impoverished countries have salted away millions. Interestingly, the list does not include President Daniel arap Moi in Kenya who salted away, it is pretty well acknowledged, \$3 billion to \$4 billion U.S. Imagine how many hospitals and schools that kind of money would buy in Kenya.

It is estimated that corruption can add 8% to the cost of doing business in a corrupt country. In a country such as the People's Republic of China, it is estimated that corruption accounts for about 15% of GDP.

This is an issue that we have to deal with. I was going to talk about the correlation between poverty and corruption more precisely, but I will not have time to do that.

I would like to think that perhaps my colleague from Scarborough—Guildwood would consider a friendly amendment, which would now have to be done in the other place I gather, that would add the good governance criteria to the three criteria that he has in the bill now which are excellent ones. I think we need not delude ourselves that if a country is corrupt and it has no commitment to good governance, we are sending tax dollars into an area where we are making the rich and the corrupt more rich and more corrupt, and we are not really lifting out of poverty the people that are in poverty, those very people that we are trying to reach.

• (1825)

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, I have a very short speech, but first I want to commend the member for Nunavut for her excellent time in the Chair.

This morning members from all parties presented a petition of over 10,000 names supporting this piece of legislation to ensure that aid is delivered effectively. It is for poverty. It takes into account the views of the poor and it fulfills Canada's human rights obligations. When a petition of more than 10,000 signatures from people across the country is tabled by all the parties, it really shows the support of the various parties in the House and Canadians.

I commend the member for this initiative and I know he has a lot of support for it across the nation.

• (1830)

Hon. John McKay: Mr. Speaker, seeing no other members rising, I suppose it falls to me to wind up. This does bring close to the end a long—

The Acting Speaker (Mr. Royal Galipeau): You would only have the right of reply at report stage if there was unanimous consent of the House.

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Royal Galipeau): There is no unanimous consent.

The question is on Motion No. 1. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Private Members Business

Some hon. members: Nay.

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

And five or more members having risen:

The Acting Speaker (Mr. Royal Galipeau): The recorded division on Motion No. 1 stands deferred.

[*Translation*]

The question is on Motion No. 2. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And five or more members having risen:

The Acting Speaker (Mr. Royal Galipeau): The recorded division on Motion No. 2 stands deferred.

[*English*]

The next question is on Motion No. 3. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And five or more members having risen:

The Acting Speaker (Mr. Royal Galipeau): The recorded division on Motion No. 3 stands deferred.

[*Translation*]

The recorded division will also apply to Motion No. 8.

The question is on Motion No. 4. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Adjournment Proceedings

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And five or more members having risen:

•(1835)

[*English*]

The Acting Speaker (Mr. Royal Galipeau): The recorded division on Motion No. 4 stands deferred.

The next question is on Motion No. 5. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And five or more members having risen:

The Acting Speaker (Mr. Royal Galipeau): The recorded division on Motion No. 5 stands deferred.

The next question is on Motion No. 9. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And five or more members having risen:

The Acting Speaker (Mr. Royal Galipeau): The recorded division on Motion No. 9 stands deferred.

Normally at this time the House would proceed to the taking of the deferred recorded divisions at the report stage of the bill. However, pursuant to Standing Order 98 the recorded divisions are deferred until Wednesday, March 28 just before the time provided for private members' business.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[*Translation*]

MINISTER OF CITIZENSHIP AND IMMIGRATION

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, on February 19, 2007, during question period, I asked the then Minister of Citizenship and Immigration a question.

This was my question.

[*English*]

Mr. Speaker, that is not all. To arrive in style at a county fair last September, the very same minister rented yet another limo, spending \$862 so she could take in the sights for four hours.

The minister spent more on one four hour limo ride than her Conservative government gives to parents in one year. How does she justify that?

My ears were shocked to hear the minister's response. The minister's response was:

Mr. Speaker, where I live and where I travel there is often very limited access to public transit. Where I live there is no public transit.

No one is asking the minister to travel by public transit.

The minister, who is now the Minister of Citizenship and Immigration, was the minister of human resources and social development when she tabled and spent all that money.

I will give a couple of examples of the expenses of the Minister of Citizenship and Immigration: \$2,496.98 at the Pan Pacific Vancouver Hotel for the minister, at \$720 a night, and for her Conservative staffer, \$285 a night, to attend the World Urban Forum which was held from June 18 to 20, 2006. Then she cost the taxpayers \$805 for Canada Limousine Incorporated in Kitchener and gave a \$105 tip on April 20, 2006. That is really nice.

