



CANADA

# House of Commons Debates

---

VOLUME 138 • NUMBER 102 • 2nd SESSION • 37th PARLIAMENT

---

OFFICIAL REPORT  
(HANSARD)

**Wednesday, May 14, 2003**

—

**Speaker: The Honourable Peter Milliken**

## **CONTENTS**

(Table of Contents appears at back of this issue.)

All parliamentary publications are available on the  
"Parliamentary Internet Parlementaire" at the following address:

**<http://www.parl.gc.ca>**

# HOUSE OF COMMONS

Wednesday, May 14, 2003

The House met at 2 p.m.

---

*Prayers*

---

• (1405)

[English]

**The Speaker:** As is our practice on Wednesday, we will now sing O Canada, and we will be led by the hon. member for Algoma—Manitoulin.

*(Editor's Note: Members sang the national anthem)*

---

## STATEMENTS BY MEMBERS

[English]

### NATIONAL NURSING WEEK

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Mr. Speaker, May 12 to 18 marks the celebration of National Nursing Week 2003. This year's theme is "Nursing: At the Heart of Health Care".

Nurses deal with difficult circumstances daily, both emotionally and physically. Their jobs are extremely challenging and they face many difficulties every day. This is especially true this year with the outbreak of SARS. Nurses are invaluable at any time, but especially with the SARS situation in all regions in Canada, especially in Toronto.

The nurses of Canada truly have acted as champions, standing by, supporting and leading Canadians in a collective effort to maintain and improve health.

Home care programs in Canada is one area that nurses in Canada are trying to improve for all Canadians. Nurses are pleased with the promise of dedicated funding for home care made in the most recent federal budget. Now we need to ensure that the funding is used in the most effective manner possible. We need to ensure that home care can be available to all Canadians no matter where they live in Canada.

I would like to take this opportunity to thank all the nurses in Canada for their tremendous efforts on behalf of the constituents in the riding of Lambton—Kent—Middlesex.

### CPR

**Mr. Dale Johnston (Wetaskiwin, Canadian Alliance):** Mr. Speaker, every year 23,000 Canadians die from heart attacks, and more than half of those die before reaching hospital care. Lives could be saved if more Canadians were trained to administer CPR.

This year 600 grade 10 students from the Wolf Creek School District in my constituency of Wetaskiwin are learning how to recognize the early warning signs of heart attacks and strokes, and how to apply CPR. Just last week in British Columbia, the friends of a drowning 13 year old girl saved her life because they knew CPR. Like insurance, we hope that we never need it but CPR training is invaluable in an emergency.

Locally, the STARS Foundation donated 80 mannequins, the St. John Ambulance trained high school teachers to be CPR instructors, and the *Ponoka News* donated the printing of the student manuals.

Thanks to the ACT Foundation and the generosity of the private sector, this important technique is now part of the Alberta school curriculum. This is a win-win program for the community, and I want to commend all involved.

On a personal note, I would like to announce the safe arrival this morning at 4:30 Mountain Daylight Time of my very first grandchild, and congratulate my daughter Dalene and her husband Andy who have made us very proud.

\* \* \*

### WEST NILE VIRUS

**Mr. Julian Reed (Halton, Lib.):** Mr. Speaker, on Friday the House will break for a week, and all across the country Canadians will kick off summer with the Victoria Day long weekend.

In the riding I serve, the people of Halton recognize that it is also the start of mosquito season, which is public health enemy number one. Like many others from the riding, I will be doing my part to reduce the risks of West Nile Virus by draining standing water and ensuring that the door and window screens for my house fit tightly and have no holes.

Last summer there were 59 human cases of West Nile Virus in Halton. Avoiding mosquito bites is the easiest way to avoid infection. Protective clothing, insect repellents and draining standing water, these things are now as much a part of Canadian summer as barbecues and the cottage.

*S. O. 31*

### WOMEN ENTREPRENEURS

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, as chair of the Prime Minister's task force on women entrepreneurs, I am delighted to announce that Mayor Mel Lastman has proclaimed May 16 as Women Entrepreneurs Day in Toronto.

In celebration of the day, the Women Entrepreneurs of Canada has proudly joined forces with the National Association of Women Business Owners from the United States to co-host an international conference in Toronto. In 2001 members of the international organization, Les Femmes Chefs d'Entreprises Mondiales, first began to lobby the United Nations General Assembly to officially declare a world day for women entrepreneurs for the third Friday of May.

In Canada women are creating businesses at twice the rate of men, and last year we contributed over \$18 billion to the Canadian economy, and our task force will be making recommendations on how to enhance this contribution.

We believe supporting women entrepreneurs is good economic policy and sound economic development. Please join me in celebrating Women Entrepreneurs Day.

\* \* \*

### SEVERE ACUTE RESPIRATORY SYNDROME

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, now that Toronto and Vancouver have overcome the challenge of the recent outbreak of the SARS virus, I want to recognize the contributions of so many in my own riding of Scarborough—Rouge River and the region.

First, there were those who fell victim to the virus, and their families. Then there are the hundreds of health care workers, some of whom got the disease and some of whom died serving our communities. Those doctors and nurses and other workers could have stood down but they did not, and they continue to work for us right through to today, knowing the risks and seeing some of their own fall victim to the virus.

There are also the many others across the community who have suffered losses. As a community in Toronto and York region, we have won the battle. We will recoup our losses. We have learned valuable lessons which will serve others and our people will reconstruct and re-engage economically. The Government of Canada has earmarked \$100 million for this purpose and will work with other governments to ensure a clear and final victory for all of us.

\* \* \*

• (1410)

### MARCH FOR LIFE

**Mr. Maurice Vellacott (Saskatoon—Wanuskewin, Canadian Alliance):** Mr. Speaker, today marks the sixth annual March for Life celebration on Parliament Hill. Earlier this afternoon, thousands of Canadians from coast to coast came together outside this Parliament building to affirm their commitment to the value of life from conception to natural death.

Yesterday some members of parliament from all parties held a press conference in conjunction with this event. Women who shared

the podium with us told of the harmful effects of abortion on their health and well-being.

These women want the same standards of informed consent to exist for abortion as are required in other areas of health care. Strong reproductive health policy needs to recognize these concerns. Public policy needs to be based on the most current research available. This would be consistent with a commitment to excellence in women's health.

I want to thank all those who are in town for the March for Life for keeping these issues before us while we legislate in this place.

\* \* \*

### ARAB CANADIANS

**Mrs. Carolyn Parrish (Mississauga Centre, Lib.):** Mr. Speaker, I rise today to acknowledge representatives from the Arab Canadian community who are here this week to meet members of Parliament in their first official lobby day on the Hill.

Today approximately 500,000 Arabs are proud Canadians who have contributed extensively to our economy and our culture. They have been part of the fabric of this country for more than 100 years.

Unfortunately, stereotypes and misinformation have been perpetrated by the Hollywood media, causing much stress in the Arab community. Hassles at border crossings and airports and unforgiving security laws have entered the lives of Arabs in Canada.

Rather than disrupt, Arab Canadians are making positive efforts to effect changes by coming to Ottawa to educate and to break down barriers.

I encourage all of my colleagues to welcome the delegates to their offices and give serious consideration to the policy recommendations being put forward.

Congratulations to Arab Canadians for having the courage to confront their difficulties head on and in a constructive way.

\* \* \*

[*Translation*]

### JEAN-PHILIPPE LEBLANC

**Ms. Caroline St-Hilaire (Longueuil, BQ):** Mr. Speaker, it my pleasure to welcome to Parliament Hill the member for a day from Longueuil, Jean-Philippe Leblanc. He is the big winner in the "MP for a day" contest at Jacques-Rousseau high school, in my riding.

I want to congratulate all secondary IV students in the national history course who participated in the contest. Selecting a winner was not an easy task, but I chose Jean-Philippe because of his drive, his speaking skills and, of course, his keen interest in politics.

During his stay in Ottawa, Jean-Philippe, who is accompanied by his mother, Mrs. Lucille Lapointe-Leblanc, will explore and familiarize himself with the workings of Parliament.

By offering this opportunity, I wish to interest young people in the world of politics and create an awareness of parliamentary work.

Jean-Philippe, on behalf of all my colleagues, I welcome you and wish you an enjoyable stay among us.

\* \* \*

[English]

#### DORIS BOYCE SAUNDERS

**Ms. Anita Neville (Winnipeg South Centre, Lib.):** Mr. Speaker, I rise today to pay tribute to Dr. Doris Boyce Saunders who passed away on May 3, 2003, at the age of 101.

In 1928 Dr. Saunders became the first woman to be appointed to the Department of English at the University of Manitoba. She became an assistant professor in 1941 and a full professor in 1959, the first woman in the faculty of arts to hold this position. Dr. Saunders was appointed registrar of the new University College from 1964 until her retirement in 1968. Dr. Saunders was an early member of the University Women's Club, serving on many committees and becoming president of the local chapter as well as President of the Canadian Federation.

Doris will be remembered for her intelligence and ability, her quick humour, her creativity and the strength of her character. She was a pioneer in her field and a role model for many women. As the University of Manitoba president said, "There is no question her independence and her courage helped bring some very new directions for woman. All academic women have her to credit".

She was an inspiration for all who followed.

\* \* \*

#### OFFICE OF THE AUDITOR GENERAL

**Mr. John Williams (St. Albert, Canadian Alliance):** Mr. Speaker, a gathering will take place on Parliament Hill this evening to celebrate the 125th anniversary of the Office of the Auditor General of Canada.

In 1878 the government of Alexander Mackenzie proposed a bill that would free the auditing of public accounts from any interference on the part of the administration. That legislation laid the groundwork for 125 years of dedicated service to Parliament and to Canadians.

From the first Auditor General, John McDougall, to the current Auditor General, Ms. Sheila Fraser, the office has been serving all Canadians with the utmost of professionalism, integrity and credibility. As parliamentarians, we know that when the Auditor General speaks, the nation listens.

As chair of the Standing Committee on Public Accounts, I have had the privilege of working closely with the office over the years. On behalf of all parliamentarians and Canadians, I wish the Office of the Auditor General success in the future as it continues to assist parliamentarians and helps to protect the hard earned dollars of Canadian taxpayers.

\* \* \*

• (1415)

#### MARCH FOR LIFE

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, today on the front steps of Parliament citizens peacefully demonstrated to

*S. O. 31*

show their desire for new laws to protect our unborn children. Without an abortion law on the books, every year in Canada we permit more than 100,000 innocent lives to be terminated without any consideration for the lost human potential.

I applaud the people outside who are taking the time to remind Parliament that it is our duty to protect those who are not able to protect themselves. I offer my support for the belief that all life is a sacred gift from the moment of conception to the point of natural death.

Most important, I would urge my colleagues to keep this philosophy in mind as Parliament considers issues involving embryonic stem cells and human reproductive technologies. In short, just because science says that we can do something does not mean that we should.

\* \* \*

#### STATUS OF WOMEN

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, when it comes to women's equality this government should hang its head in shame. Consider the fact that the United Nations has recently issued a report condemning Canada for its failure to live up to the commitment under the Convention on the Elimination of all Forms of Discrimination against Women. Shame on this government.

More evidence of this disgraceful position occurred yesterday with the release of the Statistics Canada report on income levels showing that as a nation we have a long way to go before realizing our objective of gender equality. While the income level has risen for single parent families predominantly headed by women, even the higher level leaves such families making less than half of the national average income.

End this disgrace. Put women's equality back on the political and public agendas. It is time the government responded to UN concerns and presented a strategy with measures to proactively address this unacceptable situation.

\* \* \*

[Translation]

#### NATIONAL NURSING WEEK

**Ms. Madeleine Dalphond-Guiral (Laval Centre, BQ):** Mr. Speaker, during this National Nursing Week, I proudly salute my colleagues, the nurses of Quebec.

This year's theme "Nursing: At the heart of health care", very accurately reflects the commitment of these health professionals who provide, often under difficult circumstances, quality care to patients and their families.

Not only do nurses have a demanding profession, both physically and emotionally, but now they have to cope with reduced staffing because of, among other things, cuts to health care due to the fiscal imbalance.

*Oral Questions*

At present, in Canada, nurses are clocking 250,000 hours of overtime each week, or the equivalent of 7,000 full time jobs a year. It seems obvious to us that this is a situation that must be corrected as soon as possible, so that the quality of life of these nurses can be restored, both at work and outside health care facilities.

To the nurses of Quebec and Canada, on behalf of the Bloc Québécois, I say thank you. We know that we can count on you.

\* \* \*

[English]

**UKRAINE-CANADA RELATIONS**

**Mr. Walt Lastewka (St. Catharines, Lib.):** Mr. Speaker, I rise in the House of Commons today to welcome Mr. Viktor Yushchenko, former prime minister of Ukraine to Canada.

From 1993 to 1999, Mr. Yushchenko was governor of the National Bank of Ukraine, one of Europe's newest central banks, and he played a key role in establishing a solid banking system in the newly independent Ukraine. For his outstanding accomplishments, he received the Global Finance Award as one of the world's top central bankers.

During his 16 months as prime minister, he oversaw a series of key economic reforms that helped turn around Ukraine's struggling economy and improved conditions for foreign and domestic investment.

In January 2002 Mr. Yushchenko united a broad range of democratic parties and groups to create "Our Ukraine", an electoral coalition that won numerous parliamentary elections that year.

While in Canada, Mr. Yushchenko will be reinforcing the good relations between Ukraine and Canada and will be meeting with members of Canada's million strong Ukrainian community.

\* \* \*

**PERTH—MIDDLESEX**

**Mr. Rick Borotsik (Brandon—Souris, PC):** What a delight, Mr. Speaker. We had a Progressive Conservative victory in Perth—Middlesex. A determined PC candidate, Gary Schellenberger ran a hard fought campaign and won Monday night's byelection.

However it appears the Prime Minister has decided to blame his byelection blues on everyone else but himself and his government, saying that they had a problem in the riding and were unlucky. In typical Liberal fashion the PM blamed the previous Liberal member who held that riding.

Before the Prime Minister shrugs off this loss, perhaps he should realize that the voters of Perth—Middlesex have sent him a clear message: that they no longer tolerate the mismanagement of health care; the fishery; softwood lumber; agriculture; military; and the conflict in Iraq. The people of Perth—Middlesex chose not to reward the Prime Minister and his Liberal government for their continued mismanagement of national affairs.

The Prime Minister said the previous member stayed too long. Perhaps after 40 years this Prime Minister has stayed too long.

**ORAL QUESTION PERIOD**

● (1420)

[English]

**FISHERIES**

**Mr. Grant Hill (MacLeod, Canadian Alliance):** Mr. Speaker, the Premier of Newfoundland and Labrador has joined other provinces to call for more control of provincial resources. The Prime Minister has been somewhat dismissive of that request. In fact, he said he will not be here fairly soon so he is just not interested.

He also dismissed Liberal MPs who expressed concern over the cod fishery. Will the Prime Minister reconsider and sit down with the Premier of Newfoundland and Labrador about this issue?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I said, and I repeat, that there is no desire of any provincial government to re-open the Constitution and go back to Meech Lake and Charlottetown, and debate all the problems of the Constitution of 10 years ago. We did not debate that. We discussed the real problems of the Canadian population and it is why Canada is in such good shape.

I met with the premier when he came here last week. I also met with members of Parliament and this morning in caucus the three of them said that it was not true that they were threatening to resign from the caucus. But that was not what was in the press.

Members should base their questions on real facts rather than pretensions that I do not want to be the Prime Minister and that members cannot express their views.

[Translation]

**Mr. Grant Hill (MacLeod, Canadian Alliance):** Mr. Speaker, the Prime Minister has simply ignored the provinces' concerns, be they related to softwood lumber, duties on wheat or the fisheries in Newfoundland. Yet the provinces' demands are very reasonable. They want more control over their resources.

Is he now prepared to sit down with the Premier of Newfoundland to discuss that province's concerns, yes or no?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, as I just said in English, I met with the Premier of Newfoundland myself, in my office, a few days ago and I discussed this problem with him. There have already been some proposals concerning federal jurisdiction over the fisheries.

At the time, the Maritime provinces agreed that it would be best if the federal government managed the fisheries because the interests of the various provinces would be better served. Otherwise, there would be daily conflicts about the quotas in one province or another. What can I say; that is the way mother nature operates. Fish swim around, while the provincial borders remain the same.

*Oral Questions**[English]*

**Mr. Grant Hill (Macleod, Canadian Alliance):** Mr. Speaker, the Liberals are frankly in disarray on this file. The Solicitor General just over a year ago said that strong unilateral action by the government should be taken against foreign overfishing.

The only unilateral action that has been taken by the Prime Minister is to shut down the fishery in Newfoundland and Labrador. Why did the government choose unilateral action against fishermen in Canada instead of the foreign overfishing that really is a problem?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I see how irresponsible members of the opposition are when they say, closing the fisheries.

In 1991 the fisheries in Newfoundland and Labrador represented \$280 million of income. Last year it was \$517 million. The industry is still progressing. It is doing better with some types of catches, but unfortunately, because of the balance of nature, some other species are less profitable. It is nature.

Compared to last year, there has never been more income coming to Newfoundland and Labrador from fisheries.

\* \* \*

**HEALTH**

**Mr. Rob Merrifield (Yellowhead, Canadian Alliance):** Mr. Speaker, the former finance minister has been crossing the country stating that the health accord did not deal with the fundamental issues of health care.

He suggests that he will rip up the health accord upon becoming Prime Minister. The Canadian Alliance, the provinces, and the federal government stand behind the accord.

Will the minister repeat today what she said last night, namely that the former finance minister was wrong about the health accord?

**Hon. Anne McLellan (Minister of Health, Lib.):** Mr. Speaker, what I said last evening was very clear and unequivocal. In fact, the first ministers accord, in relation to the renewal and sustainability of our health care system, is a singular achievement of the government, our Prime Minister, and all first ministers in the country.

The terms of that accord not only speak to the federal government's commitment of 34.8 billion new dollars for health care, but it speaks to the important structural changes that must take place if we want to have a sustainable system for the future.

● (1425)

**Mr. Rob Merrifield (Yellowhead, Canadian Alliance):** Mr. Speaker, the minister said last night she did not agree with the former finance minister.

He has said the health accord does not deal with the fundamental issues of health care. Clearly this means that the health accord is at risk of being ripped up in the future by the next Prime Minister. The former finance minister is the same man who gutted health care in the mid-90s.

How can the health minister guarantee Canadians that the former minister will not dump the accord?

**Hon. Anne McLellan (Minister of Health, Lib.):** Mr. Speaker, it is very clear to the government that 13 provincial and territorial jurisdictions, including all Canadians, stand firmly behind the first ministers accord.

In fact, 34.8 billion new dollars will help insure that provinces and territories are able to deliver a publicly financed, high quality health care system that is based upon the fundamental values shared by all Canadians. There is no question or doubt about that.

\* \* \*

*[Translation]***SOFTWOOD LUMBER**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, since the beginning of the softwood lumber crisis, the Minister for International Trade has been repeating that Canada's case before the international tribunals is a strong one and that this is how we are going to "find a long term solution to the softwood lumber issue".

We agree with that, but now that the goal is in sight and the WTO is about to bring down its decision, the minister is changing his tactics. This is cause for concern.

Will the minister admit that definitive settlement of the softwood lumber issue requires victories at the WTO and NAFTA, not an agreement where we would be kowtowing to the United States?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, we absolutely have not changed our strategy. The strategy adopted by the Government of Canada was supported by all the provinces. This past Monday I met again with B.C. Premier Campbell. I have met with the new Quebec government, among others with ministers Hamad and Audet, who are responsible for this issue, and all of them are on the same wavelength as we are.

We are going to win at the tribunals—the next decision is May 20—and at the same time we will engage in a dialogue with the Americans to ensure that we never have this kind of difficulty again in connection with softwood lumber.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, if we do not want to have the same kind of problem again, we need a decision, not an agreement with the United States that would leave this issue open for debate, that would see us doing as we did in the past and leave us back where we were to begin with. Worse yet, when it comes to the temporary export tax, the industry tells us this is unacceptable. Things are even worse than when there were quotas.

How can the minister talk of settling the issue before the WTO and NAFTA—which is what must be done—when he is still prepared to make proposals the industry does not even want?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, no government has worked in such close conjunction with the industry throughout the entire country as our government has done on the softwood lumber issue over the past two and a half years.

*Oral Questions*

We have never kowtowed to Washington, never agreed to their terms for the industry. I can assure you that the industry in Quebec, in British Columbia, and in other parts of Canada, will continue to be consulted on this matter and that it is solidly behind us, as are the provincial governments. It is thanks to that solidarity that we are making progress with the U.S.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, for a government that has collaborated better than any other, yesterday, the spokesperson for the Quebec industry, Manon Gagnon, said that she was still waiting for the text of the American proposal regarding the Quebec softwood lumber industry.

How is it that, last week, the Minister for International Trade could tell us he was close to a settlement in the softwood lumber dispute, while five days after his statement, the Quebec industry had not even seen the American proposal concerning Quebec?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, this government respects the sovereignty of the Government of Quebec in forestry management. Since the management of forests is a matter of provincial jurisdiction, when approaches are made by Washington and the American trade department relative to forestry management, we share them with the Government of Quebec, and the Government of Quebec, I am sure, consults with its industry. That is the way it works.

Certainly, the hon. members of the Bloc would not object to us respecting the Quebec government's responsibility in forestry management.

• (1430)

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, I am very pleased to hear that the minister confirms that he did not consult anyone before taking a position last week.

The softwood lumber industry sees the American proposal of a tax based on market share as a throwback to the former quota system, as it existed from 1996 to 2001.

How could the minister speak so enthusiastically on Friday about the imminent settlement of the softwood lumber dispute, when the American position is not in any way an interesting compromise, just one week before a new WTO decision that is expected to be completely in our favour?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, I appreciate the excitement of the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, and I totally share his enthusiasm and confidence in the WTO's decision coming on May 20.

Since the WTO decided in our favour in the preliminary determinations last year and since the final determination was based on the same calculations, I have complete confidence that the World Trade Organization will continue to respect the Canadian government's point of view, and that of the entire country, on the softwood lumber issue.

[English]

**FOREIGN AFFAIRS**

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, my question is for the Prime Minister. Apparently the cabinet is unhappy with the Minister of Canadian Heritage using the words star wars. I am wondering whether they are afraid that she is trying to recruit the 20,000 people who have identified themselves as Jedis into her leadership campaign.

The real mystery is how the cabinet can be sure that NMD does not include star wars and the weaponization of space that Donald Rumsfeld has been advocating for years if there have not been any talks.

How can the Liberals be so sure that it does not include the weaponization of space if there have not been talks, and if there have been talks, how come Parliament is not in on it?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, there will be a debate in the House tomorrow and the minister will be discussing that.

Perhaps I can use the occasion while I have the floor to inform the House that the WHO advisory on Canada on SARS has been lifted at 2:30 this afternoon.

On behalf of all the members of the House of Commons I would like to thank the people of the federal and provincial governments who have worked—

**The Speaker:** The member for Winnipeg—Transcona.

\* \* \*

**AGRICULTURE**

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, no one likes to be a prop for the Prime Minister, but I was talking about star wars not SARS wars, and I want to ask a question.

After that brief shining moment of independence we have seen nothing but supine acquiescence on the part of the Prime Minister when it comes to star wars, vetting our marijuana laws in Washington, and now we have the Canadian government joining with the American government in opposing the ban on GMOs in Europe.

I wonder if this is a sign that someday GM wheat will be imposed on western Canadians whether—

**The Speaker:** The Minister of Agriculture and Agri-Food.

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, the hon. member knows very well that we have one of the best systems in the world to analyze whether a genetically modified crop is either registered or grown. It is examined by Health Canada and the Canadian Food Inspection Agency for a number of reasons. That process is taking place at the present time. We do not know what the results of that will be.

As a government we also know that there are a number of factors that must be taken into consideration in addition to that and we are looking at ways in which that can be considered as well.

*Oral Questions***AUBERGE GRAND-MÈRE**

**Right Hon. Joe Clark (Calgary Centre, PC):** Mr. Speaker, the government insists that there have been no new developments in the Auberge Grand-Mère case. In fact, court proceedings have revealed that critical information is missing from the Auberge Grand-Mère file. That is new.

It is evident that the government is stonewalling Parliament, but has there been an internal investigation to determine why key documents are missing from the Auberge Grand-Mère file? Do documents disappear routinely from BDC files or does this only happen when the Prime Minister is involved?

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, I fail to understand this member's fixation on this case where the relevant facts have long since been disclosed and discussed, and the view of the ethics counsellor has been solicited and delivered in writing. All the concerns that this member wants to raise again have been examined and put to rest. I urge the member to accept the reality of the situation and move on.

• (1435)

**Right Hon. Joe Clark (Calgary Centre, PC):** Mr. Speaker, the minister is not telling the truth.

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

**The Speaker:** Order, please. The right hon. member knows that such statements are out of order. All hon. members always tell the truth in this House and I know he will want to withdraw that remark at once.

**Right Hon. Joe Clark:** Mr. Speaker, let me withdraw that remark and say that the minister is fabricating facts to suit himself.

The Prime Minister claims he received \$40,000 in 1997 as partial payment for the alleged sale of his golf club shares. The RCMP inspected the books of the Prime Minister's private company and found no record of that payment, but a senior official in the Prime Minister's Office phoned the *National Post* to say the money in question did come in.

If the money went to the Prime Minister's private company, why could the RCMP find no record?

**The Speaker:** The right hon. member will not want to suggest that the minister was fabricating facts either. I know he will want to withdraw that remark, but I will permit the minister to speak, and we will hear from the right hon. member at the end of question period. The Minister of Industry. No. Then the hon. member for Fraser Valley.

**Mr. Chuck Strahl (Fraser Valley, Canadian Alliance):** Mr. Speaker, here is a fact. Yesterday the former owner of a hotel in the Prime Minister's riding was convicted of income tax evasion. It turns out that Pierre Thibault failed to pay tax on \$960,000 but not to worry, while he was under investigation for this tax fraud, the Prime Minister intervened to get him an HRDC grant and the Business Development Bank loan.

The question for the industry minister is this. Will he now launch an investigation into the goings on at the Business Development Bank and will he specifically ask why is it that when the Prime Minister intervenes, the pennies simply fall from heaven?

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, again members of that party seek to raise facts long in the public record, make accusations that have been answered in the past, and once again try to demonstrate their irrelevance to Canadian public life.

Are they dealing with the issues of the day? Are they dealing with social and economic issues? Of course not. They are dwelling on the irrelevant, demonstrating once again they have nothing to offer the Canadian people.

**Mr. Chuck Strahl (Fraser Valley, Canadian Alliance):** Mr. Speaker, it is always relevant when there are Canadian tax dollars at risk. They certainly have been at risk throughout this entire affair.

On top of that, Pierre Thibault is under investigation for defrauding his business partners in Belgium while the Prime Minister was arranging for loans and HRDC grants in that riding. Furthermore he was under investigation for tax evasion and at the same time the Prime Minister continued to arrange for loans and HRDC grants, and improperly intervened in the BDC.

Will the minister do the right thing and call an investigation to find out why the Business Development Bank seems to jump whenever the Prime Minister snaps his fingers?

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, I reject the allegations of the member. They are absolutely without foundation.

If the man in question has done something wrong, he will have to answer for that before the courts. In the meantime, the member should not make unfounded allegations about motivation or conduct on this side of the House.

\* \* \*

[Translation]

**SOFTWOOD LUMBER**

**Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ):** Mr. Speaker, the Minister for International Trade stated in the House that this situation must be resolved once and for all, and the Bloc Québécois is keeping a close eye on him to see that it is. Very soon, the WTO should be making another ruling, and everyone believes that it will be in Canada's favour.

Will the minister admit that he could undermine his position during negotiations with the Americans by refusing to wait for the WTO's final decision and by settling the matter with the Americans based on a position considered unacceptable by the softwood lumber industry?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, we have full confidence that the anticipated decision to be handed down on May 20 will be in Canada's favour. We have long known that forestry systems in Canada fully comply with Canada's international obligations.

However, there is a consensus throughout Canada that, backed by a favourable decision from the WTO, we could establish a constructive dialogue with the Americans so as to avoid in the future the kind of situation we have been experiencing for the past 25 years. That is our government's objective.

*Oral Questions*

●(1440)

**Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ):** Mr. Speaker, we have talked with representatives of this industry, and they recognize that loan guarantees could help them make it to the end of this process. The workers are telling us that changes to employment insurance could also help them.

Why is the minister waiting to implement phase two of his plan?  
[English]

**Hon. Herb Dhaliwal (Minister of Natural Resources, Lib.):** Mr. Speaker, the government is very much aware of the challenge that the forestry industry is facing. In fact, that is why we put together a package with the Minister of Human Resources Development, with the Minister of Industry and myself of \$350 million to support workers, to find new markets, to invest in research and development and support employees and community adjustments.

We are monitoring the situation closely. If more support is needed, we have made a commitment that we will be there to support the forestry industry and the employees. We are monitoring it and we will be watching it very closely.

\* \* \*

**CANADIAN FORCES**

**Mr. Leon Benoit (Lakeland, Canadian Alliance):** Mr. Speaker, Afghanistan is becoming an increasingly dangerous place for international troops, including unarmed Canadian troops. In fact just a few weeks ago, two American soldiers were killed in the area around Kabul and yesterday two Norwegian troops, peacekeepers in fact, were shot.

I would like to ask the minister, with the safety of Canadian troops in mind, has he completed the paperwork which will allow Canadian troops in Afghanistan to carry weapons to protect themselves?

**Hon. John McCallum (Minister of National Defence, Lib.):** Mr. Speaker, first, as I have said a number of times, the chief of defence staff has said this was a normal situation and there were no security concerns. However, in direct response to the member's question, yes, the Canadian soldiers are now carrying arms.

**Mr. Leon Benoit (Lakeland, Canadian Alliance):** Mr. Speaker, the government has a terrible track record when it comes to ensuring that our troops are properly equipped. The last time it sent Canadian soldiers to Afghanistan it failed to provide proper uniforms. This time it failed to provide what was necessary to allow them to carry weapons. This sort of neglect endangers our troops, worries their families and shatters morale.

Why did we have to pressure the minister for weeks to get him to do the paperwork necessary to allow Canadian soldiers to carry weapons to protect themselves?

**Hon. John McCallum (Minister of National Defence, Lib.):** Mr. Speaker, I quoted the chief of defence staff on this mission and really the member knows he is talking utter nonsense. However, I am pleased to hear he is acknowledging that Afghanistan is an unstable place. When we initially announced the decision to send our soldiers there, he denigrated this as some sort of second tier mission because he wanted our soldiers to go to Iraq. I am glad to understand that he

does treat this as a difficult and dangerous mission but one for which our forces will be exceedingly well equipped.

\* \* \*

[Translation]

**NATIONAL DEFENCE**

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, last week we asked the Prime Minister to grant the House a day of debate on the space shield.

He answered, "Use your opposition days". So, tomorrow, during the Bloc Québécois' opposition day, we will be discussing the space shield. There is one problem that needs to be sorted out, however. The motion is not votable, unless the Prime Minister and the government give their consent.

My question is the following: will the government grant us this privilege of voting on the space shield at the end of the day?

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the rules of the House are very clear with respect to opposition days. There are 21 opposition days. Fourteen of them are votable, seven are not. The votable days are votable; those that are not—you guessed it—are not.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, the Prime Minister of Canada rose in the House and said, "One way to discuss it is to use an opposition day", and so we asked for consent—something that is done on a regular basis. We give consent every day in this House to make things easier. So how are we supposed to interpret the government's refusal other than to figure that they are divided internally between the member for LaSalle—Émard, the Minister of Canadian Heritage and several other members, and that they do not want anyone to know about these divisions that are having such a terrible effect on them?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, there will be a debate and everyone will have the opportunity to express themselves. If there are members of my party who want there to be negotiations, they can say so. I have never forbidden anyone from expressing themselves.

If the opposition holds a vote on this, when they are able to hold a vote, the members will vote on it. However, in the meantime, we will discuss it in caucus. Now, it has been decided that we can even discuss the matter here in the House. That is what is meant by permission to discuss a problem before the government makes a decision.

\* \* \*

●(1445)

[English]

**NATIONAL DEFENCE**

**Miss Deborah Grey (Edmonton North, Canadian Alliance):** Mr. Speaker, in order to avoid political embarrassment, the Prime Minister and the government have diluted the necessary requirements for companies bidding to replace our aging Sea Kings. Oddly enough, these new requirements would favour anyone but Cormorant, whose EH-101 contract the Prime Minister cancelled in 1993.

*Oral Questions***AIRLINE INDUSTRY**

The government is pursuing a policy of lowest cost at the expense of best value, all to save the Prime Minister's political face. What makes him think this policy is going to fly?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I just wanted to intervene here. Those people are always complaining that we are spending too much money. The minute that we try to have what is needed at the best cost, no, they would like to have the Cadillac model rather than have what is needed. They just want us to spend more money. I am surprised. The opposition is asking us to spend more, spend more, spend more.

**Miss Deborah Grey (Edmonton North, Canadian Alliance):** Mr. Speaker, we are not necessarily saying to spend more, we are saying to spend smarter and it is time the government noticed it.

The government has scaled back the chopper requirements regarding lift and endurance in hot weather. The former project director of the maritime helicopter project has stated that lower standards could mean a significant risk to a safe and credible operation.

These choppers should have been replaced years ago. The Prime Minister knows it, but he deliberately prevented it. He has sacrificed the safety of our Sea King troops for the last 10 years. What is more important, his pride or their protection?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I am happy to take this question because the President of the United States is taking the same type of helicopter to go from Washington to Camp David. So, we are putting at risk the safety of the Canadian soldiers and the Americans are probably putting the safety of the president at very grave risk in using that helicopter.

\* \* \*

**THE ENVIRONMENT**

**Mr. Joe Jordan (Leeds—Grenville, Lib.):** Mr. Speaker, in budget 2000 the National Round Table on the Environment and the Economy was charged with the development of environment and sustainable development indicators which could be used in future budget papers together with key economic indicators. Yesterday the round table released its report and is recommending the development of new indicators to monitor things like fresh water, air quality and greenhouse gas emissions.

Can the Minister of the Environment inform the House if he supports these recommendations and will he raise this issue with his colleagues in cabinet?

**Hon. David Anderson (Minister of the Environment, Lib.):** Mr. Speaker, this is a very important step forward in our national program of integrating environmental considerations into key economic decisions. The three recommendations are very important, a small set of key indicators investing in a Canadian information system for the environment and investing in the development of natural capital accounts.

I would like to thank the hon. member for Leeds—Grenville for his Motion No. 385 which has focused attention on this issue. It has been very helpful.

**Mrs. Bev Desjarlais (Churchill, NDP):** Mr. Speaker, WestJet is shutting down its service to Sudbury and Sault Ste. Marie, making these communities the latest victims of the Liberal government's failed airline policy. The airline industry was indeed troubled long before September 11 and SARS. The Liberals' privatization of airports and Nav Canada, plus the new government security tax have imposed severe fees on airlines, fees that have been passed on to passengers and have hurt the industry.

The NDP and even the transport committee have called on the government to eliminate these fees. How many more communities have to lose their service before the government listens?

**Hon. David Collette (Minister of Transport, Lib.):** Mr. Speaker, as I have said a number of times, these matters are under review by the Minister of Finance and by the Ministry of Transport. We are very concerned about the state of the airline industry in Canada. However, I do not think the hon. member should mislead, even inadvertently, members of the House. We have to look at all of the external factors. The fact is that Canadian airlines are not alone in having these challenges.

\* \* \*

[*Translation*]

**FISHERIES**

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, since the crab crisis has not been settled, despite the Minister of Fisheries and Oceans' statement on Monday, 1,800 processing plant workers are still waiting for some support from the Liberal government, which seems to be unaware of their desperate straits. The provinces of New Brunswick and Quebec should not have to be the only ones to shoulder the responsibility for financial assistance for these plant workers.

Is the Minister of Human Resources Development prepared to meet with representatives of the plant workers in these provinces in order to create an emergency program to help out these people who have been hit so hard by this crisis, which her own government has brought about?

● (1450)

[*English*]

**Hon. Jane Stewart (Minister of Human Resources Development, Lib.):** Mr. Speaker, every single year the government transfers \$90 million to the province of New Brunswick through the labour market development agreement to ensure that workers have access to jobs and long term opportunities. The government of New Brunswick has these moneys. It is using them in circumstances such as this one with the crab fishery. We continue to be there to support them and the communities as they work through this cyclical challenge.

**Mr. Loyola Hearn (St. John's West, PC):** Mr. Speaker, the Minister of Fisheries and Oceans is well aware by now of the upset in Newfoundland and Labrador about his recent decision. He is also well aware of the ultimatum given to him by his Liberal colleagues from the province. In light of that, will the minister tell the House how he plans to sweeten the offer to the province and is he reconsidering opening at least part of the fishery he recently closed down?

*Oral Questions*

**Hon. Robert Thibault (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, as the member will know, a decision like that is not taken lightly. It is taken after consultation, after consideration and after looking at all the scientific evidence. The decision cannot be reconsidered because the information has not changed.

As far as the assistance to those communities, the government takes it very seriously. We announced in April a short term package. We announced consultations for long term measures. We continue to look at any way we can to work with all partners concerned to assist those communities in very difficult circumstances.

**Mr. Loyola Hearn (St. John's West, PC):** Mr. Speaker, let me be a little more specific for the minister. Is the minister considering licence buyouts and the reopening of the southern gulf fishery?

**Hon. Robert Thibault (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, just to orient the member a little bit, I think the concerns in Newfoundland are not for the southern gulf but for the northern gulf. As to the question of what elements should be in the long term, nothing is ruled out and no elements are ruled in. Those discussions are ongoing.

\* \* \*

**SOFTWOOD LUMBER**

**Mr. Reed Elley (Nanaimo—Cowichan, Canadian Alliance):** Mr. Speaker, the softwood lumber industry is still waiting for a resolution to this issue with our American counterparts. The parties have not met since February.

For tomorrow's meeting, the Americans have made it clear that they will not budge on some very critical issues: self-imposed border tax, return of the \$1.2 billion in duty taxes already collected from Canadian companies, and whether Canada will be required to drop its lawsuits at the WTO and NAFTA. Which of these three issues is the minister going to compromise in order to strike a deal?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, let me be very clear that the re-engagement is part of the continuous dialogue we have been having with the Americans. Whereas the Americans are putting out their conditions, I can tell the member quite clearly that what I am hearing on the Canadian side, after much consultation with the Canadian industry, is that we have no intention whatsoever to give up the 100, 200 billion dollars, which we consider should not have been collected by the Americans so far, so we will stand by the interests of Canadian industry in all of these three elements.

**Mr. Reed Elley (Nanaimo—Cowichan, Canadian Alliance):** Mr. Speaker, it is \$1.2 billion and some of that has been taken out of companies in my riding.

The softwood lumber industry all across Canada is concerned with the current state of affairs. Forest workers in my riding are out of work, bills are not being paid and many communities are suffering again. What assurance will the Minister for International Trade offer Canadians that a softwood lumber deal with the U.S. will this time give us long lasting peace and civility? Or will the government's inaction be responsible for putting us through this horror in the next five years?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** No, Mr. Speaker, it is exactly the other way around: this

government's action, action for the last two and half years. I met on Monday again with Premier Campbell of British Columbia, who informed me of how much he continues to want this cooperation between the Government of Canada and that of his own province as much as that of the province of Quebec.

So we have been very active, precisely, and it takes more time because we have the objective of eliminating the problem in the future and having free trade in softwood lumber as well in North America. That is the long term objective we have.

\* \* \*

[Translation]

**ABORIGINAL AFFAIRS**

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, the Prime Minister tells us that the purpose of Bill C-7 is to replace the infamous and racist Indian Act and improve the lot of native peoples, but this is not true. What this bill does is continue to treat native peoples like children and make his equally despicable 1969 white paper—issued when he was the Minister of Indian Affairs—into reality.

Faced with fierce opposition from the first nations and from his most likely successor, will the Prime Minister agree to drop Bill C-7 and let others start over on new foundations that will be more respectful of the native peoples?

• (1455)

[English]

**Hon. Stephen Owen (Secretary of State (Western Economic Diversification) (Indian Affairs and Northern Development), Lib.):** Mr. Speaker, the first nations governance act is of great importance to all people in Canada, but it is not the only thing that is on the minds of Canadians and aboriginal people in the country. The government has committed over \$2.2 billion additional dollars in this year's budget to deal with a whole range of issues, including clean drinking water, waste water systems, further education and health care for Inuit and first nations people. There is a whole range of initiatives as well as other legislation, the statistical and financial institutions act and the independent claims commission act.

The first nations governance act is only one piece in a whole comprehensive list of initiatives that the government is working on with aboriginal people to accomplish.

[Translation]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, it is a despicable piece of work and that will be made clear tomorrow in Kenora, where thousands of aboriginal people will show their opposition to this bill. No one in the aboriginal community wants this bill.

I ask the Prime Minister the following question: Is it not true that this stubborn insistence on pushing Bill C-7 through the House and shoving it down the throat of the first nations is a reflection of the Prime Minister's desire for vengeance against those who dared to challenge his policies as minister in 1969? He is saying to them, "I am going to stick it to you before I leave".