I am sure a lot of Canadians would like to keep the so-called \$100 per child under age six entirely in their pockets, but as they are doing their 2006 income tax reports, as we speak, they are finding out that the new government and the Prime Minister has pulled the wool over their eyes. The now know that the \$100 child allowance per child under six years old is taxable and, guess what, the families that earn the least income get to keep the least of that \$100.

Adjournment Proceedings

However, the minister did not stop there. On the same day, April 20, 2006, her staffer rented a car from Budget car rental for \$39 a day. Why could her staffer, at \$39 for the entire day, not have driven the minister, instead of costing the taxpayers \$805 so that she could have a uniformed chauffeur driving her in a limousine?

On March 19, 2006, there is \$345 for Canada Limousine in London, Ontario—

• (1840)

The Acting Speaker (Mr. Royal Galipeau): The hon. Parliamentary Secretary to the Minister of Human Resources and Social Development.

Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC): Mr. Speaker, I know I am not going to have enough time for everything I would like to say. However, Canadians will no doubt be in awe that a member of the Liberal caucus would rise in the House to cast stones in a debate on the ethical use of public funds.

Over the past 13 months, the new government has been restoring the faith of Quebecers and the faith of all Canadians, which the Liberals broke over the past 13 years. Quebecers and Canadians are relieved to have a government that respects them. For the member to think that they have already forgotten her and her party's arrogant abuse of taxpayers' money is completely wishful thinking.

Canadians have not forgotten the \$1 billion boondoggle. Canadians have not forgotten Shawinigate. They have not forgotten Auberge Grand-Mère. Canadians have not forgotten Jean Brault, Alfonso Gagliano, or all those brown envelopes stuffed with cash being exchanged at Restaurant Frank, and certainly neither have Quebecers.

This is the Liberals' legacy for HRSDC. Each of these scandals shows that Liberals did with HRSDC what they will do if they are ever in charge again. The corruption was on their watch. The scandals were on their watch. The culture of entitlement was on their watch.

The member for Notre-Dame-de-Grâce—Lachine's Liberal Party orchestrated one of the greatest scandals in Canadian history. Canadians grew tired of it. After 13 years of being treated with contempt by the Liberals, Canadians went to the polls and asked us to govern. They asked the Conservatives to form the government.

We are rewarding their decision by bringing them good and accountable government. The former minister's expenses met Treasury Board guidelines. Can the member say the same for ad scam?

I must say that the minister the member is talking about replaced five Liberal ministers. Canadians will not be duped by the member into comparisons of us with the Liberals' rotten apples, but if the member prefers Canadians to look only at the former minister's expenses and compare them to the spending of Liberal HRSDC ministers, she had better be careful about what she wishes for.

Measured over the same period of one year, HRSDC ministers' spending under the Liberals was 7.5 times more than the former minister's. The Liberals spent approximately \$247,000, while the former minister spent approximately \$32,000.

With only a fraction of the former minister's portfolio, the Liberal social development minister spent about \$62,000 before Canadians retired his number. The Liberal housing minister spent over \$69,000. These ministers each spent twice as much as the former minister over the same period of time.

What do they have to show for it but a litany of broken promises, a record of scandals and 13 years of corruption?

If Canadians were asked to compare expenses of former Liberal ministers and their staff in one year to what this minister spent for one year, they would see that Liberals cost them 96 times more, and the Liberals did not have 96 ministers in their cabinet.

It may also be instructive to compare the former minister's expenses to those of the Leader of the Opposition, whom that member supported for the leadership of the Liberals. Documents show that her candidate for leader of the Liberal Party, the person she puts forward as her choice to set an example for the Liberals, who want so badly to form the government again, opted to lodge at a hotel just blocks away from his residence in Montreal when Canada hosted a Kyoto conference. The cost to taxpayers of his decision not to walk a few blocks was over \$5,500. His decision to drive to Montreal and keep a chauffeur in the city was over \$14,000.

By whatever brush the member wants to use, she cannot and will not be able to whitewash the Liberals' broken promises, record of scandals and 13 years of corruption that easily.

• (1845)

Hon. Marlene Jennings: Mr. Speaker, I find it amazing to listen to that member justify the use of taxpayers' money in the way that the minister used it.