[English]

**Hon. Stephen Owen (Secretary of State (Western Economic Diversification) (Indian Affairs and Northern Development), Lib.):** Mr. Speaker, the first nations governance act is before the committee of the House of Commons at this time. Many people have expressed their concern about it, their support for it and their protests against it. This is normal in this process. Amendments will come forward. They will be considered by the House. Once the bill is passed in its final form, regulations will be considered and those will be discussed with the aboriginal community of this country as well as in this House and with other Canadians.

We are sure that in the long range this will work for the benefit and raise the quality of life of aboriginal people across the country, and it will be changed as it must be to ensure that.

\* \* \*

#### HUMAN RESOURCES DEVELOPMENT

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, yesterday the human resources minister announced a \$1.6 million subsidy for Bombardier, which apparently just could not avoid layoffs without some government help. On the same day, ironically, it announced that it had recently paid \$7.5 million to two retired executives.

Bombardier clearly has the cash. Why the corporate welfare?

**Hon. Jane Stewart (Minister of Human Resources Development, Lib.):** Mr. Speaker, the program to which the hon. member makes reference is a work sharing program. In these circumstances, employees and employers must agree to reduce the work terms of those working at the plant, and the Government of Canada, through the employment insurance program, provides some benefits.

This is an appropriate way of helping an industry move through a difficult path. We have used it here and we have used it with Air Canada. We have used it with small and medium sized businesses. It is a program that works and works very well.

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** It obviously works for Bombardier, Mr. Speaker. Bombardier really likes it.

Here is what I would like to know. Canadians making as little as \$8,500 a year pay taxes so this minister can then turn around and give that money to big business. I wonder if that is truly appropriate.

Here is my question again. I would like an answer this time. If Bombardier can pay \$7.5 million to lay off two retired executives, why can it not come up with \$1.6 million to save 900 jobs of workers on the floor at Bombardier? Why the corporate welfare?

**Hon. Jane Stewart (Minister of Human Resources Development, Lib.):** Mr. Speaker, this program is essentially to do exactly that. The hon. member is mistaken if he thinks that the money goes to the company. These moneys go to the individual employees, who

are working very hard to ensure that they have continued employment at what has traditionally been and will continue to be a great employer here in Canada.

\* \* \*

#### HEALTH

**Ms. Carolyn Bennett (St. Paul's, Lib.):** Mr. Speaker, because of the tireless efforts of our front line health care workers and the tremendous sacrifice of our citizens, Toronto was able to turn the corner on SARS over a month ago.

Could the Minister of Health update us on her department's efforts to remove us from the World Health Organization list of SARS affected areas?

**Hon. Anne McLellan (Minister of Health, Lib.):** Mr. Speaker, as the Prime Minister indicated earlier during question period, after a conference call today with Health Canada officials and health officials from Ontario, the WHO agreed to remove Toronto from its list of SARS affected regions.

This is yet another vote of confidence in Canada, showing that SARS has been controlled and that it is safe to travel to Toronto. It reflects the positive outcome of cooperation among health officials and authorities at all levels of government.

I too want to recognize the work of front line nurses, doctors and health authorities in Toronto, as well as the many Health Canada officials who worked around the clock to battle—

• (1500)

**The Speaker:** The hon. member for North Vancouver.

\* \* \*

#### POLITICAL PARTY FINANCING

**Mr. Ted White (North Vancouver, Canadian Alliance):** Mr. Speaker, last night at the round table discussion on the political financing act, a number of Liberal MPs said that they were strongly opposed to the fleecing of taxpayers in order to fund political parties. They even threatened to vote against the bill, regardless of the consequences, if the House leader tried to ram it through before the summer break.

I would like to ask the government House leader this. Bill C-24 is so badly flawed and has so much opposition even from his own caucus, why the rush to push it through?

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, perhaps the hon. member thinks that dealing with something in six months is a rush. Perhaps this is proportional to the number of days that he spends around this place.

*Oral Questions*

For those of us who work very hard around Parliament, this issue has been debated extensively in the House of Commons, for countless days. Liberal MPs and others are working tirelessly in this committee on the bill. They are working very hard to make good and proper legislation. I hope the hon. member would join them every now and then.

**Mr. Ted White (North Vancouver, Canadian Alliance):** Mr. Speaker, I am disappointed that the minister did not have a decent answer and has to make personal attacks, but his blustering cannot change the fact that large numbers of Liberal MPs are strongly opposed to Bill C-24, and his self-serving contempt for taxpayers on Bill C-24 is completely unacceptable.

What is the story behind the story? Could it be that the House leader's appointment to the Senate is contingent on passing the bill before the June break?

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I am glad the hon. member is not making it personal. That is very relieving.

**Right Hon. Jean Chrétien:** He does not want to be a senator.

**Hon. Don Boudria:** I think it is just fine, Mr. Speaker, to be the member of Parliament duly elected for Glengarry—Prescott—Russell. I do not apologize for that, and I am running again.

Now, dealing with the bill, the initial measures were announced in May 2002. In June 2002 the Prime Minister followed up with details. I held consultations last summer. In the fall of 2002, I held consultations with parliamentarians. The bill was introduced on January 29. The bill was debated 14 hours and 40 minutes at second reading.

\* \* \*

[Translation]

**CANADA LABOUR CODE**

**Ms. Monique Guay (Laurentides, BQ):** Mr. Speaker, after imposing a lockout that has been going on for 38 months and at a time when everyone thought the labour dispute at the Cargill plant in Baie-Comeau was over, at the last minute, the employer refused to sign the collective agreement.

Will the Prime Minister recognize that, if this grain company had not been authorized under the Canada Labour Code to use strikebreakers, both parties in the dispute would have had real leverage, which would have prevented the conflict from dragging on?

**Hon. Claudette Bradshaw (Minister of Labour, Lib.):** Mr. Speaker, our mediators are working very closely with Cargill. We are still working with the company and are expecting to get an answer soon.

\* \* \*

[English]

**CANADA-U.S. RELATIONS**

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, my question is for the Solicitor General. Could the government tell the House why Canada is participating in the U.S.

led counterterrorism exercise called “TopOff2” that is taking place both in Canada and in the U.S.A. this week?

**Hon. Wayne Easter (Solicitor General of Canada, Lib.):** Mr. Speaker, under the smart border declaration between Canada and the U.S., Canada and the U.S. have both made a commitment to joint counterterrorism training. That happened today under the title of TopOff2 with key ministers in Canada and the United States as well.

TopOff2 is one of the most complex Canada-U.S. exercises to be held in recent years and is proof of our close cooperation. It shows how both countries are taking the issue of terrorism very seriously in the interests of their people.

\* \* \*

**DRUGS AND PHARMACEUTICALS**

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, I have a question for the Prime Minister about the \$40,000 that is flowing from big pharma to his finance minister.

We have seen first nations and star wars policies coming from the provisional government. Now we see drug prices possibly going up because of a conflict of interest from a member of the Prime Minister's puppet regime. I ask the government, when will the Prime Minister regain control of his government and will he tell his finance minister to give the drug money back or get out of the drug prices review?

● (1505)

**Hon. David Collenette (Minister of Transport, Lib.):** Mr. Speaker, I certainly resent the unwarranted attack on the integrity of the Minister of Finance, a very distinguished minister in the government. I would like to assure hon. members that the Minister of Finance, in the conduct of his leadership campaign, as with the other leadership aspirants, is behaving in an entirely appropriate way.

\* \* \*

**PRESENCE IN GALLERY**

**The Speaker:** I wish to draw the attention of hon. members to the presence in the gallery of the hon. Abdygany Erkebaev, the Speaker of the Legislative Assembly of the Parliament of the Kyrgyz Republic.

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

**The Speaker:** I would also like to draw the attention of hon. members to the presence in the gallery of His Excellency Dr. Mustafa Osman Ismail, Minister of Foreign Affairs of the Republic of The Sudan.

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

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

## ORAL QUESTION PERIOD

**Right Hon. Joe Clark (Calgary Centre, PC):** Mr. Speaker, I rise on a point of order. I try always to follow the instructions of the Chair, and since you have determined that the language that I used was unparliamentary, I will withdraw it. However I would appreciate the opportunity to explore with you and the House, on a point of order, what appears to me to be a certain inconsistency with respect to the word in question.

**The Speaker:** I would be pleased to hear from the right hon. member on another point about my inconsistencies. I certainly appreciate the right hon. member's withdrawal.

**Right Hon. Joe Clark:** Mr. Speaker, on April 29, in answer to a question that I placed in the House, the Minister of Health said, "what the right hon. member just outlined is a fabrication". She went on to say, "It is a web of halftruths and misrepresentation". I refrain myself from quoting that part of her remarks.

The admissibility of that language was raised on a point of order by my colleague, the member for St. John's West. The Speaker's immediate reaction was to say, "I did not think anything she said transgressed the rules".

On April 30 I asked the Speaker if he had come to a ruling on the question. Let me quote part of Mr. Speaker's ruling:

The following expressions are a partial listing of expressions which have caused intervention on the part of the Chair as listed in the Index of the Debates between 1976 and 1987, and "fabrication" is one of them. It caused interventions, but it was not ruled out of order. The word also occurs in another list, where it has been ruled unparliamentary....

The Speaker went on to state:

—because of the inconsistency in the use of these expressions... I did not think it necessary to intervene.

The Speaker went on to state:

—the hon. member may take some offence at the language, and we all do sometimes at things that are said in the House, there is not clear authority for the Chair to say that this word or that word is unparliamentary....

The Speaker concluded by saying:

—I am not inclined at this stage to rule the expression unparliamentary and demand that there be a withdrawal.

Mr. Speaker, that was your ruling on the word "fabrication". I assume the same logic would apply to the words "fabricating the facts". If the Speaker would prefer, I could rephrase what I said to say that what the minister just outlined is a fabrication.

**The Speaker:** The Chair will accept some additional assistance from the hon. government House leader in the circumstances.

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I think it is quite clear in citation 486 of Beauchesne's Sixth Edition, page 143, which states:

An expression which is deemed to be unparliamentary today does not necessarily have to be deemed unparliamentary next week.

Mr. Speaker will no doubt recall that this relates to a decision of the Speaker in 1955, which we all remember fondly.

In addition to that, there is another point that should be brought to the attention of the House. Once someone has said something unparliamentary, withdrawing from saying something unparliamentary cannot be substituted by saying something else unparliamentary. Withdrawing from making an unparliamentary statement has to be unequivocal. This is something that Speakers, yourself and your predecessors, have been saying for time immemorial.

With those two points, and with respect, the right hon. member is mistaken.

• (1510)

**The Speaker:** I think I have heard enough on the point to deal with any inconsistencies that the House might think have arisen in my rulings.

First, there are two statements in citation 489 of Beauchesne's to which the right hon. member for Calgary Centre referred, and one was "fabricated a statement" which was ruled unparliamentary, and his expression was "fabricated the facts". I equate the two. Then there was the word "fabrication", which has been ruled unparliamentary but has also not been ruled unparliamentary on various occasions depending on the context in which it is used.

The right hon. member was quite correct in pointing out that I had ruled that it was not unparliamentary when the word "fabrication" was used on its own by the Minister of Health in her answer some weeks ago.

However, in this particular case, the right hon. member had just finished telling the House that someone was not telling the truth and withdrew the words and promptly said that it was a fabrication of the facts. In the circumstances, I could not help but feel the expressions were the same in their intent and in their meaning.

When I looked at the words "fabricated a statement" and ruled it unparliamentary and then heard "fabricated the facts", I concluded that the two had the same meaning and decided that they had traversed the line, as it were, and in the circumstances were unparliamentary.

I hope that has satisfied the right hon. member as to any possible inconsistency in the rulings on these occasions. I do appreciate his good humour in bringing the matter to my attention because I would not want to be glaringly inconsistent in rulings that I make in the House. I know the right hon. member appreciates that fact.

• (1515)

**Mr. Ted White (North Vancouver, Canadian Alliance):** Mr. Speaker, during question period today the government House leader suggested that I do not spend very much time around here. I just want to put it on the record that, apart from one and a half days, I have been here in Ottawa continuously since April 28. Therefore the chances are that I have probably spent more time around here than he has since April 28.

**The Speaker:** I am sure the House appreciates the hon. member's clarification. The Chair is well aware that all hon. members work very diligently and spend all due time attending to their parliamentary duties.

*Routine Proceedings*

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, I rise on a point of order stemming from yesterday's question period. At that time I asked a question of the Minister of Canadian Heritage concerning the Canadian television drama production fund. In her response she indicated, and I quote the minister's response from *Hansard*:

First, Mr. Speaker, with your permission I would like to table a document that lays out the road map for success in Canadian film and television. I would also like to table the list of all those productions that have received an additional \$130 million. At the same time, I would like to agree absolutely with the question of the hon. member.

My point stems from the fact that these documents were not tabled and therefore did not appear in the *Journals* of yesterday. My understanding is that the documents were given to the pages in only one language and under Standing Order 32(4) that is not allowed. I submit that does not forgive the minister for transgressions against the traditions of this place.

On page 372 and 518 of Marleau and Montpetit, it states:

Any document quoted by a Minister in debate or in response to a question during Question Period must be tabled.

I therefore ask to have the minister table the documents referred to in her response to my question.

**The Speaker:** I am advised that the document in fact was tabled earlier this day in both official languages, so the hon. member's point has been disposed of.

---

## ROUTINE PROCEEDINGS

[*English*]

### INDIAN SPECIFIC CLAIMS COMMISSION

**Hon. Stephen Owen (Secretary of State (Western Economic Diversification) (Indian Affairs and Northern Development), Lib.):** Mr. Speaker, pursuant to the provisions of Standing Order 32 (2) I have the honour to table, in both official languages, copies of the 2001-02 annual report of the Indian Specific Claims Commission.

\* \* \*

### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, pursuant to Standing Order 36(8) I have the honour to table, in both official languages, the government's responses to nine petitions.

\* \* \*

[*Translation*]

### INTERPARLIAMENTARY DELEGATIONS

**Mr. David Price (Compton—Stanstead, Lib.):** Mr. Speaker, pursuant to Standing Order 34(1), I have the honour to present, in both official languages, two reports of the Canadian NATO Parliamentary Association.

They are the report of the official delegation that represented Canada at the meeting of the standing committee held in Paris, France, on April 5, 2003, and the report of the joint meeting of the

defence and security committee, the political committee and the science and technology committee, held in St. Petersburg, Russia, on April 10 and 11, 2003.

\* \* \*

## COMMITTEES OF THE HOUSE

### PUBLIC ACCOUNTS

**Mr. John Williams (St. Albert, Canadian Alliance):** Mr. Speaker, I have the honour to table, in both official languages, the 14th report of the Standing Committee on Public Accounts on chapter 1 of the report of the Auditor General of Canada of April 2002, entitled "Placing the Public's Money Beyond Parliament's Reach".

I am also tabling the 15th report of the Standing Committee on Public Accounts on chapter 2 of the Auditor General of Canada's report, published in December 2002, on Fisheries and Oceans Canada, entitled "Contributing to Safe and Efficient Marine Navigation".

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to these two reports.

[*English*]

Also, if I may, I think it is appropriate, this being the 125th anniversary of the passing of the legislation for the Auditor General, that we are tabling two reports based on the work that she has done.

\* \* \*

## PETITIONS

### MARRIAGE

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance):** Mr. Speaker, I have two petitions to present today.

The first petition states that marriage is the best foundation for families and the raising of children; that the definition of marriage as being between a man and a woman is being challenged; and that this honourable House passed a motion in June 1999 that called for marriage to continue to be defined as the union of one man and one woman to the exclusion of all others.

The petitioners therefore call upon Parliament to pass legislation to recognize the institution of marriage in federal law as being a lifelong union of one man and one woman, to the exclusion of all others.

BILL C-250

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance):** Mr. Speaker, in the other petition, the proposed Bill C-250, which is being introduced in Parliament, will add sexual orientation to the list of identifiable groups in the hate propaganda.

Therefore the petitioners call upon Parliament to refrain from including sexual orientation as an amendment to the hate propaganda section of the Criminal Code of Canada.

## STEM CELL RESEARCH

**Mr. John O'Reilly (Haliburton—Victoria—Brock, Lib.):** Mr. Speaker, pursuant to Standing Order 36 I have the pleasure to present a petition from the people of Haliburton calling upon Parliament to focus its legislative support on adult stem cell research to find the cures and therapies necessary to treat the illnesses and diseases of suffering Canadians.

## CHILD PORNOGRAPHY

**Mr. James Lunney (Nanaimo—Alberni, Canadian Alliance):** Mr. Speaker, I have petitions on three different subjects to present today.

First, I have two petitions on child pornography. The petitioners state that the courts have not applied the current child pornography law in a way which makes it clear that sex exploitation of children will always be met with swift punishment.

They are calling upon Parliament to protect children by taking all necessary steps to ensure that materials that promote or glorify pedophilia or sado-masochistic activities involving children are prohibited.

## BILL C-250

**Mr. James Lunney (Nanaimo—Alberni, Canadian Alliance):** Mr. Speaker, the next three petitions deal with Bill C-250. One of the petitions is from the residents of Tofino, Ucluelet and Port Alberni, communities on the west coast of Vancouver Island. The other two petitions are from the east coast. These petitioners represent people from all parts of my constituency.

The petitioners contend that Bill C-250 will have negative consequences for the rights of Canadians for freedom of expression and religion.

The petitioners further state that Bill C-250 will substantially interfere with the rights of religious and educational leaders to communicate essential matters of faith. They therefore call upon members to defeat Bill C-250.

• (1520)

## CRUELTY TO ANIMALS

**Mr. James Lunney (Nanaimo—Alberni, Canadian Alliance):** Mr. Speaker, the final petition is a huge one with over 700 signatures and it is with regard to cruelty to animals.

There have been some very nasty incidents of cruelty to animals. Petitioners in my riding are outraged by these and are calling upon Parliament to make harsher penalties for those who abuse animals, and rightly so.

## BILL C-250

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, I rise today on behalf of the residents of Surrey Central to present two petitions.

First, the petitioners are concerned that Bill C-250 seeks to censor many religious books, including the bible, and criminalizes the personal opinions of Canadians on the subject of sexual orientation.

The petitioners therefore appeal to Parliament to reject the bill.

## Routine Proceedings

## MARRIAGE

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, the second petition I have is signed by people from the Surrey area.

The petitioners request that Parliament affirm the opposite sex definition of marriage in legislation that marriage is and should remain the union of one man and one woman to the exclusion of all others, and ensure that Parliament will take all necessary steps within its jurisdiction to preserve this definition of marriage in Canada, and ensure that marriage is recognized as a unique institution.

## IRAQ

**Mr. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, I am delighted to rise today to present two petitions on behalf of my constituents in the Yukon. These follow upon many other petitions to the same effect. The petitioners strongly oppose any aggression by Canada in Iraq and hope that the United Nations, which was created to achieve peaceful solutions under international law, would continue to do so in Iraq, and in other instances.

## FIREARMS REGISTRY

**Mr. Scott Reid (Lanark—Carleton, Canadian Alliance):** Mr. Speaker, I am honoured today to introduce a petition containing over 10,000 signatures from across eastern Ontario.

The petitioners draw the attention of the House to the wasteful and ineffective long gun registry. They draw specific attention to the following facts: that the gun registry is 500 times over budget; that the Auditor General has been very critical of the registry; and that the registry does nothing to keep illegal firearms off the street and out of the hands of criminals.

I present the petition with pleasure.

\* \* \*

## QUESTIONS ON THE ORDER PAPER

**Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the following questions will be answered today: Nos. 182, 188, 200, 201 and 203.

[Text]

Question No. 182—**Mr. Andy Burton:**

As of January 1, 2003, and with regard to the Department of Fisheries and Oceans' Office of Boating Safety: (a) what is the total number of residents of Canada who have been issued safe boating certificates, broken down by province and territory; (b) how many accredited boating safety course providers are there in each province and territory; and, (c) how many non-residents of Canada have been issued a safe boating certificate?

*Routine Proceedings*

**Hon. Robert Thibault (Minister of Fisheries and Oceans, Lib.):** The Office of Boating Safety, OBS, is exploring the possibility of implementing a national boating safety database which would improve the tracking of operator competency cards. OBS currently relies on the course providers to provide statistics on the number of operator competency cards issued, however this information is not complete enough for us to be able to provide accurate figures. The attached table identifies a figure of over 600,000 total cards issued, however we expect the total may be higher given the missing data from some course providers.

There are 75 accredited course providers plus nine course providers who are currently undergoing the accreditation process. Please refer to the attached table for a breakdown of the numbers and locations of course providers as well as the cards issued. Although there are not course providers in every province, people can receive training through correspondence courses, which can be delivered by mail or the Internet.

The OBS does not collect information on the number of cards issued to non-residents.

Province	a) Cards issued	b) Number of Accredited Course Providers
Alberta	22,176	5
British Columbia	69,206	10
Manitoba	19,748	2
New Brunswick	11,164	0
Newfoundland	3,075	1
Nova Scotia	16,697	7
Ontario	254,390	29
Quebec	182,893	20
Saskatchewan	25,978	1
Prince Edward Island	1,327	0
Yukon	0	0
*Northwest Territories	35	0
*Nunavut	0	0
Total	606,689	75

\* The Competency of Operators of Pleasure Craft Regulations do not apply in Nunavut and the Northwest Territories.

Question No. 188—**Mr. Kevin Sorenson:**

In the last five years, has the government been involved in any negotiations with other countries (e.g. China, France, Russia or others) for the purposes of trade with Iraq?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** In the last five years the Government of Canada has not been involved in any negotiations with other countries, for example, China, France, Russia or others, for the purposes of trade with Iraq.

Question No. 200—**Mr. Rahim Jaffer:**

Concerning Goods and Services Tax input tax credit losses in fiscal year 1993-1994: (a) on what day were the changes in the way Canada Customs and Revenue Agency's predecessor accounted approved; (b) who approved the changes; and (c) on what information were the changes made?

**Hon. Elinor Caplan (Minister of National Revenue, Lib.):** The answer is: (a) and (b): Discussions to discontinue reporting

losses from GST fraud as a separate item in the Public Accounts, except when public servants were involved, occurred in 1994 or 1995, when the former departments of Revenue Canada Taxation and Revenue Canada Customs and Excise merged into a single department. The change in practice was motivated by a need to adopt a consistent approach, given that the practices for reporting losses in the two former departments had differed. Unfortunately, the period for retention of general records is 6 years, as per Records Disposition Authority 86/100, and there are no remaining records of any relevant discussions leading up to the decision, nor of approvals given. For this reason we cannot be more precise with respect to the persons involved and the timing of discussions and decisions leading up to the change in reporting practice. The earliest documentation that we have concerns our response to questions raised by the Treasury Board Secretariat in 1996. At that time, a policy interpretation to support the changed reporting practice was provided to Treasury Board Secretariat officials and confirmed in writing.

(c) Prior to the administrative consolidation, that is merger, of the former departments of Revenue Canada Taxation and Revenue Canada Customs and Excise, the two respective departments had different practices with respect to the reporting in the Public Accounts of losses of revenue due to fraud.

At the time of the merger, reporting requirements were reconsidered. Based on the Treasury Board Secretariat, TBS, policy reporting requirements, Revenue Canada officials arrived at what they considered an appropriate interpretation of the policy that could be applied to all taxes and duties, including the GST. As noted above, there are no records going back to that time. Revenue Canada's explanation provided to TBS officials in 1996 reflects the reasons for continuing the changed Public Accounts reporting practices.

Revenue Canada believed that the reporting practices in place in 1994 with regard to losses of money due to GST input tax credit fraud did not meet the spirit of the TB policy, because the amount of the loss would be confirmed only through a court conviction, which could be handed down years after the incident occurred. Moreover, such convictions immediately resulted in assessments, which would be set up as receivables and either collected or subjected to a formal debt write off process. Both receivables and debt write offs would continue to be reported in the Public Accounts, and when combined with increased reporting on enforcement activities in the Estimates, part III, there was considered to be adequate disclosure.

Question No. 201—**Mr. James Moore:**

What grants did Export Development Canada make to any companies named "Indofoods" between 1996 and 2003?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Export Development Canada does not provide grants.

Question No. 203—**Mr. Garry Breitkreuz:**

With respect to the following statement in the RCMP's response to Access to Information Act request file number ATIP2002-44709, dated January 23, 2003, "We can confirm 1,081,589 firearms have been verified.", how long will it take and how much will it cost to verify all firearms in the Canadian Firearms Registry?

*Routine Proceedings*

**Hon. Wayne Easter (Solicitor General of Canada, Lib.):** Not all of the firearms entered in the Canadian firearms registry require verification. There is no legal requirement for rifles or shotguns to be verified on first time registration. In order for a firearm to be registered, sufficient identifying information must be provided to allow the firearm to be classified and uniquely identified. Firearms must be verified at time of import into Canada, when being transferred, or when registered in a business inventory. There is a mechanism in place to verify firearms upon future transfer of firearms with the assistance of the verifier's network of approximately 5,000 volunteers, which is supported by various chief firearms officers across the country. Given the foregoing information and the fact that the registration of firearms is an ongoing process, it is not possible to isolate the length of time and costs associated specifically with verification.

[*English*]

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

**The Speaker:** Is it agreed?

**Some hon. members:** Agreed.

\* \* \*

#### MOTIONS FOR PAPERS

**Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, Notices of Motions for the Production of Papers Nos. P-5, P-9 and P-10 in the name of the right hon. member for Calgary Centre, are acceptable to the government, except for those documents which will not be released pursuant to the Access to Information Act, and the papers are tabled immediately.

Motion P-5

That a humble Address be presented to Her Excellency praying that she will cause to be laid before this House a copy of all documentation, including recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Illsley Bourbonnais between January 1, 1997, and January 31, 2002.

Motion P-9

That a humble Address be presented to Her Excellency praying that she will cause to be laid before this House a copy of all documentation, including recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Egon Zehnder International between January 1, 1997, and January 31, 2002.

Motion P-10

That a humble Address be presented to Her Excellency praying that she will cause to be laid before this House a copy of all documentation, including recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Spencer Stuart between January 1, 1997, and January 31, 2002.

**The Speaker:** Subject to the reservations expressed by the parliamentary secretary, is it agreed that Motions Nos. P-5, P-9 and P-10 be adopted?

**Some hon. members:** Agreed.

(Motion agreed to)

**Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I would ask you to be so kind as to call Notices of Motions for the Production of Papers Nos. P-1, P-2, P-3, P-4, P-6, P-7 and P-8 in the name of the right hon. member for Calgary Centre.

Motion P-1

That a humble Address be presented to Her Excellency praying that she will cause to be laid before this House a copy of all documentation, including recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Rolland Groupe Conseil Inc. between January 1, 1997, and January 31, 2002.

Motion P-2

That a humble Address be presented to Her Excellency praying that she will cause to be laid before this House a copy of all documentation, including recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Price Waterhouse Coopers between January 1, 1997, and January 31, 2002.

Motion P-3

That a humble Address be presented to Her Excellency praying that she will cause to be laid before this House a copy of all documentation, including recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Gilles Tremblay and Associés between January 1, 1997, and January 31, 2002.

Motion P-4

That a humble Address be presented to Her Excellency praying that she will cause to be laid before this House a copy of all documentation, including recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Elan Pratzter and Partners Inc. between January 1, 1997, and January 31, 2002.

Motion P-6

That a humble Address be presented to Her Excellency praying that she will cause to be laid before this House a copy of all documentation, including recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Belle Isle Djandji between January 1, 1997, and January 31, 2002.

Motion P-7

That a humble Address be presented to Her Excellency praying that she will cause to be laid before this House a copy of all documentation, including recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Gestion Michel Lebeuf Ltée between January 1, 1997, and January 31, 2002.

Motion P-8

That a humble Address be presented to Her Excellency praying that she will cause to be laid before this House a copy of all documentation, including recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm La Société Caldwell between January 1, 1997, and January 31, 2002.

**Mr. Geoff Regan:** Mr. Speaker, in relation to all those questions just called, the specified executive search firms were not engaged with the Business Development Bank of Canada to conduct searches in relation to positions at the vice-presidential level or higher during the relevant timeframe. Therefore no relevant documentation exists, and we therefore respectfully ask the right hon. member to withdraw his motion.

**Right Hon. Joe Clark (Calgary Centre, PC):** Mr. Speaker, I will give the request of the government my usual careful attention.

• (1525)

**Mr. Geoff Regan:** Mr. Speaker, I ask that all other Notices of Motions for the Production of Papers be allowed to stand.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

**The Speaker:** Therefore, we will hear back from the right hon. member in due course in respect of the others, and I presume that those will also stand in the meantime.

*Government Orders***GOVERNMENT ORDERS***[English]***BUDGET IMPLEMENTATION ACT, 2003**

**Hon. Ralph Goodale (for the Minister of Finance)** moved that Bill C-28, an act to implement certain provisions of the budget tabled in Parliament on February 18, 2003, be read the third time and passed.

**Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, it is a pleasure to rise today on third reading of Bill C-28. We have had a lot of debate with regard to the budget implementation bill.

I want to again emphasize to members of the House that this budget is built on strong fiscal fundamentals. First, we have no deficit. We are paying down the national debt. We are the only G-7 state that continues to pay down the national debt. We have gone from 72.5% in 1996, down to 44.5%, and declining. We have had our sixth consecutive balanced budget or better. At the same time we are investing strategically in areas like health care.

The Minister of Finance made it very clear that he wanted to hear from Canadians. He wanted to know what kind of Canada they wanted, in terms of the budget. I would like to quote the minister. He said:

Canadians told us that the budget choices we make have to be about more than the tallying of accounts. Our choices must reflect the sum of our values. They must reflect Canadians' pride in their country and, above all, their hope and determination that their children will inherit an even better Canada and a better world.

The minister's comments certainly are reflected in the work of the 2003 budget.

The budget responds to many challenges. It responds to the issues of health care. It responds to issues of poverty and affordable housing. It responds to issues dealing with our cities, ensuring that they become more competitive and that our communities become better places to live. Again, strong economic fundamentals is very important; no deficit. We will not go back into a deficit. The government has made that very clear, and that is what the Minister of Finance has delivered.

As far as our cities are concerned, as the former president of the Federation of Canadian Municipalities, I take great pride in the fact that it was the Liberal government in 1994 that embraced the FCM's 1983 plan for national infrastructure. It lay dormant under the Conservatives. The Liberal government came in 1993 and the next year implemented the national infrastructure program. We have built on that over the years.

For example, the current budget builds on the 2000 and 2001 budgets by providing an additional \$3 billion in infrastructure support as a down payment over the next 10 years. The Federation of Canadian Municipalities has asked for years to have a 10 year program. Those of us in municipal politics know full well that to deal with capital issues and look at projects, it needs to be done over the long term, for 5 and 10 years. Fortunately the government and the budget has responded.

Two-thirds of this will be used to double the funding available under the Canadian strategic Infrastructure fund for large scale projects such as those located in Canada's major urban centres. As a member of the greater Toronto area caucus, I was pleased that the government announced \$435 million, matched by local municipalities, by the GO, by VIA, to improve local transportation, rail, bus and otherwise, in the greater Toronto area, and this is leverage money.

Unfortunately the province of Ontario still has not responded to the announcement made by the government at the end of March. I hope, as it gets closer to an election, it will make an announcement because we are waiting, the commuters of the greater Toronto are waiting, so we can have a fund of about \$1.2 or \$1.3 billion to improve transit in the greater Toronto area. That is because the government has worked effectively with municipal governments over the years.

I quote from the president of the FCM. In a letter he says, "FCM wants to continue its positive working relationship with the Government of Canada". This has been the cornerstone of the government working directly with our communities across this country.

The remaining one-third of the money of course goes to new municipal infrastructure funding and again we are looking at those details. As members know, we have agreements with each province.

The budget further provides an additional \$320 million to the affordable housing initiative over the next five years. It provides \$384 million over the next three years to extend the residential rehabilitation assistance program, something again for which municipalities have asked.

• (1530)

The budget invests \$405 million in the next three years in supporting communities partnership initiatives to continue the fight for homelessness. We have to congratulate the Minister of Labour for her leadership in that regard. The Minister of Labour listened to this Liberal caucus when it came to the homeless issue. She has responded and she has worked very effectively with community organizations across this country. Again this has been well received across Canada.

The budget also invests in new technologies and alternative energy and begins to deal with competitiveness in the North American and global markets.

In addition, budget 2003 delivers security to Canadians in the quality of our society and the strength of our economy. Beyond these investments in our future, Canadians are expecting accountability from the governments. Again the budget delivers. In short, the minister said, with regard to this budget, that it was about the society that Canadians value, the economy that Canadians needed and the accountability that Canadians deserved. Many of these measures are addressed in the bill we are debating today.

*Government Orders*

The principal investment in this budget was health care. That was the number one issue we heard across this country, reinvesting in health care. To begin, the budget makes significant investments to address the concerns of Canadians about their health care system about waiting lists, about the availability of diagnostic equipment and accountability for their tax dollars. These investments, as agreed to by the Prime Minister and by provincial first ministers in the February 2003 accord on health care renewal, will help to improve access to the health care system for Canadians, enhance accountability for how dollars are spent in health care and ensure the future sustainability of the system.

The budget confirms \$34.8 billion in increased funding over five years to meet the goals outlined in the health accord. Bill C-28 implements these measures in the important agreement between the Prime Minister and the first ministers. Investments agreed to in the health care accord and implemented in this bill include a five year, \$16 billion health reform transfer. It is targeted to primary health care, home care and catastrophic drug coverage. I know, having held my own consultations in my own riding last year, these were the three key issues that were brought to our attention of by professionals and by members of the public.

Further investments agreed to in the health accord and implemented in this budget include: an immediate \$2.5 billion supplement to the Canada health and social transfer, the CHST, to help relieve existing pressures on the health care system; an additional \$1.5 billion over the next three years for the acquisition of diagnostic equipment and related specialized staff training; \$600 million to the Canada Health Infoway for health information technology; \$500 million to the Canada Foundation for Innovation for research hospitals; \$75 million to Genome Canada for applied health genomics; and \$70 million to the Canadian Institute for Health Information to enhance its capabilities to report on the health system and the health of Canadians. All of this is without going into a deficit. All of this is responding to what Canadians said was their number one priority, health care.

Following on the five year funding framework that was put in place after the September 2000 agreement with the Prime Minister and the first ministers, which agreed to health and early childhood development, federal support for the provinces and territories, the ones responsible for the delivery of health care in this country, the health care and social program transfers are further increased by \$1.8 billion and funding is extended for an additional two years. This will ensure a stable, predictable and growing new five year funding framework. As a result, the total annual cash transfers for health and social programs will now rise to \$26.1 billion in 2006-07 and then \$27.7 billion in 2007-08.

In addition to further financing, the first ministers also agreed in the accord that the sustained renewal of a Canadian health care system needed structural changes. We heard that even last night in the discussions in the House. This is why they agreed to restructure the CHST into two separate transfers, and this is a very important initiative: a Canada health transfer and a Canada social transfer effective April 1, 2004.

●(1535)

This would ensure that the federal transfer support for health care is transparent to Canadians because there was an issue of transferring money to the provinces and no one knew where it went. At the same time the first ministers strengthened the equalization program by agreeing to permanently remove the ceiling on payments beginning 2002-03.

One of the most important foundations in our society are families and children. This budget would strengthen the government's longstanding commitment to Canadian children and families in several key areas. One of the most important measures, for example, would provide a six week paid compassionate care benefit, for the first time under the employment insurance program, to help families provide care and support to a gravely ill or dying parent, to a spouse or a child. We will continue to monitor this and look at the success of this particular important initiative that the government has undertaken.

Another important point would increase the assistance through the Canada child tax benefit for children in low income families. By 2007 annual benefits would increase to a maximum of \$3,243 or up to \$3,495 for a child under age seven. A third measure would allocate an additional \$900 million over five years for investments in early learning and child care as agreed to by the ministers responsible for social services. The most important formative years are zero to five and we have responded to that.

For those facing the challenge of disability, a new indexed \$1,600 child disability benefit effective this July would provide additional annual assistance to low and modest income families with a disabled child. In addition, the budget would provide \$80 million per year to enhance tax assistance for persons with disabilities drawing on the evaluation of the existing disability tax credit and input of the technical advisory committee. We are continuing to improve with regard to the issues of people and children with disabilities.

Further, infirm children or grandchildren would be able to receive a tax deferred rollover of a deceased parent's or grandparent's registered retirement savings plan or registered retirement income fund proceeds. The list of expenses eligible for the medical expense tax credit would now include certain expenses for real-time captioning, note-taking services, voice recognition software, and the incremental cost to individuals with celiac disease of acquiring gluten-free food products. This new addition is as a result of listening to Canadians and responding in that area.

*Government Orders*

We know that better economic performance tomorrow requires a more productive, innovative and sustainable economy today. Improved skills and learning are vital to improved productivity and competitiveness, and a better life for all Canadians. That is why this budget takes action to help give Canadians opportunities to gain new skills by committing \$60 million over two years to the Canada student loans program to put more money in the hands of students and better enable post-secondary students to manage their debt.

In addition, access to interest relief would be available to individuals who are in default of their Canada student loan or who have declared bankruptcy. This is another issue that we heard lots about during the prebudget consultation discussions. Protected persons under the Immigration and Refugee Protection Act, including convention refugees, would now be eligible to apply for student loans.

We looked at the tax system. We are in the third year of the largest tax cut in Canadian history, a \$100 million tax cut. To further improve the tax system and enhance incentives to work, save and invest, the 2003 budget would build further on that five year tax reduction.

● (1540)

It would encourage savings by Canadians by increasing RRSP and registered pension plan limits to \$18,000 over four years and indexing these new limits. So we are indexing them as well. It would extend the 12% federal small business tax to business income between \$200,000 and \$300,000 over four years. It would eliminate the \$2 million limit on the amount of small business investment eligible for capital gains rollover. This is something we heard from small businesses and the minister has responded. Another measure would reduce business costs and complexity by improving the tax treatment of automobile benefits for employees and auto expenses for employers.

We know that a competitive tax system is necessary to attract investment to Canada and to encourage entrepreneurs to create and develop their businesses. It is the small business community that is the engine behind making the necessary jobs in the country. With this in mind, the budget would totally eliminate the federal capital tax over five years. This tax is currently levied on all corporations with more than \$10 million of capital used in Canada. The first step in the phase out would raise it to \$50 million which is the level of capital at which a firm begins to pay tax.

Additional tax measures would include: implementing the increase in federal taxes on tobacco, effective June 18, 2002, as part of our anti-smoking campaign; removing the 4% per litre excise tax on diesel fuel from biodiesel fuel; and providing authority for interested first nations, those first nations that want to, to levy a broadly based sales tax consistent with the same provisions as the goods and services tax.

The budget would also take action in such vital areas of public concern and support as climate change and the environment. The Minister of the Environment led a strong battle dealing with the Kyoto accord and the budget would assist the Minister of the Environment to ensure that the necessary dollars would be there to respond to public issues dealing with diversified fuels, for example.

It would also respond to issues in the agricultural field. Again, the government is responding in this budget.

It seems clear that the scope of the budget plan is very broad. It is responding to strategic investments because this is what we heard when the Standing Committee on Finance visited constituencies across the country.

What is also important is the government's need to be accountable for the money it spends. I want to make it clear that the Minister of Finance has made it very clear that the priority is accountability. Canadians made that clear during the prebudget consultations. As a result, this budget introduces several new steps to make government spending more accountable and indeed transparent.

First, following up on the government's commitment to review the air travellers security charge, to ensure that the revenue remains in line with the cost of the new system, the budget would reduce the charge by just over 40% to \$7 from \$12 on each domestic flight.

Next, the budget announced the launch of consultations on a permanent employment insurance rate system regime for 2005 and beyond. As we know, for the last 10 years EI rates have come down consistently under the government. The minister wants to go further. He wants to have these consultations to ensure that, in setting the permanent EI rates, it is done in a transparent and open way with all stakeholders and that it provides employers and employees with certainty about contribution rates.

Until that time, this legislation would set the employment insurance premium rate for 2004 at \$1.98. This is the 10th premium rate cut since 1994 and it would bring yearly savings for workers and employees to over \$9 billion compared to the 1994 rate. As we know, before that they went up and since the government has come to power they have gone down every year. Based on private sector economic forecasts in the budget, it is estimated that this rate would generate premium revenues equal to projected program costs for 2004.

● (1545)

An improved accountability framework in the health care accord includes a commitment by all governments to report regularly to Canadians. This is another example of accountability and transparency. This framework would give Canadians more information about their tax dollars and how they are being used to bring in reform in the health care system. I know all members of the House would agree.

The government is also making foundations more accountable. Most of these changes would be made directly with the foundations involved. As we know, all foundation reports are public documents. The heads of those foundations would be called before various standing committees.

*Government Orders*

The Canadian Foundation for Innovation, the Canadian Millennium Scholarship Foundation, and the Canadian Foundation for Sustainable Development Technology were established by federal statute. As a result, amendments in Bill C-28 would ensure that any unspent funds would be returned to the government if those foundations were ever wound up.

The budget would terminate the debt servicing and reduction account which was established to pay interest on the public debt and ultimately to reduce the debt. There is no longer any need for this account since the debt servicing reduction account revenues must ultimately be deposited in the consolidated revenue fund.