I also find it interesting. Is the member prepared to justify the use of taxpayers' money and the possible misuse of parliamentary budget money by her own party and government in order to pay off a member of Parliament to resign his seat in order to make way for the member of Parliament who is now the Minister of Public Safety? Is she prepared to justify that? Is that ethical behaviour? I would like to know.

Is it ethical behaviour on the part of her own leader, who is the Prime Minister, to make scurrilous accusations in the House about Maher Arar in 2002, which are in *Hansard*, and then deny—

The Acting Speaker (Mr. Royal Galipeau): The hon. Parliamentary Secretary to the Minister of Human Resources and Social Development.

Mrs. Lynne Yelich: Mr. Speaker, as I said when the member first asked her question, and as I mentioned again today, the former minister's expenses were all within Treasury Board guidelines. Canadians are satisfied even if the member is not. Canadians see that the member's strategy and motives here are transparent even if her party's record was not.

Adjournment Proceedings

This is a strategy to deflect attention from that lamentable record. It is to deflect criticism from: the \$1 billion boondoggle; Shawinigate; problems with the transition jobs fund; the sponsorship scandal and Groupe Action, investigations into the Quebec wing of the Liberal Party and brown envelopes stuffed with cash; more than half a dozen bureaucrats removed from their jobs following an investigation into these projects; shuffling Alfonso Gagliano off to Denmark; federal job training grants for payments to the Liberal Party; Denise Tremblay's huge travel expenses on the Veterans Affairs board while the Liberals underfunded veterans; fake invoices for the flag flap; Frulla's renovations; Dingwall's expenses as head of the Mint; the secret national unity fund; and the George Radwanski affair.

Is the member ready to defend even—

The Acting Speaker (Mr. Royal Galipeau): The hon. the member for Vancouver Island North.

DEMOCRATIC REFORM

Ms. Catherine Bell (Vancouver Island North, NDP): Mr. Speaker, I am glad to have this opportunity today to question the Minister for Democratic Reform further on his ill-advised process to study Canada's electoral system.

I have several questions for the minister in the very few minutes that are allotted to me.

First, I would like to know why the minister is ignoring the will of this House that adopted recommendations in the 43rd report of the procedure and House affairs committee of the 38th Parliament, including a recommendation to broadly consult with Canadians on the values and principles that they would like to see in our electoral system? Canadians expect their government to be open and accountable, but this government has hijacked the process that was agreed upon in the past.

Second, can the minister explain to us why, after saying he did not want the process taken over by special interest groups, he contracted it out to a special interest group?

The Frontier Centre for Public Policy is well known as a right-wing think tank and has several articles opposing electoral reform on its website. It is hardly an unbiased group to convene a series of focus groups across the country.

Was it the only group that applied for the job of convening the focus groups? Was the process even open for other facilitators to apply for this opportunity? Those are just a couple of questions.

I would also like the Minister for Democratic Reform to tell Canadians what criteria he used to select the 40 people for the first focus group? Are they selected from certain segments of the population? Are they representative in any way? Did he put an ad in a paper or on a government website and did they apply to come to the discussion? How does one know where to go to be a part of this hand-picked, closed-door process?

Canadians are not fooled by the government. They know that real civic engagement does not happen behind closed doors. If the minister really wanted participation, he would support Motion No. 262.

I ask again, will the minister now admit that his sham process of bogus civic engagement is a waste of energy? Will he do the right thing, withdraw the electoral reform from that process and commit to full citizens' consultation across Canada?

• (1850)

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 must say that I reject entirely the premise that the member makes that the process we are engaging in is not open and transparent.

In fact, I find it amazing that a member of the New Democratic Party would actually bring this forward because in the procedure and House affairs committee, it was the government that presented a motion that in effect would have members of the procedure and House affairs committee travel across Canada in a parallel consultation exercise to the one that we have already announced.

Yet, do members know what happened when we put that motion? The NDP voted against it. The NDP, the Bloc and four out of the five Liberals voted against it. The only member who voted with us was the Liberal member for Vancouver Quadra.

We wanted to ensure that the committee members who represent the procedure and House affairs committee in this House had an opportunity to travel across Canada and engage Canadians in the very process that the member is suggesting, or at least she had suggested in her bill. Yet, her own party voted against that motion.

I find it, frankly, more than a little hypocritical to suggest now that the consultation process that we have started and announced on January 9 is not open and transparent.