Clearly we have a budget with no deficit. We have a new culture of accountability and transparency. I could go on and on about the investments we made in the military and elsewhere. We have been criticized by some members in the opposition about how the spending has gone up. The major spending component, of course, was health care. Members may want to debate the fact that we agreed to the first ministers accord and put the necessary dollars into health care. That is up to them. We wanted to address the number one issue of Canadians as well as issues of child poverty, cities, tax cuts and homelessness.

It is important that governing is about priorities. It is important to ensure that we listen carefully. The Standing Committee on Finance had 49 recommendations to which the minister responded to 34, in whole or in part. He responded effectively in ensuring that he listened to those concerns and invested in the needs of Canadian families.

We want to ensure that we not only have accountability, but that we have an atmosphere where the economy can continue to grow. It is important to note that expenditures are still significantly down from what they were in the 1990s, which was around 18% or 19%.

It is important to note that we are working on many fronts, but we are ensuring that we do so in a responsible manner. We would not have the kind of debt that we have seen for many years. We are getting the national debt down having eliminated the deficit. Whereas Japan is now about 130% of GDP in terms of its debt. It is going up. We are sliding the other way, the right way. We are going down and soon to be below 40%.

It is extremely important that we are doing it in the context of going from the bottom of the G-7 to the top. The economy is performing well. We are seeing that reflected in a number of industries. It is therefore important to pass Bill C-28 to ensure that those initiatives about which Canadians have talked about are addressed.

We cannot do everything in one budget so we have to build on it. As I said with regard to taxes, we addressed the issue of capital taxes this year. We dealt with personal income taxes and we will have more room in the future. We are working with members of Parliament, stakeholders, and Canadians generally on many issues.

It is important to work in a fiscally sound and responsible manner. There were too many years when we spent money we did not have. One of the things the government said when it was elected in 1993 was that it would deal with that issue. It dealt with the \$42.5 billion deficit.

● (1550)

Government is about making choices. As a government we must make sure that we address these issues, but that we address them in a way which is fiscally responsible. In terms of many recommendations, we would have liked to have done more, but there is only so much fiscal capacity to do so.

Other issues which may not have made it into the budget may be addressed in the future. The fact is we have a budget today, a budget on which we have debated for many hours in the House.

The budget deals with issues on the environment which are very important to Canadians. We are taking very important strides in that area. I congratulate the Minister of the Environment because this is a very tough file. Again, \$2 billion has been added to that file, making sure that we can address these issues in cooperation.

Government is about listening. It is about collaborating with the public. It is about making sure we do it in a way that we do not make the mistakes that have been seen in the past, that we do it in a manner in which we can say very proudly that we are not in a deficit, we are dealing with the debt and we are investing. If we continue to do that, future generations will certainly be thankful.

Unfortunately I am part of a generation that inherited lots of debt. Debt is a major concern to me and I know it is a concern to my colleagues across the way. I do not like personal debt and I certainly do not like to see government debt.

We have a contingency fund. The minister has set aside \$3 billion. Fortunately the economy has been moving along, but we always have to be prepared. The minister has made sure that \$3 billion is there.

More Canadians are working. There were 560,000 new jobs in Canada last year alone. It was the reverse in the United States, so we are fortunate. Many of those jobs are full time jobs in high tech, manufacturing and other sectors that are very important to the Canadian economy. It is important that we continue to see that and that we continue to assist and to listen both in terms of issues that affect the business community where we want to see jobs grow and in terms of the social aspect. As I have said, a budget is not simply a balance sheet. It is to make sure that the life of each and every Canadian is better than it was before and that we continue to build on that.

I am hopeful that after all the discussions we have had in the House we will move on Bill C-28, that we will continue to work together as parliamentarians. As we embark on the next round of prebudget consultations which is not very far off, we will continue to deal with the fundamental issues Canadians are telling us they want addressed but at the same time we will do it in a fiscally sound manner.

*Government Orders*

[Translation]

**BUSINESS OF THE HOUSE**

**The Acting Speaker (Mr. Bélair):** It is my duty, pursuant to Standing Order 81(14), to inform the House that the motion to be considered tomorrow during consideration of the business of supply is as follows:

That this House urge the government not to take part in the United States' missile defence plan.

This motion standing in the name of the hon. member for Saint-Jean is not votable. Copies of the motion are available at the table.

\* \* \*

● (1555)

[English]

**BUDGET IMPLEMENTATION ACT, 2003**

The House resumed consideration of the motion that Bill C-28, an act to implement certain provisions of the budget tabled in Parliament on February 18, 2003, be read the third time and passed.

**Mr. Werner Schmidt (Kelowna, Canadian Alliance):** Mr. Speaker, I want to acknowledge the speech that was made by the Parliamentary Secretary to the Minister of Finance and recognize one of the major points that he struck which was that the 2003 budget is on fiscal fundamentals. He said that it is fundamentally correct and fundamentally sound because there is no deficit. That was the major plank in terms of its fiscal responsibility and fundamentals.

The other point my hon. colleague mentioned was that there is more transparency, a greater accountability.

I would like to point out that one of the major statements that was given to us as Canadians in the prebudget consultations was that this budget was designed to make Canadians more competitive.

I wish the hon. member had mentioned exactly what he meant by that. One way of measuring the competitiveness of Canadians would be to compare the relative tax that they have to pay to certain other people. He did use the comparison between Canadians and Americans.

I wish to draw attention to a particular category of persons in Canada and compare them to the United States. The example I will use is an individual who earns about \$65,000 a year and has a \$2,000 dividend income in his annual revenue.

Such a person in Canada would pay on the tax dividend of \$2,000 a tax of \$498. On the salary of \$65,000 the person would pay income tax of \$15,160 leaving a discretionary income of roughly \$51,342 of the \$65,000 that he or she earned in the first place.

Let us compare that to a person in the United States who earns \$65,000 and has a \$2,000 dividend. The taxes on the dividend would be zero, compared to \$498 in Canada. On the salary the tax in the United States would be \$3,795, for a discretionary income of \$63,205.

There is a considerable difference between the disposable income of an American vis-à-vis a Canadian. If we want to make Canadians more competitive vis-à-vis an American, surely we would like to

leave more discretionary income in the hands of the Canadian than of the American. This is one measure of competitiveness that we really want to address.

I am sure there are other members across the way who will say that is based on American dollars. Indeed the adjustment here is on similar dollars.

I do not want to go to that particular area any further. I wish to address a further issue with regard to budgets and with regard to fiscal responsibility and fundamental considerations as to what it means for Canadians and what it means to the economy generally.

Here I must address you, Mr. Speaker, and also the hon. member opposite that I am heavily indebted to the research that has been done in the comparison of economic freedom in North America, which was done in comparing the United States and Canada in terms of the relative economic freedom enjoyed by these two countries and the people in those countries.

The question I am sure listeners would want to ask is what in the world is economic freedom? I wish to address the definition as it was used in this particular study:

Individuals have economic freedom when (a) property they acquire without the use of force, fraud or theft is protected from physical invasion by others and (b) they are free to use, exchange, or give their property as long as their actions do not violate the identical rights of others. Thus, an index of economic freedom should measure the extent to which rightly acquired property is protected and individuals are engaged in voluntary transactions.

That is economic freedom. What the researchers did is they compared the economic freedom of people in Canada vis-à-vis the economic freedom of people in the United States. They ranked on the basis of this index all of the states in the United States, as well as the provinces in Canada and guess what? Most of the provinces in Canada rank at the very bottom. In fact, Prince Edward Island is at the very bottom. The state of Delaware is at the top. Alberta is about halfway through and Ontario is quite a way down.

● (1600)

The study went on to describe this economic freedom a little further:

The freest economies operate with a minimal level of government interference, relying upon personal choice and markets to answer the basic economic questions such as what is to be produced, how it is to be produced, how much is produced, and for whom production is intended.

There are four elements.

As government imposes restrictions on these choices, the level of economic freedom declines.

From the earlier statement I made, we can tell that the researchers found there is less economic freedom in Canada than there is in the United States.

The research flowing from the data generated by the Economic Freedom of the World reports, a project the Fraser Institute initiated almost 20 years ago, shows that economic freedom is important to the well-being of a nation's citizens. This research has found that economic freedom is positively correlated with per capita income, economic growth, greater life expectancy, lower child mortality, the development of democratic institutions, civil and political freedoms, and other desirable social and economic outcomes.

The hon. member opposite mentioned the significance of dealing with child poverty. I agree wholeheartedly. We want to deal with child poverty. I would suggest that one of the reasons we have child poverty is because the parents are poor. One of the reasons the parents are poor is because their disposable income is down, and the reason that is the case is because their taxes are so high. If we really want to get serious about dealing with child poverty, let us deal with the disposable income of the parents.

Just as Economic Freedom of the World seeks to measure economic freedom on an international basis, Economic Freedom of North America has the goal of measuring differences in economic freedom between the Canadian provinces and U.S. states.

I just indicated that.

This study looks at the 10 Canadian provinces—excluding Yukon, the Northwest Territories, and Nunavut—and the 50 U.S. states from 1981 to 2000. Each province and state is ranked on economic freedom at the subnational and all government levels. This helps isolate the impact of different levels of government on economic freedom in North America.

It clearly suggested the relationship between the federal government and the provinces with regard to the national government in the United States and the individual states.

Let us now examine three elements of this economic freedom. They are subsidies and transfers that happen to individuals and provinces; the level of government employment; and occupational licensing. On transfers and subsidies:

When the government taxes one person in order to give money to another, it separates individuals from the full benefits of their labour and reduces the real returns of such activity. These transfers represent the removal of property without providing a compensating benefit and are, thus, an infringement on economic freedom. Put another way, when governments take from one group in order to give to another, they are violating the same property rights they are supposed to protect.

Is that not interesting. That is exactly what happens when this sort of thing is done.

Some form of government funding is necessary to support the functions of government but, as the tax burden grows, the restrictions on private choice increase and thus economic freedom declines. Taxes that have a discriminatory impact and bear little reference to services received infringe on economic freedom even more. High marginal tax rates discriminate against productive citizens and deny them the fruits of their labour.

That is part of the problem. That is why we on this side of the House have advocated and will continue to advocate the need to reduce taxes so productive individuals can become increasingly productive because they will have the incentive to do so. Take the example I mentioned earlier. Is it any wonder that people are attracted to moving to another country where they would have greater disposable income than if they stayed here. That is the issue.

We need to recognize what happens when money is taken from one group and given to another group. We are taking away the freedom from one group in order to exercise that. When we give money to someone freely, is that an incentive to continue to be productive or not or does that become a disincentive? There is a lot of evidence to indicate that it creates a disincentive rather than an incentive. I could talk for another couple of hours on that particular issue.

•(1605)

I want to move to the second point: government employment as a percentage of total state and provincial employment. Economic freedom decreases for several reasons as government employment

### *Government Orders*

increases beyond what is necessary for governments' protective and productive functions. This is the whole business of bureaucratic entrepreneurship and the business of hiring people to the point where it is unnecessary to have that many people in government employment in order to carry out the services.

There has to be a bureaucracy. There have to be employees of government, whether it is civic, provincial or federal. That is not the issue. The issue is, what proportion of the total employment group, the worker component, is in government service and what proportion is outside of government service? I do not have those numbers exactly before me, but I have looked at various statistics. There is an increasing proportion of the total labour force that is employed in government offices as compared with non-government offices. That is the issue we are talking about here.

This business of having an increase of that sort restricts the ability of individuals and organizations to contract freely for labour services, since potential employers have to bid against their own tax dollars in attempting to obtain labour. That is the issue.

High levels of government employment may also indicate that government is attempting to supply goods and services that individuals contracting freely with each other could provide on their own.

Government should not be providing goods and services that can be provided equally well or better in the private sector or by individuals. Government should not be doing those kinds of things. That is what we are talking about here.

It may also be that the government is attempting to provide goods and services that individuals would not care to obtain if they were able to contract freely. Maybe there are some services or goods provided that individuals would not buy or would not want if they had to provide them, because they are unnecessary and they are not a priority. Sometimes these kinds of things are invented for political advantage or for certain other advantages which have nothing to do with the improvement of the economic position in Canada.

We also indicate that government is engaging in regulatory and other activities that restrict the freedom of citizens. Let us talk to a small entrepreneur. Let us talk to a small business person. What is the number one issue they will tell us about? Number one is the tax level. The second one is regulatory infringement on their ability to do what they feel they want to do freely. These are very serious issues and I think they need to be addressed.

I know there was some indication that there is going to be a reduction of some of the regulatory functions. That is a good thing, but there are other areas where the regulatory function has increased rather than decreased. The issue here is that if we want to increase the economic freedom of Canadians we need to reduce regulatory intrusion into their activities.

*Government Orders*

Finally, high levels of government employment suggest government is directly undertaking work that could be contracted privately. When government, instead of funding private providers, decides to provide directly a good or service, it reduces economic freedom by limiting choice and by typically creating a government quasi-monopoly in the provision of services. For instance, the creation of school vouchers may not decrease government expenditures, but it will reduce government employment, eroding government's monopoly on the provision of publicly funded educational services while creating more choice for parents and students and thus enhancing economic freedom.

That is only one way of doing this sort of thing. We have had all kinds of other indications where parents should be given the choice. I will give one other example. I believe that it was the hon. parliamentary secretary who recently indicated that there was going to be a \$3,200 child benefit so that parents could use that money, but it is going to be paid not to the parent but to these various institutions. Our position would be to reduce the taxes so that parents will have the freedom to choose where they are going to send their kids and how they are going to have them looked after, or to give the money directly to the parent to do that. To have government do this and dictate where they should go and how they should be treated there I think is an infringement on the economic freedom of individuals.

• (1610)

The third point is occupational licensing. I am sure, Mr. Speaker, that you know only too well what this is all about. It has to do with architects, engineers, doctors, nurses and teachers, a whole host of professions and special occupational categories. They are licensed on a provincial basis.

What is happening is that a person who is licensed in one province is unable to practice, in many instances, in another province. In order for a medical doctor licensed and practising in Ontario to take that Ontario licence to British Columbia, he or she would have to be licensed in British Columbia. They would be told, "Sorry about that. You have to be licensed in British Columbia and guess what? We're not going to give you a licence, because your licence is from Ontario, unless you take certain courses or re-write the examination or whatever. We're going to put a barrier in there".

Not only does that exist for medical practitioners, it exists through the host of professions that I have listed and many more. That is a serious problem, because if a situation arises, and it has, where there is a real shortage of certain kinds of practitioners, and whether it could perhaps be a transfer of persons, they are unable to practise simply because of this barrier.

This is in effect a provincial barrier that exists in Canada and which in my opinion is absolutely atrocious, because if a medical doctor can perform laser surgery in Ontario, for example, why can he not do it in Victoria or Vancouver? He knows how to do that with that laser surgery equipment. This is absolute nonsense. It defies logic. These are the kinds of problems that exist. When these kinds of licensing practices exist, they interfere with the economic freedom of both the practising professional and the individual who wants to have the service performed.

These laws often protect the interests of "insiders" from potential competition. Is that really what we want to do? Do we really want to make sure that governments interfere in the opportunity for these people to compete with one another so they build artificial walls called licensing walls? Surely that is not what we want to do and yet that exists in Canada. I know it exists and I am sure, Mr. Speaker, you do too.

In Canada through the 1980s, economic freedom remained fairly constant at the sub-national level while it increased somewhat in the all-government level, perhaps as a result of a change of federal government and the resulting change in policy in 1984. In both indexes, economic freedom fell in Canada in the early 1980s and then began to rise in early 1990s. Federal, provincial and municipal governments began to address their debts and deficits, but typically more through increased taxation than through lower spending. However, as debts and deficits were brought under control, governments began to reduce some tax rates through the mid-1990s and particularly the late 1990s. Also in this period, fiscally conservative governments were elected in Canada's two richest provinces, Alberta and Ontario.

Without a summary statement on that particular part of it, it should be pretty clear that the fundamental talked about by the parliamentary secretary to not have a deficit is indeed a fundamental pillar and principle that is important, but what he did not say was that debt has to be planned to be reduced. We had all kinds of claims that the government has reduced debt over the last number of years, and it has. That is good. It has brought the deficit under control and it has paid back some debt, but there is no plan to repay the debt. Oh yes, indeed, there is a contingency fund of \$3 billion this year, and if we do not need it for something else, then we will pay that into reducing the debt.

A great point was made about the proportion of the debt vis-à-vis the GDP, but as the GDP rises and the debt remains more or less constant or rises only slightly, small wonder. As a proportion of GDP, the debt takes a smaller portion. But the banks do not care about that; they care about the interest that they applied to the debt. Our interest charges on \$536 billion of debt are exactly the same whether it is 50%, 10% or 60% of GDP. If we compare the interest payments being made by the Government of Canada today on our debt, they run around roughly the \$40 billion to \$42 billion mark. That is more than the government contributes to the health care program.

• (1615)

Another big point was made about the great contribution that has been made to health care. Yes, there has been an increase. Yes, money has been put back into the health care system, that is quite correct, and it is now at the level where the Liberals took it away in 1993. They have just now increased it back to that level. If one adds the inflation that took place during that time and the population increase, they are still in a deficit position vis-à-vis where they were. It is all very well to talk about accountability and it is all very well to talk about transparency, but then they must tell the whole story: "We took the money away first and then we gave some back but, guess what, we did not give you back as much as we took away in the first place".

*Government Orders*

There is another dimension here. The money is there now, but what about the delivery of the service? It is very good that the money is there, but we now need to recognize that delivery of health care is every bit as important as the ability to pay for it. If we are inefficient at the delivery of the system, the waiting lists will not go down and the technology that should be applied will not be applied. The onus is now upon every administrative unit in the health care system to be as efficient and as effective as it can possibly be. I certainly hope that some of the elements that will be brought in with this money will in fact encourage the more efficient and more effective application of those funds in the delivery of the health care system so that we all have a timely and quality system there when we need it.

We also need to understand the impact of Canada's fiscal system. For example, let us consider a province that reduces economic freedom by increasing taxes. This is a uniquely Canadian problem:

This will likely have a negative impact on the provincial economy, as both the following results and international testing show. However, the weaker provincial economy means the province will receive an increase in federal payouts (or a reduction in the fiscal outflow if the province in question is a "have" province). The greater the reduction in economic freedom, the greater the negative impact on the economy and the greater the amount of money the province will receive from the federal government.

On the one hand, we have the province increasing taxes and reducing economic freedom and then getting money from the federal government, in which case we have the two things working one against the other:

This inflow of funds will, at least in the short term, partly offset the negative impact on GDP and mute the impact of the economic freedom, or its loss, on the economy. (In the longer term, the inflow of funds will also weaken the economy but this impact is likely beyond the time horizon of the tests conducted—

So there is a caveat in this whole thing. Nevertheless, the principle has been established:

On the other hand, if a province increases economic freedom, for example by reducing taxes [which Ontario and Alberta did]...the result is an increased outflow of government revenues to other jurisdictions and a heavier tax burden, given the progressivity of Canadian taxes, which in turn suppresses increases in economic freedom and economic growth. In other words, fiscal federalism mutes the impact of economic freedom in Canada.

It has done that. We can ask the finance ministers of Ontario or Alberta and we will find that this is exactly what they have experienced:

Economic growth itself, because of Canada's fiscal structure, reduces a province's economic freedom and thus brakes further growth [in the economy]. Despite the problems created by Canada's fiscal structure, economic freedom still proves to be a powerful stimulant for increasing prosperity in Canada.

What this really means is that both the provinces and the federal government should be looking at economic freedom and giving their respective constituents and residents greater freedom. One of the best ways to do that is to reduce government spending and to reduce taxes and to do that in such a way that the individual is granted greater freedom to apply the funds that they want to apply in the endeavours that they have for the goods and services that Canadians want and need.

The end result of all of this is that Canada's fiscal federalism seems to harm both rich and poor provinces. The discussion we have just gone through shows that:

...fiscal federalism frustrates the ability of some provinces to improve their economic freedom and, thus, their prosperity. However, the effects are at least as unfortunate in the poorer provinces, where a rich menu of government spending

pushes out other economic activity and politicizes the economy. As a result, the rate of convergence of Canada's poorer regions is about a third to a half the rate of convergence of poor regions in the United States, Europe and Japan.

• (1620)

The incentives created by fiscal federalism are also damaging. Because fiscal federalism mutes the ability of provinces to move towards economic freedom and thus weakens the positive impact of economic freedom, the incentive for provinces to increase the freedom of their economies weakens.

Even worse, the elites—

I want to make it absolutely clear that these are the words of the authors of the study. This is their conclusion, their observation. They go on:

—the elites in "have-not" provinces have incentives to limit economic freedom. Low levels of economic freedom reduce economic activity and increase the flow of federal transfers. These transfers are predominantly captured by the political and business elites, meaning they face incentives to keep economic growth low.

That is exact opposite of what we want to achieve. It goes on:

As well, Canada's Employment Insurance system alters the incentives facing many voters, since they can benefit from the structure of the EI system, which also weakens economic growth by removing large segments of the population from the year-round workforce so long as the economic activity remains weak.

We have had all kind of debates on that particular one in the last little while. It goes on:

While all segments of the population would deny being influenced by such incentives, there has been no significant economic reform movement in Atlantic Canada, even though there is much evidence from around the world that the region's policy mix damages growth.

Those are harsh realities.

In review, "The Importance of Economic Freedom" is:

...why economic freedom is so clearly related to growth and prosperity, a finding not just of this paper but also many other empirical explorations of economic freedom.

In many ways, this debate goes back to the beginnings of modern economics when Adam Smith famously argued that each of us, freely pursuing our own ends, create the wealth of nations and of the individual citizens. However, the twentieth century was much consumed by a debate about whether planned or free economies produce the best outcomes. The results of the experiments of the twentieth century should be clear. Free economies produced the greatest prosperity in human history for their citizens. Even poverty in these economically free nations would have been considered luxury in unfree economies. This lesson was reinforced by the collapse of centrally planned states and, following this, the consistent refusal of their citizens to return to central planning, regardless of the hardships on the road to freedom.

I do not think I have to detail the names of the countries that we are talking about here. It goes on:

Among developing nations, those that adopted the centrally planned model have only produced lives of misery for their citizens. Those that adopted the economics of competitive markets have begun to share with their citizens the prosperity of advanced market economies.

That is their observation and I am sure that the observation of many members in the House. It goes on:

### *Government Orders*

While these comparisons are extreme examples, from opposite ends of the economic freedom spectrum, a considerable body of research shows the relationship between prosperity and economic freedom holds in narrow ranges of the spectrum. While sophisticated econometric testing backs up this relationship, examples are also interesting. So, for example taking two peripheral European nations, the relatively free Ireland does much better than the relatively unfree Greece. In the United States, the relatively free Georgia does much better than the relatively unfree West Virginia. In Canada, an unfree Quebec does much worse than its free neighbour, Ontario. As with anything in the real world, exceptions can be found, but overall the strength of the statistical fit of this relationship is remarkable.

While this is hardly the place to review several centuries of economic debate, the mechanics of economic freedom are easy to understand. Any transaction freely entered into must benefit both parties. Any transaction, which does not benefit both parties, would be rejected by the party that would come up short. This has consequences throughout the economy. Consumers who are free to choose will only be attracted by superior quality and price. A producer must constantly improve its price and quality to meet customer demands or customers will not freely enter into transactions with the producer. Many billions of mutually beneficial transactions occur every day, powering the dynamic that spurs increased productivity and wealth throughout the economy.

● (1625)

Restrictions on freedom prevent people from making mutually beneficial transactions. Such free transactions are replaced by government action. This is marked by coercion, in collecting taxes, and lack of choice, in accepting services. Instead of gains for both parties arising from each transaction, citizens must pay whatever bill is demanded in taxes and accept whatever service is offered in return. Moreover, while the incentives of producers in a free market revolve around providing superior goods and services in order to attract consumers, the public sector faces no such incentives.

Members know this is the case. It goes on:

Instead, as public-choice theory reveals, incentives in the public sector often focus on rewarding interest groups, seeking political advantage, or even penalizing unpopular groups. This is far different from mutually beneficial exchange although, as noted earlier, government does have essential protective and productive functions.

In some ways it is surprising the debate still rages because the evidence and theory favouring economic freedom match intuition. Intuitively it makes sense that the drive and ingenuity of all citizens, harnessed to better outcomes through the mechanism of mutually beneficial exchange, will surely do better for themselves than will a small coterie of government planners, who hardly have knowledge of everyone's values and who, being human, are likely to consider their own well-being and the constituencies they must please when making decisions for all of us.

That is the problem of central planning in many ways. It should be left largely to the individual. They should be given the freedom to apply their funds, to make their decisions, to buy those goods and services that they want.

In conclusion:

The worldwide evidence on economic freedom suggests that Canadian provinces are poorly positioned to take advantage of economic opportunity. The provinces are clustered near the bottom of the ranking in all three areas, indicating that their governments have consumed and transferred more resources, imposed higher tax rates, and created more rigid labour markets than the governments of the US states.

We had witness on that here not long ago. In fact it is now currently upon us. I believe there is a province in Canada that is thinking of threatening to take the government to court. In Newfoundland and Labrador there is a very major issue, and this is exactly what the issue is about. It goes on:

The regression analyses [that is done by this particular study] indicate that growth in economic freedom and the level of economic freedom have a significant impact on the growth in per-capita GDP and the level of per-capita GDP. Since Canadian provinces have relatively low levels of economic freedom, Canadians likely are to continue to experience lower standards of living relative to the American states. Only two provinces, Alberta and Ontario, have high levels of economic freedom in the Canadian context, and the residents have seen the benefits of this.

That goes into the real basic fundamental of how to build a budget in Canada: provide economic freedom for the provinces, provide economic freedom for Canada as a nation and, in particular, to individuals to be free to choose.

There are a couple of things we really have to look at in some detail. I want to look at the air tax which the government has imposed upon Canadians.

A big point was made about the fantastic reduction from \$12 to \$7, a 44% reduction. That is true, that is a reduction and it is 44%, but it is still \$7 per flight and \$14 for a return flight. The research behind all this suggests that before the \$12 tax was introduced, which is now \$7, it cost the airlines \$1.10 each way to screen a passenger. If it cost the airlines \$1.10 to screen a passenger, why is the government imposing a \$7 tax?

I will now go to the gasoline tax. The federal government collects 10¢ on a litre of gasoline and 4¢ on a litre of diesel fuel. The federal gasoline tax cost motorists \$4.3 billion in 2000-01. On last year's average of, say, 64¢ per litre of gasoline, the government collected roughly \$1.9 billion in GST. This went up when the price of gasoline went up, a windfall for the federal government.

● (1630)

In the United States the money that is collected for gasoline tax is contributed to the infrastructure of highways. In Canada a pittance is devoted to that particular expenditure.

While this is a great and wonderful announcement with regard to the infrastructure program, and a major part of it is for highways, a small proportion of those tax dollars collected on gasoline and diesel fuel go to that. The time has come for us to recognize that this tax, which is collected on a designated basis, perhaps should be spent on a designated basis.

In principle, for years in some of the positions of management I have held, I have never been a supporter of a designated tax. However the time has come to ask ourselves if we collect the tax on a designated basis, should it not be spent on a designated basis. It is a very real question. There are very sound reasons for putting it into general revenues but there are also some very sound reasons to recognize this and say that we have to be practical.

Right now, highway No. 1, the Trans-Canada Highway, in many areas is in a serious state of disrepair. It needs major improvement and yet the money that has been designated to do that is a pittance compared to what is necessary. That is a very serious indictment on the government. It goes directly to the whole idea of the economic freedom I talked about just a moment ago.

*Government Orders*

I want to go one step further on the point that the EI premiums have been reduced. That is true, they have been reduced. However I want to put this in the context of payroll taxes. It is very interesting what has happened. I want to compare only two years, 1993 and 2003. In 1993 the EI rate per \$100 was 3%. Now it has dropped down below \$2.10. The total spent in 2003 for EI premiums \$819 for every \$100. In 1993 it was \$1,100. One might say that it is a big reduction, and it is.

Now let us look what happened to the CPP, which is the other payroll tax. The CPP tax was \$752.50 in 1993 and in 2003 it was \$1,810. Therefore, the total payroll tax has moved \$817.20 higher than it was in 1993. It is all very well for the government to talk about what it has done with EI premiums and to say that it has reduced and slashed them but it then increases the CPP tax. Therefore the individual who is buying into this is paying more than in 1993. Such is the legacy of the budget making process across the way.

These are very serious issues and I think we have to come to grips with them in a very real way. There are good things about this budget but there are also some very serious shortfalls.

I would like to really endorse the fact that the government get serious about a plan to pay down the debt. It is time the government have a serious plan to reduce the capital tax totally. I know there is a plan to do that over five years but that is too slow. It is too little too late.

There are expenditures in goods and services areas, subsidies and things of that sort which have increased the expenditures of government well beyond the increase in population and well in excess of the increase in the inflation rate in Canada.

There are some serious shortcomings in the budget and we should change those shortcomings into positives before we approve Bill C-28.

**The Acting Speaker (Mr. Bélair):** 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 Peterborough, Insurance industry; the hon. member for Davenport, Fisheries and Oceans; the hon. member for Renfrew—Nipissing—Pembroke, National Defence.

• (1635)

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, I am pleased to speak today on Bill C-28, the budget implementation bill. In speaking on this bill, I truly feel I am doing what the Bloc Québécois was sent to Ottawa to do, which is to defend Quebec's interests.

What most observers and commentators have stated is that this bill will implement a nondescript budget that is more of an exercise in propaganda for Canadian federalism and for the Liberal Party of Canada. This budget is a budget of many measures. I counted them. There are 74 different spending initiatives and 14 tax measures.

Of the 88 measures in total, not one manages to capture the imagination of Canadians or Quebecers. Why? Because none of these measures resolves a single problem presently facing Canada and Quebec.

And there is worse to come. We had hoped that the new Minister of Finance would not follow in the footsteps of the member for LaSalle—Énard whose reputation for lack of transparency in public finances was well deserved by the time he left the finance portfolio. When the estimate of future surpluses is sometimes off by 300%, that is not a coincidence. It is simply one way the federal government hides the true state of public finances from the people, in order to use the taxes paid by Canadians and Quebecers for purposes other than those for which they were levied.

Thus, it is sad to see that the budget tabled on February 18 fits so well into the pattern of budgets we have grown used to ever since the Liberals regained power in Ottawa. The true figures have been disguised, especially since the surpluses began, which would be in 1997. This is a budget we must describe as non-transparent, particularly with regard to the issue of surpluses.

First, I remind the House that the new Minister of Finance has invented a new category in order to try to artificially reduce his surplus. During the previous finance minister's tenure, we saw the invention of a contingency reserve. It was about \$3 billion. So, that was one part of the surplus camouflaged. Year after year, this contingency reserve, which had no real purpose, was supposedly used—and I shall come back to this—to pay down the Canadian government's debt.

This contingency reserve has now been joined by a new invention from the new Minister of Finance, a reserve for economic prudence. We might wonder what the difference is between a reserve for economic prudence and a contingency reserve. The answer probably is that a contingency reserve is created out of economic prudence, while a reserve for economic prudence is just in case there are any contingencies.

But no one is fooled. This is simply creating accounting categories in an attempt to camouflage the size of the surplus produced, year after year, by the federal government, on the backs of the provinces, and Quebec in particular, and on the backs of all the taxpayers, in Canada as in Quebec.

Of course, it is pretty obvious. For example, in his October 2002 budget statement, the Minister of Finance announced for fiscal year 2002-03 which just ended a \$4 billion surplus. For the following year, he forecast another \$4 billion surplus. But as I indicated, because of the contingency reserve and the economic prudence reserve, in both cases, there was no surplus in the end. For 2004-05, the forecast was for a \$5 billion surplus.

Naturally, like the Bloc Québécois, all commentators denounced this massaging of figures. It was clear that the surpluses would be much larger, not only this year but also in coming years.

In the budget tabled on February 18, the Minister of Finance had no choice but to change his tune somewhat. For example, for the fiscal year that just ended, he announced a \$6.4 billion surplus. For 2003-04, it will be \$8.2 billion. The forecast has increased from \$4 billion to \$8.2 billion. We are slowly getting a more realistic picture, but there is still a long way to go.

*Government Orders*

• (1640)

For 2004-05, a \$10.7 billion surplus was forecast in the budget, while in the budget statement, as I said, it was \$5 billion. The amount has more than doubled. Between October and February—we are not talking about several years here, just a few months—the surplus forecast has doubled. But that is not quite the reality yet.

In October 2000, we had come up with figures of our own; we stand by these figures, and we stood by them in February. For 2002-03, our forecast was \$10.9 billion; for 2003-04, \$11.6 billion; and for 2004-05, \$11.5 billion. It is pretty simple to do the math. All one has to do is take a look at the economic growth, rate of inflation and historical figures to come up with similar figures.

Of course, the figures I am quoting here, our estimations, we have come up with before the accounting reform. This year—and we totally agree with the new approach—we will be moving to full accrual accounting.

So, taking this full accrual accounting into consideration, for 2002-03, the fiscal year just ended, the surplus will be not the \$6.4 billion announced by the Minister of Finance, but \$14 billion instead. For 2003-04, the figure will be \$12.3 billion, and for 2004-05, \$12.4 billion.

So, before the measures announced in the budget, the surplus for the three years I have just mentioned, that is the one that has just ended and the next two, totals \$38.7 billion. We can see that this allows the federal government an absolutely phenomenal amount of leeway. With it, the true problems of Canada, Quebec and the provinces could have been addressed. But no, they preferred to announce a whole series of propaganda measures, a flurry of measures that, as I have already pointed out, have not attracted the attention of either observers or the public.

As I said, our estimates put the figure at \$14 billion. It is interesting that the new Quebec finance minister, Mr. Séguin, has also come up with more or less the same figure. I will quote from an article in the Wednesday February 19 *La Presse*, that confirms the approach, or the analysis, of the Bloc Québécois.

According to Mr. Séguin:

If we consider that the increase in projected spending up until 2005 is higher than the average for past years—

Obviously, this is one way the federal government, that is the Minister of Finance, has of camouflaging the surplus.

—and if instead we calculate the surplus based on the historical average of spending growth—

As the Bloc Québécois does.

—we realize that the surplus for 2005 will be not the \$5 billion stated in the budget but instead \$15 billion.

This is the same Mr. Séguin who headed the commission on fiscal imbalance in Quebec, and is now Quebec's Minister of Finance. We are not, therefore, the only ones not to be taken in by the subterfuges of the Liberal government's Minister of Finance.

This year, as I mentioned, taking this full accrual accounting into consideration, there will be a \$14 billion surplus before the measures announced in the budget. After spending for these measures, there

will be \$9 billion. This means that even with the \$6 billion in measures announced in the February 18 budget, the federal government will end up with a \$9 billion surplus, a surplus that it will say it is putting toward paying down the debt. This is not the whole truth, and I will come back to this later.

However, given that there is no shortage of money in Ottawa, the Minister of Finance is able to solve problems. The main problems that Quebeckers and Canadians want to see solved have to do with the fiscal imbalance, the employment insurance fund and a whole series of social measures.

Instead of solving these issues using the financial leeway available to him, as I mentioned, he fudged the numbers. How did he do this? It is interesting. First, he forecast revenues based on growth that was lower than nominal GDP growth. For the benefit of those following, it is important to understand that when we pay our taxes, we do not pay our taxes based on the real growth of the Canadian economy. We pay our taxes on real growth—the actual increase in wealth—and on the increase in prices. For example, if I get a 5% increase in pay and there is 2% inflation, the real growth in my purchasing power is 3%. The federal government, like other governments, will not tax me on my 3% increase, it will tax me on the nominal increase of 5%, which includes inflation.

• (1645)

What the Minister of Finance is doing is not very complicated. He underestimates the growth in revenues and underestimates the rate of inflation. When we look at the department's documents, we see that the inflation rates, that is, the nominal gross domestic product, are systematically underestimated.

And conversely, the federal government, through the Department of Finance, inflates its expenditures. They are talking about \$6.4 billion in the budget. But everyone who has seen how the federal government operates expects this \$6.4 billion to turn out to be \$5 billion. It is easy to reduce these expenditures.

As I was saying, Mr. Séguin, in his article of February 19, has explained this operation, as we have.

The federal government underestimates its revenues, overestimates its expenditures and, year after year, accumulates surpluses which are not subject to public debate and therefore not available to solve the real problems faced by Canadians and Quebeckers.

They say that these surpluses, which are basically not forecast, must be used to pay down the debt. On October 31, 2002, in this House, the Prime Minister said that, under the acts of Parliament, at the end of the year, the surplus is automatically applied to debt reduction.

The next morning, the Auditor General took him to task saying, “That is not so; that is not true”. The Prime Minister was wrong. He should have said that, by virtue of the acts of Parliament, or simply by virtue of accounting practices, at the end of the year the surplus automatically reduces the debt. I will explain it very simply.

*Government Orders*

If you have a \$100,000 mortgage on your house, then you have a debt of \$100,000. If, over the years, you have been lucky enough to accumulate \$10,000 in your bank account, at the end of a year, when your net worth is calculated, we will not say you have a debt of \$100,000, but that your net debt is \$90,000, that is, the \$100,000 mortgage minus the \$10,000 you have in the bank. But you have not used that \$10,000 to pay down your debt. It simply reduces your liabilities because you also have an asset.

It is exactly the same thing for the federal government. When, at the end of the fiscal year, we look at the picture, all the assets of the federal government—including reserves and foreign currency—all these assets are counted toward reducing its liabilities. Thus, the debt is not necessarily paid off. Simply, it is clear that all surpluses and assets go toward reducing the debt.

This is why, for example, in 2001, the surplus was \$8.9 billion, much more than the Minister of Finance had estimated. Only \$6 billion of this amount was used to pay down the debt, and that is already too much. The remaining \$2.9 billion was put into the contingency fund to support the Canadian dollar during difficult times, which is not currently the case, and a good thing.

What the Prime Minister was telling the House is not quite true. I know that he went to law school. In all likelihood, it has been a long time since he has taken any accounting courses, but it is easy enough to understand.

The federal government, with its unforeseen, artificial surpluses—and I explained all this earlier—could very well decide, as it has from time to time, to use this money to resolve the problems that Canadians and Quebecers want resolved, such as the fiscal imbalance, the employment insurance fund and various other measures that I will come back to shortly. The federal government has the necessary leeway to do something about these things.

Now, the money is there. This would allow the problems to be fixed. But, in order to have a real debate, the real figures are needed. Unfortunately, this is not the case with this budget. I must stress this point, because there can be no real debate on the budgetary choices made by the federal Liberal government as long as the true financial picture is unknown.

This transparency problem was once again raised by Mr. Séguin, as I was saying earlier. He was the president of Quebec's commission on fiscal imbalance.

• (1650)

In the *La Presse* article of February 19 already referred to, he said two other things of note. To quote:

In fact, the federal government is announcing for the current year, ending this March, an excess of revenues over expenditures of more than \$6 billion. Taking into account the usual overage noted at the end of each year, the surplus can be estimated at close to \$10 billion.

This is Mr. Séguin writing on February 19, 2003. I have said that the Bloc Québécois estimate before the accounting change was \$10.9 billion. So we are both at around the same number, a number that is very far from the underestimates of the Minister of Finance.

Later in the article, Séguin goes on to say this:

Accountability with respect to public funds requires the government to table a budget, get an appropriation act passed, and collect taxes accordingly. A systematic

announcement in advance of a surplus, the use of which is never made clear by the government, creates a serious transparency issue and is obviously contrary to the interests of the taxpayers, the ones who will be paying.

There is a problem of transparency, of democracy, in the way the Liberal Government of Canada is administering public funds. Part of the situation is being concealed from us, which prevents Canadians and Quebecers from being able to give any clear indication to this government of how they want their taxes to be used.

The reality, as I have said, and continue to say, is that there is money in Ottawa. What is lacking is the political will to solve problems, and the reason it is lacking is that the Liberal government's view of how Canada should be built and of the role of the provinces is incompatible with the 1867 Constitution. I will be coming back to this point later on.

We have carried out a very serious analysis. I have spoken of our estimate of the surplus for the next three years. In the Minister of Finance's budget statement, I took his own figures for the surplus. I complemented these with Conference Board studies carried out for the commission on fiscal imbalance and the provinces a scant few months ago. Over the next 10 years, using extremely conservative estimates addressing simultaneously economic growth, interest rates and inflation rates, the accumulated surplus is going to be around \$162 billion at least.

This is \$162 billion the federal government will be using in large part to pay down its debt or impose its priorities.

With this money, we could easily solve the problems that I mentioned earlier. For example, the Bloc Québécois proposed a gradual reimbursement of the Government of Canada's debt toward EI contributors and the unemployed, who have been cut off in recent years. It is important to remember that only four in ten people who contribute to EI are eligible for benefits, based on the new rules the government adopted. These benefits are lower than before and are of shorter duration.

So, with this \$162 billion we could very well reimburse the EI fund gradually, with \$45 million over ten years. This would allow the fund to grow a reserve and increase access and the benefit rates for income replacement. It would also help stabilize the premiums. So, that is \$45 billion that could go toward the employment insurance fund.