Let us reflect again exactly what is going to happen in that consultation process. There will be meetings across Canada. There will be 12 meetings, one in each of the 10 provinces, one for the territories and a separate consultation process for what we call a youth meeting. At each one of these meetings, there will be 40 members who are selected to represent the broad demographic, cultural and other ranges of the clientele or the population within that region.

These individuals will be able to extensively study the material beforehand. Then they will be able to have a wide open dialogue and consultation, expressing their views on a range of issues on democratic reform. This is going to be as open and transparent a process as probably we have ever seen.

However, to add to that process, once again I say that we wanted to have parliamentarians engaged in the same process in a parallel stream. Yet, what happened? The member's own party voted against that.

I can only stand here in amazement and suggest to the member that perhaps if she was truly serious about engaging this consultation process, she should have a discussion with her own members who sat on that committee and question them as to why they voted against our motion.

Adjournment Proceedings

Ms. Catherine Bell: Mr. Speaker, the minister knew in December that I had put my Motion No. 262 on the national agenda, but in January, while all the members of this House were on a Christmas break, on holidays and in their ridings, he introduced his sham of an electoral reform process and awarded the contract to his friends. Talk about an open process. My goodness, it is starting off behind closed doors already.

A little over a month later, he came to the procedure and House affairs committee and asked it to vote for something that was done behind closed doors. Of course, we voted against that process. It was bogus. It is a sham.

We support true civic engagement and that was what was put forward in the last Parliament, in the 43rd report of the procedure and House affairs committee. We will be voting to honour the work that was done in that committee by Ed Broadbent and many others to have true engagement of citizens across this country.

Mr. Tom Lukiwski: Mr. Speaker, once again, my hon. colleague is completely off the mark. When we made the announcement January 9 of a citizens' consultation process, it was not awarded to friends of the minister, as she suggested. If she does suggest that, I would invite her to take that outside and make that accusation. There was a request for a proposal. It was an open tendered process.

However again, the second part of her supplemental question suggested that we came to the committee with a recommendation that was rejected. That is the farthest thing from the truth.

At committee, we entertained a separate motion that would allow members of the committee to travel across Canada to engage in a parallel citizens' consultation process. This was not staged. There would be representation from the New Democratic Party, as well as the Bloc, the Liberals and the Conservatives. That consultation process would have been there to engage all citizens, but her members, members of the Liberal Party and the Bloc voted against it.

•(1855)

[Translation]

OFFICIAL LANGUAGES

Mr. Richard Nadeau (Gatineau, BQ): Mr. Speaker, on March 2 I asked the Minister for la Francophonie and Official Languages how she could be satisfied with the *National Defence Official Languages Program Transformation Model* of October 2006 when Graham Fraser, the Official Languages Commissioner, pointed out in committee that the best a unilingual francophone soldier could hope for in the Canadian armed forces is to be an infantry soldier at Valcartier. He went on to say that evidently it is possible for a unilingual anglophone to rise to the rank of brigadier general.

The Commissioner also stated, "It is practically impossible to establish a challenging career in the Canadian Forces if you are a unilingual Francophone".

In response to my questions about this situation, the insulting reply by the parliamentary secretary, the Conservative member for Beauport—Limouilou, was quite discriminatory for francophones in Quebec and Canada: "—the Bloc throws its little temper tantrum". Such language truly shows little regard for la Francophonie in Quebec and Canada.

It is an insult to anyone concerned about the rights of francophones to have to endure the disgraceful attitude of the federal government regarding its obligations with respect to official languages in the Canadian armed forces.

It is even more insulting to hear the Minister for la Francophonie and Official Languages say in this House that she had the backing of the Official Languages Commissioner in developing this new direction. Commissioner Graham Fraser's response to this was as follows: "Neither Dyane Adam (his predecessor) nor I have endorsed this new functional approach". It is shameful of the minister and the hon. member for Louis-Saint-Laurent and of the Conservative government. Seeking credibility from people who are concerned about la Francophonie in Quebec and Canada by telling such a falsehood speaks volumes about the moral value of their linguistic approach to our soldiers and our francophone soldiers.

With the Canadian Forces turning around and no longer requiring its high ranking officials to be bilingual, the Conservative government is showing its reformist side from the Manning days and its Alliance side from the days of the hon. member for Okanagan—Coquihalla, and is not fulfilling its responsibilities under the Official Languages Act. This is further evidence that the Minister for la Francophonie and Official Languages accepts this irresponsible turnaround when it comes to the Canadian Forces honouring their responsibilities under the Official Languages Act. The Canadian Forces official languages track record was bad enough when the Liberals were in power.