We could correct the fiscal imbalance. By my reckoning, this would take \$67.5 billion, not just for Quebec, but for all of the provinces. Remember, four out of ten provinces are already experiencing very serious financial problems, and this year, that number is expected to rise to six out of ten.

*Government Orders*

In fact, there is only one province that is not experiencing financial problems right now, and that is Alberta. The reasons for this are obvious; they have to do with oil. However, all of the other provinces are having financial problems, or are on the verge of them. A slower economy or an increase in unemployment would wreak financial havoc.

So there is money, then, to correct the fiscal imbalance. Once we have paid back our debt to the EI fund, once we have corrected the fiscal imbalance, the federal government would still have a budget surplus of \$50 billion with which it could solve a number of problems for which it is responsible. I am not talking about interfering in the jurisdictions of Quebec or the provinces, but it could solve problems that come under its jurisdiction. I will touch on this later.

Clearly there is a transparency problem with the Minister of Finance's budget. There is also a problem of democracy. There is a democratic deficit. When we are not given the necessary information for debate, then the debate is based on false premises. The public is also given inaccurate information. For example, when we are told that, by statute, an unanticipated surplus must be used to pay down the debt, this is not true, according to the Auditor General.

• (1655)

The government should therefore start by making a special effort to provide the public with accurate information so that good discussions can take place.

As I said, the federal government would still have \$50 billion over 10 years to solve a number of problems for which it is responsible.

I will start with employment insurance, because it is important. Over the years, \$45 billion was misappropriated. The one making this statement is not me but the Chief Actuary of Human Resources Development Canada, in a September 2002 report. It had reached approximately \$42 billion in 2002. When we look at the surplus forecast for this year—nearly \$3 billion—we can truly say that, in recent years, \$45 billion in contributions to the employment insurance fund designed to cover the income security plan for those who lose their jobs we misappropriated.

So, \$45 billion has been used for purposes other than what it was intended for. One of this government's ministers said so himself. The money was used to a large extent to pay off the debt, but this is still money owed.

If I owed income tax to the federal government, the fact that I chose to use the money to buy groceries or a car would not justify my telling the government, "I am sorry, I did earn the money, but I spent it and now I cannot pay you because I have no money left". The federal government would not go for that, and neither would any other government. It would tell me, "You owe us money; you must pay. We will make arrangements". As far as the EI fund is concerned, payments may be spread over a certain time period, but this is still money owed. The money may have been spent, but that is not the problem of those who contributed, the unemployed. The money must be paid back. We are open to arrangements; I mentioned a 10-year term to pay it back.

Now is a good time, because the Minister of Finance can see clearly that it was not a good idea to grab that \$45 billion. Year after

year, month after month, week after week, people write to him. I saw a letter from the Canadian Federation of Independent Business that said that for two or three years the government has been promising to correct this situation, that there is still nothing happening, that the contribution rates are much too high in comparison with what is needed. The minister has decided to undertake a consultation on the contribution rates, and he even announced it in the budget.

Of course, contribution rates mean nothing on their own. Contribution rates are related to the coverage people want from the EI program, what type of EI they want, what kind of reserves are needed to stabilize rates, and what kind of rates are required. Thus, it is absolutely unthinkable to have a consultation, as the minister thinks he can, about the mechanisms for setting contribution rates, without broadening the debate. And everyone has understood that.

At a meeting on May 6 in Gatineau, Quebec's social action groups came to tell him that they want a debate on contribution rates, the level of reserves needed to stabilize contribution rates in the event of an economic downturn and increasing unemployment, and the kind of coverage wanted.

Therefore the debate must be broadened. Contribution rates are much too high. I know that the government regularly boasts about reducing the rates. Let us look at that. I will not go too far back, although I could go back to 1993, when the Liberals came to power, but that might bore you, Mr. Speaker. I will just go back to 1999.

As you know, the term "worker contribution rate", means that it comes from wage earning employees. In 1999, the EI contribution rate per \$100 of insurable earnings was \$2.55. This allowed the federal government to get its hands on a surplus of \$6.8 billion. The rate that would have been needed at that time to provide coverage, again according to the HRDC actuary, was around \$1.69. Hon. members can see therefore that the contribution rate was far too high compared to what was needed to sustain the program, which was \$1.69. At that time, I would remind hon. members, the accumulated surplus was already in the order of \$20 billion. That was back in 1999.

The government, through its finance minister of the day, announced in its budget that it would be reducing the contribution rate, and boasted for months about this. It brought it down from \$2.55 per \$100 of insurable income to \$2.40. I am not talking about the present Minister of Finance; it was one of the candidates for the leadership of the Liberal Party of Canada.

At that time, still according to the HRDC actuary, what was needed was a contribution of \$1.43. This means that, the government's boast of having lowered the rate notwithstanding, it had not been lowered enough.

*Government Orders*

• (1700)

It continued to amass surpluses from the worker and employer contributions and at the expense of the unemployed. That year, the result was a surplus of \$6,8 billion, making the total \$26 billion.

Obviously, this led to complaints. “How can it be that no one, or just about no one, is entitled to EI? We pay at the set contribution rate and the government accumulates a surplus and announces it will pay off the debt with the money”.

Of course, the Minister of Finance of the day again lowered the contribution rate. He took it down from \$2.40 to \$2.25 in 2001. But, according to the actuary, the contribution rate that was needed to cover the cost of the EI fund was \$1.66. This means the figure was still far too high.

Last year, it was lowered to \$2.20, and the contribution rate needed for the system was \$1.87. Now, we are being told that the rate will be lowered to \$1.98, when the rate actually needed is lower still. So, there will be another surplus.

The government can brag all it wants about lowering contribution rates, but it has not lowered them enough, and it has not used these surpluses to improve the employment insurance fund. It will pay, I hope, the political price for this misappropriation of funds.

Now, this must stop. I hope that, in consultation with the Minister of Finance, an ideal situation will be found, where accounting for the employment insurance fund will be done outside the federal government's general accounting.

The deficits were eliminated a long time ago. The last deficit was in 1994, almost ten years ago. So, we do not want to hear that it is because there were deficits to deal with and pay off. Now, these deficits have been eliminated, and the surplus is over \$45 billion.

The debate must be broadened. In consultation with the minister, I hope that common sense will prevail, which is rare for the government side. If common sense does not prevail, I am very happy to know that the Confédération des syndicats nationaux and the Fédération des travailleurs et des travailleuses du Québec have started proceedings. Since I was the secretary general of the CSN, I was a signatory, in 1998, to the first proceedings against the federal government to recover the funds stolen from the workers and contributors to the employment insurance fund.

The proceedings started a few days ago. It is quite likely that, in the end, the courts will force the federal government to correct this situation. It would be a terrible shame for the courts to have to ensure compliance with the spirit of the Employment Insurance Act.

There is momentum for the federal government and the Minister of Finance to correct this situation and to commit to refunding the \$45 billion—the money is there—to look, along with the labour market partners, at the type of coverage we want for people who lose their job.

As I mentioned, the Bloc Québécois, along with the human resources development committee, made several proposals regarding accessibility and the income replacement rate in particular. The rate is now set at 55% and everyone agrees that it should be at least 66%.

We need to ensure that almost everyone who pays premiums is eligible for benefits, and that they receive them for long enough to avoid the problem of the gap that currently exists in the regions. This is a glaring problem, especially with the crisis in the fisheries. Many people's employment insurance ends before they start their jobs, and they are obviously not eligible for social assistance because they have assets from having worked hard all their lives. We cannot ask these people to liquidate everything they have saved, especially when it comes to providing for their children.

We must ensure that we eliminate this problem with the gap. The federal government has money to correct this situation.

Earlier, the parliamentary secretary said—and the minister repeated it in the House—that revenues this year would be almost at par with benefits. I have no idea where these figures come from. As far as I know, this is probably another attempt at covering up reality.

• (1705)

Let me quote figures from the finance minister's October 30 budget statement, in which he announced that the contributions or revenues would be about \$18.081 billion, while expenditures would be \$15.284 billion. The figures speak for themselves. I did the math, that was not very hard. The surplus is \$2.797 billion.

The budget announced a 2¢ cut per \$100 of insurable earnings. The budget statement had already announced a reduction in contribution rates from \$2.20 to \$2. So by the time the budget came around, the big news was not a reduction in contribution rates from \$2.20 to \$1.98, but from \$2 to \$1.98. No one was fooled by the finance minister. I hope he does not think he fooled anyone. This measure will come into force in 2004; it has no impact this year. It means that, this year, the surplus will be around \$2.797 billion.

Next year, in 2004-05, based on the figures provided by the Minister of Finance, there will be \$18.307 billion in revenues and \$15.883 billion in expenditures for benefits administration. The estimated surplus is therefore \$2.424 billion. These figures date back to last October; they are not that old.

Adding the 2¢ reduction announced in the budget brings the shortfall in the EI fund to \$53 billion. I therefore subtract \$53 billion. Also, so-called compassionate measures were announced for workers who may want to use their EI to care for a seriously ill relative, to be financed to the tune of \$86 million. That is in the budget.

If we subtract the funding for the measures announced in the budget brought down on February 18, the surplus decreases, from \$2.424 billion to \$2.285 billion. It does not melt away, it decreases very slightly. We are talking about \$130 million or \$140 million less than what was forecast in October.

*Government Orders*

Let us do the same for 2005-06. The minister tells us there will be \$19.129 billion in revenues and \$16.685 billion in expenditures, leaving an estimated surplus of \$2.44 billion. I will run through this again: let us say that the contribution rate is kept at \$1.98 per \$100 of insurable income; there will be a revenue shortfall that year of \$178 million. As for compassionate care measures, the program will be well established. So we are talking about \$221 million, but there is still a surplus of \$2.045 billion.

Thus, we see that if there is not a major course correction, a change of direction, surpluses will still be accumulating and the federal government's debt to EI contributors will soon reach \$50 billion, it having once more victimized the people who lose their jobs and need insurance.

This is part of the federal government's responsibilities. If it wants to be of use to the world, to Canadians, to Canada, to Quebec, to Quebecers, let it take care of its own jurisdictions, let it settle this employment insurance problem, let it reimburse the \$45 billion it owes, let it set contribution rates based on reality, with a \$15 billion reserve perhaps, and let it improve employment insurance benefits. That is within its jurisdiction.

There are people working in the softwood lumber industry who are losing their jobs. I think it is sad that a year has passed since the second phase was announced. In particular, I can see the face of the Minister for International Trade, who is sad because the government is incapable of respecting its commitments to the softwood lumber industry and its workers.

True, negotiations are ongoing and we will have a decision by the WTO. But people are losing their jobs. A number of them are in that gap situation I was talking about earlier, where they have no money whatsoever coming in. Some of them have gone on welfare. Some communities are threatened with closure.

In terms of softwood lumber, the federal government is responsible for announcing a second phase and seeing, along with the Minister of Human Resources Development Canada, to protecting seasonal workers in particular.

In terms of the crab fishery, the government could do something. But no. It prefers to interfere in provincial jurisdictions, in particular Quebec's judgments. Adélard Godbout must be turning over in his grave knowing that, through a constitutional amendment, he let the federal government have jurisdiction over employment insurance. I am certain that he is extremely unhappy about that, poor Adélard.

• (1710)

Unfortunately, instead of fixing the problems, the federal government prefers to interfere in areas of provincial jurisdiction, in particular Quebec's jurisdictions.

I already mentioned in another speech that we had made a list of all the new intrusions, not ones that already exist, by the federal government in Quebec's areas of jurisdiction in the latest budget; there are 28 intrusions, meaning 28 measures that infringe on Quebec's jurisdiction, for a total of \$4.476 billion. This amount is proof of the fiscal imbalance.

If the federal government had only the money needed for its own areas of jurisdiction, it would not have enough money to meddle in

those belonging to the provinces; the provinces and Quebec would then be able to levy the taxes needed to assume their responsibilities.

Rolling in surpluses, the federal government has been able not only to pay off the debt, because it is not putting this money toward solving problems that fall under its purview, but also to use some of the money to encroach on provincial jurisdictions, in Quebec in particular, and to enhance its visibility—it is not fooling anyone with that trick either—in an attempt to stifle sovereignist sentiment in Quebec. It has been at it for several decades, but that did not prevent the sovereignist movement from growing, with some ups and downs. Such is the history of an entire people, but at the same time people will not be bought with this kind of measure. The bottom line is \$4.476 billion to encroach on Quebec's jurisdiction.

Yet, money could very well have been put into the infrastructure program to ensure that municipalities could solve a number of problems, with the provinces and Quebec, of course, remaining in charge. What was announced instead? An investment of \$1 billion over 10 years in infrastructure. That is \$100 million a year, including \$25 million for Quebec. That is ridiculous. Across Canada, municipalities scoffed at the measure. Twenty-five million merely pays for 25 kilometres of highway. The municipalities condemned the measure. Greater things could have been done regarding the infrastructure.

As for the special tax of 1.5¢ per litre of gas introduced by the Liberals to fight the deficit, while the government has been rolling in surpluses since 1997, the tax continues to be collected and to generate surpluses that go to paying down the debt, at least that is what we were told. This tax of 1.5¢ per litre of gas could very well have been abolished, especially in the current context of volatile gasoline prices.

As for the air security tax, this morning Air Canada announced a first-quarter deficit of \$354 million. The situation is a very serious one. A tax is imposed without anyone being able to explain its usefulness, to such an extent that the Minister of Finance has in fact reduced it. It should have been simply done away with altogether. Perhaps that would have helped. While certainly not the only measure the airline industry needs, a minimum of common sense would have indicated that it ought to be abolished. Probably the next budget of the Minister of Finance—who knows if it will be this one or another—will abolish it. The damage has been done, however, and it is going to end up costing the Canadian public purse dearly.

As for the excise tax on microbreweries, the Standing Committee on Finance recommended that, for microbreweries producing 300,000 hectolitres or less per year, there be a 60% reduction on the first 75,000 hectolitres. The Minister of Finance did not take this into consideration at all, and this sector is going through serious problems as a result.

*Government Orders*

As for the disability tax credit, the budget contains absolutely nothing. In fact, access to this tax credit has been restricted. It is ridiculous. The government is asking for doctors' reports that sometimes cost more than the credit itself. The tax credit is worth about \$960 and sometimes people are asked to provide reports from psychiatrists that cost more than that. People are not making money off of the DTC. I saw a man who was having problems walking who was denied the disability tax credit by the federal government.

I also must raise the issue of the GST and school busing. I find it unacceptable that despite everything the parliamentary secretary and the ministers involved say, the principle of the authority of a final judgment is being ignored. I hope that common sense will prevail before this bill is passed. I hope it is not passed. We are talking about \$18 million. This will not jeopardize public finances, far from it. However, it will violate a sacrosanct principle. The authority of a final judgment must be respected. Of course, cases that are pending can be overridden, but not cases that have already been determined.

In health, there has been much bragging from the federal government. They finally handed over \$6.5 billion in new money, but there were \$21.6 billion worth of needs.

• (1715)

This falls completely short of the mark.

In closing, I would like to quote a Quebec premier, who said:

We absolutely cannot sit idly by and watch the federal government introduce initiatives that would prevent us from exercising our provincial powers, even on apparently secondary matters. We believe that true respect for the legitimate autonomy of the provinces, and everything this entails, presumes that the provinces have what they need to effectively meet their responsibilities in areas under their jurisdiction.

Who said this? Was it Lucien Bouchard, Bernard Landry, Jacques Parizeau or René Lévesque? No. It was Jean Lesage, in 1963. I am happy to see that the Bloc Québécois is continuing his fight to ensure that Quebec's jurisdiction is respected.

[*English*]

**Mr. Dick Proctor (Palliser, NDP):** Mr. Speaker, I am pleased to participate in the debate on Bill C-28, the budget implementation act. Lest anybody be surprised, members of the New Democratic Party will be standing in clear opposition to the Liberal budget of 2003.

The Liberal spin doctors, and they have many of them across the way, have tried to portray this as a social spending budget. In fact, the government did try to do two things in the budget.

First, Ottawa tried to replace some of what it hacked and slashed over the past decade, but it is worth remembering that program spending in the budget taken as a percentage of our gross national product is far below historical levels. It is roughly at the levels that it was at in the 1940s, the years of Mackenzie King, Babe Ruth and Rocket Richard. Our level of spending is stuck there and for that we can thank in large part the former finance minister and the man who would become the next Prime Minister.

Social historians will note that the changes after the second world war were very profound. When Johnny came marching home from the war, he wanted to ensure that there were significant changes made in the way the country would function in the future after battling and defeating Hitler and Nazism. We had the growth of the

welfare state in the fifties and sixties. What we are seeing subsequently is the pull back from that and it is impacting negatively on our society as a result. It is not just New Democrats who are saying that.

Yesterday Statistics Canada published its final report on the census data for the year 2001. The headline in today's news media says, "1990s a good decade for the rich: Statistics Canada". The lead paragraph said:

The rich got richer in the 1990s, while everyone else's before-tax income stayed just about the same, as did the number of children living in low income families, Statistics Canada said on Tuesday.

According to Statistics Canada there are more than eight million families in Canada and their average income went up over the decade by the magnificent sum of \$500 on average, about \$50 a year. Members opposite are congratulating and patting themselves on the back about what a wonderful job they are doing. But, on the other hand, families in the top 10% of the income pyramid made 28% of all the money earned in the year 2000, and that was up from a decade earlier. Hence, the rich get richer headline.

The poorest 10% of families accounted for a mere 2% of the income. They remained in the same rut they were in a decade ago. Many of the poor people are single parents and 17% of seniors live in low income situations. They are the people who built the country and one in six of them is forced to live below the poverty line. That is a shame and something that none of us should accept. Even more shameful is that 18% of children in Canada were living in low income families in the year 2000.

We all heard the bold promises from the previous Conservative government of Brian Mulroney and of the current Liberal government about how they were going to do away with child poverty by the year 2000. The Ed Broadbent amendment was introduced and passed unanimously in November 1989, yet the number of poor children in Canada is almost exactly where it was 20 years ago in 1981. We are simply treading water.

Food banks are the only ones in the country where the branches are growing rapidly. We see them from coast to coast. With the resources that we have, it is an abomination that it continues to be the case in a country as rich and diverse as Canada.

The New Democratic Party believes the true test of any economy is how well it distributes the benefits of citizenship and by that measure the government and the budget do not pass the test.

• (1720)

In the 1940s there was somebody who said it slightly differently and much better than I just said it and that was Tommy Douglas. He said that the true test of a society is not the height of its skyscrapers but how it treats its most vulnerable citizens. I repeat again that on that basis the government and this budget do not pass the test.

I am not alone in my observations. The Catholic bishops of Quebec released their annual statement a couple of weeks ago expressing concern about the number of jobs in Canada that are part time, short term and insecure.

### *Government Orders*

The bishops of Quebec said that insecurity in the lives of workers erodes their dignity and turns the human person into just another marketable commodity. The bishops added that the rights and dignity of workers would be better protected if more of them were able to belong to trade unions. I wholeheartedly concur with that.

What has the government and the budget done for workers? I acknowledge that it does reduce very slightly the cost of employment insurance premiums. This is a small measure when we consider that the government has accumulated a surplus of almost \$50 billion in the EI fund over the years. We all know that the government has fought the deficit and paid for its massive tax cuts by raising money through workers' employment insurance premiums and the payroll taxes of employers. Both of those groups pay into the fund but the government does not. It just directs where the money will go.

Let me turn to the issue of students and post-secondary education. We used to call them the workers of tomorrow. In many cases they are not that any longer because they are working at part time jobs as they continue with their studies to try and help defray the high costs and the growing costs of post-secondary education.

The Canadian Association of University Teachers predicts that the funding available for post-secondary education will fall dramatically from \$2.8 billion in the current fiscal year to \$1.8 billion next year. That is placing significant strain on students and their families.

The federal cutbacks in post-secondary education in recent years have had the effect of driving up both tuition fees and student debt levels. Average student debt when the government came to power in 1993 was \$13,000. Today it is over \$21,000. Tuition fees in short have exceeded inflation six times between 1991 and 2001.

As I indicated, it is not just the students, but their families as well. The Canada student loans program requires parents to contribute a portion of family income, if they earn over a certain level, to their children's education until four years following graduation from high school. That amount is deducted from the student's assessed loan amount.

The required parental contribution is based on a moderate standard of living, determined by a formula that includes family size, income and the province in which the student resides. By way of example, a Saskatchewan family of three with an income of \$50,000 would be expected to contribute between \$220 and \$230 a week to their child's education, or about \$5,500 for a 24 week school year.

Obviously, moderate income families have to make large sacrifices to help their children through school. Some students simply do not go on to school or they delay their education. In fact, the Canada Millennium Scholarship Foundation published a study recently which stated that only 3% of Canadian families are able to provide the level of funding that is required under the Canada student loans program.