Allow me to quote Yves Ducharme, the national president of the Agriculture Union of the Public Service Alliance of Canada, which represents, among others, language teachers at the Department of National Defence training facilities:

In moving to adopt these new regulations, it would seem to us that the Minister of National Defence is either unaware of the importance of the Official Languages Act, or has turned a blind eye to its provisions. Either case is unacceptable.

I heartily agree.

Mr. Jacques Gourde (Parliamentary Secretary to the Minister of Natural Resources, CPC): Mr. Speaker, allow me, first, to assure the House that the Minister of National Defence and the Canadian Forces recognize the importance of official languages and are determined to improve their performance in this field.

The transformation model establishes the Canadian Forces' official languages strategic vision, which will ensure that members of the Canadian Forces are to be consistently led, trained, administered and supported in their official language of choice, in accordance with the requirements of the Official Languages Act.

There is a myth that the Official Languages Act requires each member of the Canadian Forces to be bilingual. Even members of the public service are not all required to be bilingual.

I can assure the House that there is nothing to prevent francophone members of the Canadian Forces from gaining promotion. That is a false notion concerning the transformation model. There will be no negative impact on the professional advancement of francophones.

Adjournment Proceedings

The transformation model will have a positive impact on the careers of both anglophones and francophones. Indeed, francophones are well represented in the Canadian Forces. In 2005-06, the percentage of francophones in the Canadian Forces was higher than the percentage of francophones in the Canadian population.

French is the mother tongue of about one-quarter of the Canadian population, while 27.4% of the members of the Canadian Forces are francophones. More than 27% of the members of the forces are francophones, including 28% of general officers and 33% of chief warrant officers and chief petty officers, first class.

Francophones are very well represented in the Canadian Forces and they will continue to be well represented in the future.

They are not only well represented at subordinate levels, but also in the higher levels of the Canadian Forces. Being a francophone in no way prevents a member of the military from advancing to higher ranks in the armed forces.

Ensuring that military personnel can be trained in their official language of choice is a priority of the Canadian Forces. That is why one of the priorities of the transformation model is to create a core of bilingual military instructors.

All training for recruits is offered in both official languages. While there is still work to be done, the Canadian Forces have made progress in offering training courses in both official languages. In 2005-06, some 21.6% of all courses were offered in French or in both official languages, an increase over the 18% of courses in 2004-05.

The new Official Languages Transformation Model will bring the Canadian Forces more completely in line with the requirements of the Official Languages Act.

It includes a new method for determining whether military and civilian personnel of the Department of National Defence are fulfilling their official language obligations in the workplace. We will thus be better able to address and take measures to remedy any problems more quickly.

I am convinced that the transformation model will enable us to resolve the issues raised by the Commissioner of Official Languages and to allay the concerns of those who have raised questions.

Implementation of this plan will ensure a fairer and more equitable environment in which members of the Canadian Forces, anglophones as well as francophones, will be able to work and learn in the official language of their choice, in accordance with the Official Languages Act.

• (1900)

Mr. Richard Nadeau: Mr. Speaker, here is an example of my concerns. Once again, I would like to quote Mr. Ducharme:

What will happen in a future situation when a unilingual anglophone officer finds himself or herself commanding unilingual francophone soldiers? Under battlefield conditions, this becomes a matter of life and death. Organizing military units by language will deepen the isolation and lack of understanding between linguistic groups; this can only serve to increase tensions between anglophone and francophone soldiers at a time when there has arguably never been a clearer need for solidarity in the ranks.

The Minister for la Francophonie and Official Languages must demand that the Minister of National Defence go back to the drawing board and create with a model that respects both our soldiers and the Official Languages Act.

Mr. Jacques Gourde: Mr. Speaker, I would like to remind the House that, unlike the political party to which the hon. member for Gatineau belongs, we and the other members of this House voted in favour of Bill S-3 on official languages. Accordingly, the Bloc is in no position to be lecturing us. We will work to ensure that linguistic duality is just as strong in the Canadian armed forces as it is in other federal institutions.

The Acting Speaker (Mr. Royal Galipeau): The motion to adjourn the House is now deemed to have been adopted.

[*English*]

Accordingly this House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 7:04 p.m.)

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