This is clearly not working. It is bad public policy and it is certainly inequitable. In talking with some university presidents, they have indicated to me that they are concerned about whether or not children from low and moderate income families will indeed be able to continue their education, or whether we are going to revert to the 1940s and earlier when it was only the children of wealthier families

who had the wherewithal and were able to go on to a post-secondary education.

For our part, the New Democratic Party believes that we need to reduce the cost of post-secondary education by reducing tuition fees and relieving student debt by having the federal government assume interest costs on student loans throughout the life of the loan.

• (1725)

We should certainly eliminate all taxes on scholarships, grants and bursaries. As I have said before in this place, if we can eliminate taxes on lottery winnings, surely to goodness we can do it on scholarships, grants and bursaries.

As the agriculture critic for my party, let me turn for a moment to that issue and say how next to impossible it is to critique the government's budget when it comes to agriculture. It is not because it is a great budget. It is for another reason and let me explain.

The Department of Agriculture and Agri-Food has requested about \$1.3 billion for the current fiscal year, but the Minister of Agriculture has told us that he will be seeking another \$1.4 billion during the year to implement the agricultural policy framework. This is absolutely astounding. There is \$1.3 billion in the budget, but we already know from the Minister of Agriculture that he is going to come back and ask for more money than is currently in the budget. How in the world can we debate and discuss a budget like that? Try to run a household or a farm in that kind of scenario, and one would not last very long.

Looking beyond all of that, let us say it is \$1.4 billion plus \$1.3 billion equals \$2.7 billion. The amount of \$2.7 billion in agriculture in this current fiscal year represents about one-half of what the federal government spent on agriculture just 12 years ago. Let the spin doctors try to turn that dross into gold. Spending is \$2.7 billion this year. It was \$4.3 billion in 1991-92. Spending on agriculture as a percentage of total government spending has dropped by half, from 2.8% in 1991-92 to just 1.4% this year.

Agriculture Canada reported last month that realized net farm income will fall by a full 19% this year and by more than 50% in Saskatchewan. Saskatchewan farm leader Terry Hildebrandt describes this as devastating. At a time of great difficulty on the farm, one would think that Ottawa would help out, but it is clear that the new agricultural policy framework has been designed to limit what Ottawa spends on agriculture.

It was with great fanfare that the Prime Minister announced the new agricultural policy framework just south of here last June. It was to include new safety net programs to protect farmers against sharp drops in income.

*Government Orders*

We are now a month and a half into the new fiscal year and there are still no new programs in place. It is absolutely unbelievable. Farmers rely on a clear policy framework as an informal collateral to take out spring operating loans from banks and credit unions. This year, incredibly, they are going to these financial institutions with empty hands.

Quite simply, at a time when farmers' incomes are under severe stress and they need a safety net, the federal government is proposing a new set of programs designed to reduce its commitment to farm families in perpetuity. We have to ask why the income of Canadian farmers is taking such a hit. One reason certainly is the massive American and European subsidies that are driving down international prices for farm products. That has a direct impact on our own products.

Canadian farmers are suffering trade injury. It is estimated to be worth about \$1.3 billion a year. Although the agriculture minister basically accepts that figure, he went out of his way last June when he was unveiling his new policy to say that this new APF did not relate to trade injury. He knows it is a problem but stubbornly insists that the Canadian government will not do anything about it.

The government, in our opinion, must protect the incomes of Canadian farmers and that means acknowledging the impact of those subsidies. Ottawa needs to consult openly with farm organizations and provincial governments to provide new safety net programs, safety net programs that work and are acceptable to the producers and the industry overall.

Housing and infrastructure is something the parliamentary secretary boasted about. The Federation of Canadian Municipalities said that it needed about \$2 billion a year in infrastructure investment and we got the magnificent sum of \$150 million in new money. It is simply not enough.

• (1730)

I want to talk about another issue related to the state that Canadian families and working Canadians find themselves in. It is the whole issue of work. There was an astonishing article recently. I spoke earlier about part time work and insecure work, but full time employees are literally working themselves to death. In fact, North Americans now work 1,978 hours on average annually, which is 350 hours more than western Europeans work. If we do the math, we will find that 350 hours means that North American workers who are employed full time generally are working nine weeks more than their counterparts in western Europe.

It is no wonder parents do not have time to look after their children, to help out in the community or perhaps to take care of older parents. Work and consumption have become the focus at the expense of everything else in our society. Surely all of us here need to find ways to encourage Canadians to lead more balanced lives.

Today when productivity is several times what it was in the far-off 1940s, workers find themselves unable to complete the work in less than 40 hours per week. Of course, the Ontario government has fixed that by saying that it is not allowing any overtime until someone has worked 60 hours a week. As a result of this, the poor are earning less in real terms.

Working long hours has many other effects besides the impact directly on families. It impacts our health care system to a significant extent. Stress is the leading cause of heart disease and overwork impacts and causes stress. The consumption of fast foods results in greater obesity and the onset of adult diabetes.

In fact, tests show that the productivity of a worker declines dramatically in the final hours of a very long work shift. With regard to the 12 hour shifts that nurses put in, I think studies show that those individuals are not nearly as productive in the last two or three hours of the shift as they were in the first two or three hours.

In this wonderful job of being a member of Parliament, I have had the opportunity to travel a little with committees. When I am in Europe I do notice that Europeans seem to live a simpler, more balanced life. They do that because they work fewer hours. People who happen to be in a city in Europe on a Sunday will notice that most of the stores are not open. People are not seen running around to supermarkets to do their shopping. The staff are enjoying a day off, a day with their families, a day to hang out. For example, 29% of Norwegians spend less time at work than their North American counterparts, but their average income is actually only 16% less on average.

This issue is going to be of greater concern as we go along. Canadians are feeling very tired with the rat race they are in. They recognize it is leading to debilitating family relationships and is having an impact. I think we are going to hear more about people taking back their time and trying to lead a more balanced life.

The parliamentary secretary said he does not like personal debt or government debt. However, he did not have any comment about the debt that families in the country are facing with credit cards and things like high tuition fees which have an impact.

We in the New Democratic Party acknowledge and celebrate Canada's wealth and promise, but we insist that the government employ that wealth and our many advantages in the best interests of all citizens. We submit that this budget simply does not do that and consequently, we are opposed to it.

• (1735)

**Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, I am not surprised to hear the doom and gloom from the NDP. Again the NDP is trying to educate the public by saying that on the national infrastructure program somehow we have not fulfilled our obligations, that somehow we have not done the job.

I do not know if that member has spent any time in municipal politics. I spent 12 years in municipal politics and, as president of the Federation of Canadian Municipalities, I can tell him that there would not be a national infrastructure program today; there would not be a 10 year program; there would not be a strategic infrastructure fund; there would not be the relationship on climate that we have, the 20% club, with the FCM and cities across the country; and there would not be the investment in cities, in colleges and in universities had this government not come to power to deal with those issues.

*Government Orders*

How do I know that? I know that because I was with the FCM in the days when the Tories were in power and the Tories, of course, never paid any attention to cities. They, like the NDP, are johnny-come-latelies to this issue.

The member said that we were not doing anything about student loans. I beg to differ. I would suggest that putting more money in the hands of students is part of this budget. I would point out that I agree with him on the issue of rising tuition fees. Unfortunately, that is provincial, not federal. Putting more money in the hands of students and merit based scholarships are part of this budget. Broadening the eligibility for debt reduction and a repayment program are part of this budget.

We were listening to those stakeholders, which is very important. I would have at least liked the member to have acknowledged some of the work we did, particularly on the national child benefit, improving the situation for poor and low income families in the country.

Yes, there is more we can do. There is always more we can do but from the left we hear we are not spending enough and from the right we hear that we are spending too much. I would rather be a Liberal and be in the middle and be able to say, no deficit, cut down on the debt, reduce taxes and invest in health care and social programs. I think that is what it is all about.

I would ask the hon. member to at least acknowledge the fact that we could do a lot more by working together. Maybe he does not think we score a 10 out of 10 on one item or another item but he could at least acknowledge what we have done. Surely the role of the opposition is to be constructive. All I ever hear on the budget is negativity. My good friends across the way will get up and tell me that we are just spending too much money. However the fact is that we are making responsible investments. I ask the hon. member to comment.

**Mr. Dick Proctor:** Mr. Speaker, I did take a couple of notes during the member's speech to start this debate during which he bragged about health care, child poverty, cities, tax cuts and the homeless.

What are we talking about on health care? Is the government proud of the fact that the federal contribution to health care has gone from 13¢ to 14¢? The government is still the junior partner. It is no wonder Ralph Klein thumbs his nose at the health care system in this country. It is because Liberal members are not paying their freight.

On the child poverty issue, I have to refer the member to the stats. Statistics Canada has said that child poverty has remained relatively stable over the past 10 years. The government may think it is doing great things in terms of its various programs, but those things are not being borne out by statistics from its own departmental officials. The \$150 million in infrastructure that the Federation of Canadian Municipalities have would build about four meters of highway in Saskatchewan.

Does the member want to know where I would save some money? I would save money on tax cuts. If the \$100 billion that was announced on the eve of the 2000 election campaign had been directed to some of the social programs that it should have been directed to, it would have done a lot more, but it was a response to

the Canadian Alliance at the time and an issue with which to go to the Canadian public.

What has happened on the homeless file, aside from the fact that the government has recently changed ministers in that area? We do not see any improvement. One need only take a walk in the Bytown area and look at the number of people with their caps out and their hands out looking for a donation to buy a cup of coffee. This used to be quite foreign. This was not something we encountered in larger cities but, unfortunately, it is becoming much more common. I think the parliamentary secretary needs to acknowledge some of these shortfalls.

Yes, a lot more should be done. I hope the government will do that in a future budget. The New Democratic Party, like other opposition parties, does participate in budget consultations. We hear what Canadians have to say when we go across the country. We are often disappointed when we see how little of that is reflected when the following February rolls around and the budget is introduced.

● (1740)

**Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance):** Mr. Speaker, while listening to the speech from my colleague from the NDP, it reminded me of a saying that my father always had about the NDP. I would apply it to the Liberals as well because it is only kind to share sometimes. He used to say that the motto of the NDP was "I don't have anything, but I am more than perfectly willing to share half of what you've got".

It is always easy to be a member of the NDP because the NDP is in favour of everything. If someone wants that party to spend more, it will spend more. If someone wants that party to cut taxes, it will cut taxes. The NDP never make any hard choices at all.

At the end of the day, if the New Democratic Party were ever anywhere close to coming into power federally, or if there were a minority Parliament, it would actually have to think pragmatically rather than taking half of what everybody else has to finance whoever it is it is trying to please.

In order to finance all the programs that the NDP has in mind for everybody under sun, specifically what taxes would it raise to pay for the myriad of programs it has in mind? Those members want more money for softwood. The member for Sackville—Musquodoboit Valley—Eastern Shore wants more money for the military, more money for roads, more money for Air Canada, more money for rail and more money for health care. How will that party pay for all of that? If the member could tell us it would be very helpful.

**Mr. Dick Proctor:** Mr. Speaker, I partially answered that question but let me try it again in another way.

*Government Orders*

Had I been in a position to do so, I personally would not have implemented the \$100 billion in tax cuts that the member's party wanted to make because I think they were very unfair tax cuts. They went to a demographic group in our society that did not need it as much as folks at the bottom needed it. I would not have done that. I believe \$100 billion would have gone a long way toward correcting some of the other ills that I spoke about earlier in my response to the parliamentary secretary.

There are other areas I could comment on but I will leave it at that.

**Mr. Greg Thompson (New Brunswick Southwest, PC):** Mr. Speaker, I always enjoy listening to the remarks of my neighbour from Palliser. He does not have to stay to listen to mine. We will not put him through that kind of agony.

I am pleased to speak to the budget implementation bill, Bill C-28. The interesting thing is that when the Minister of Finance brought down his budget in February, he was very optimistic. Things were going along pretty good. We knew there would probably be a war in the gulf, but some of the things that have happened I guess none of us could predict.

However one of the things the now finance minister did suggest about 12 months ago was that Canada was coasting in terms of its competitiveness and that we were relying solely on the weakness of the dollar to compete. He is now saying that it is fundamentally wrong and suggesting that we have to pay attention to detail because we cannot rely continually on a weak dollar to compete internationally. That is the message that we have been preaching for a number of years.

In all fairness, it is a tough message to articulate in such a way that it will be understandable and accepted by the marketplace. Given the fact that 85% of our exports go to the United States, a 62¢ dollar comes in handy from time to time.

Obviously the Minister of Finance will not comment on the dollar. An historical fact is that finance ministers seldom do. However, I think the point the finance minister, who was the minister of industry at the time, was making was that he knew we were headed for trouble with that 62¢ dollar. His argument was that if the dollar were to go up in value in relation to the American dollar that we would be in trouble because we rely solely on the weakness of the dollar to compete, that we have not addressed things like competitiveness or productivity, that we are letting productivity slide because we are again relying on a weak dollar.

He did not mention things like research and development. He paid slight attention to that. He did not mention the education or re-education of our workforce, our capital cost allowances that would allow our companies to compete on a level playing field with the Americans, and other tax treatment issues, including income tax issues.

Those words were somewhat prophetic, although the minister will not admit to that. I did put that question to the minister in his absence. It was actually answered by one of the junior ministers the other day in the House. In fact, I wanted to put that question to the finance minister today but I did not have the opportunity.

The point is that in the few short months from the February budget to today a lot of things have changed and some of those statements

that the minister made a year ago are now coming back to haunt the government. An example of that was last month where we had 19,000 job losses in Canada. Now the question would be why.

We also have the SARS issue, which I guess in a sense is a budget issue as well because in dealing with that it will cost the Government of Canada and taxpayers something. However there is no question that the mishandling of that issue has cost the Canadian economy and has cost us dearly. We could argue that some of those job losses were not a result of the increased value of the Canadian dollar but were a direct result of the SARS issue, or the SARS crisis. Transportation took a heavy hit. The hospitality industry and entertainment business took a heavy hit. Therefore at the end of the day 19,000 jobs were lost. Next month's figures, May's figures, I think will tell the story as to how much of an impact this has had.

● (1745)

I think the dollar has also had an impact on that. As the Canadian dollar rises, our ability to ship goods to the United States diminishes because we have not addressed those productivity issues that we should have. In other words, we squandered our opportunity through those days of continued growth knowing full well that when an economy slows down we have to be prepared for the tough times. That is exactly what we are in. I think our salad days are behind us. The government has not prepared us for those tough times where we actually have to get out and compete in the marketplace on the basis of a Canadian dollar that is a little higher than 62¢.

That is something that I think the government should have addressed and did not. I would like to hear the minister's response to that when he comes back to the House.

More specifically in terms of the budget, we have to go through some of the realities that are out there today. One of the things that the government has been very good at in the 10 years that it has been in office is its management of the economy. I think the government is giving itself more credit than it deserves, because a lot of that success is based on initiatives that were taken by previous governments, which spent political capital to do what was right for the Canadian economy. One of them, of course, was the dreaded GST. I can remember when I was in the House, on the government side at the time, having the opposition accusing us of creating a cash cow. I can remember that argument very well. Of course the Minister of Finance at the time was saying that it was not going to be a cash cow but that it would noticeably increase revenue, because otherwise why would the government bring it in.

The truth is that it has been a cash cow. Some of those surpluses that have been generated simply would not be there without the GST. I guess in terms of a budgetary measure it is probably one of the best unkept promises in the history of civilization when the present Prime Minister of Canada campaigned in 1993 on a promise to rid us of that dreaded tax. The fact that he did not is probably the thing that has basically saved the government, although we will never get the Prime Minister to admit that. I think the only cabinet minister who did admit that at one particular point is no longer here with us. It was Mr. Tobin.

*Government Orders*

The other thing we spent a lot of political capital on and which has created a lot of wealth in the country is the free trade agreement. It generates about \$2 billion of trade per day between Canada and the United States, and there are all the jobs that go with that.

I think those are two examples which show that when we spend political capital on issues that are controversial and obviously difficult to implement if we are doing it for the right reasons it will pay dividends down the road. They may not be political dividends, but the truth is that we will prepare the country for the future in the way it should be prepared. I think those two initiatives have worked well, better for your government, Mr. Speaker, than the one I was in. I am not going to use the word "caucus" here again which would get me into trouble with you, Mr. Speaker.

The fact is that the government has been very negligent in paying down its accumulated debt. I think it is important to recognize that the deficit has been eliminated, that is, the year to year deficit in terms of spending. In other words, the government is bringing in enough to pay the day to day bills. At the end of the day there is a surplus and the government is not adding to the accumulated debt. However, the accumulated debt that we have today is greater than what it was when the Liberal government took office in 1993.

The Liberals paid scant attention to paying down our accumulated debt. As long as that debt is there, it is taking more than money than need be out of our pockets and every Canadian paycheque to simply pay the interest on that accumulated debt, which is \$507 billion as we speak. The government has paid little attention to that.

• (1750)

In fact, the little bit of bookkeeping magic that the Liberals have been able to generate is the huge surplus that has been accumulated in the employment insurance fund, which is approximately \$45 billion. That is \$45 billion that they have taken out of the hind pockets of Canadians, more than was necessary to sustain the fund. Where did that money go? It is hard to say where it went, but certainly none of it went to paying down the debt.

Let us talk about some of the areas the government has completely mismanaged. One of them is the long gun registry. The government has now spent over \$1 billion on a failed registry. That would be \$1,000 million. I listened to someone speak about that the other evening back in my home province of New Brunswick. He pointed out that \$1,000 million divided by 10 provinces would generate \$100 million in each of those 10 provinces for things like health care and education, which of course are two areas that the present government has ignored over the last number of years. In fact, when it went about balancing its books, it did it at the expense of the provinces. It was better to download on the provinces than take a look at some of its own expenditures; the government has failed to do that over the years.

I do not want to sit down without talking about defence. I just want to put some of the defence budget into perspective in terms of how much attention or lack of attention the government has devoted to this issue in terms of dollars. The defence budget in 1993-94 was \$12 billion. In 1998-99 it was down to \$9.4 billion. That was a reduction of 22% in five years. The current budget is 1.1% of GDP. It is the third worst in NATO, better only than Luxembourg and Iceland. The committee wanted 1.6% of GDP and a one time

investment of \$4 billion. It got far less than that. The money that is in the budget simply would not pay for the equipment that is needed, for example, air lift equipment and sea lift equipment. The government simply has not addressed that in its 10 years in office.

On Canadian Forces strength, let us take a look at the number of people in the military. In 1991 we had 87,600 persons. In the year 2003, that is down to 57,000. The defence committee wanted manpower up to around 60,000. The Conference of Defence Associations thought it should be up somewhere around 75,000. With the navy it is the same situation. Specifically on the navy, there are 9,000 regular forces and 4,000 reserve forces. There are 16 destroyers and 12 coastal vessels. Of those submarines that were delivered, I believe only two are serviceable. The problems are so serious with the other two that it looks like a complete waste of money by the Government of Canada.

The story goes on with other examples of mismanagement by the government and issues it did not address. One of the things the government is good at is taxing the poor. The government taxes the poor and then gives the money back to them as tax credits.

I will give an example of what we might do. We propose to stop taxing the first \$12,000 for Canadians and to stop taxing the first \$24,000 earned by single income families. We do not believe in taxing the poor. The fact is that a family of two earning \$24,000 is not exactly rich.

• (1755)

These are specifically some of the things that could have been in the budget but were not, and here is a clawback example of how the government is capable of taking back money that people earn. I will step through this very specifically.

A Nova Scotia widow has four children and an income of \$33,500. She works overtime, as an example, to earn an extra \$1,000, for whatever reason, let us say for graduation for her son or daughter. She faces the following clawbacks in taxes; this is what would come out of that extra \$1,000 this person would earn in overtime. Federal income taxes would chew up \$220 of it. The clawback of the GST credit would take an extra \$50 from her. The clawback of the national child benefit would be \$321. The clawback of the Canada child tax benefit would be \$50. The CPP and EI, net of tax credits, would be \$52, and Nova Scotia tax would come in there as well, because that is a percentage of federal, in all fairness. Then there would be the clawback of the low income tax credit in Nova Scotia as well. In total, after earning \$1,000 in overtime this particular person in Nova Scotia would pay back \$892, with \$108 to be netted by this individual. This is an example of the unfair tax treatment of individuals across the country.

*Government Orders*

I have the same example with a family of three in Manitoba with an annual income of \$29,000. Again, if they worked overtime and earned an extra \$1,000, after all the various taxes, some of them provincial there as well, the total of all the taxes in Manitoba would be \$702. Out of that, the federal government would take \$160 in federal tax. The family also would lose on the tax credit of \$50 and the national child benefit clawback of \$321 for a total of \$702 in taxes.

When we are talking about tax reform in this place and addressing those real issues, I think there is more that the Government of Canada can do and I think it has an obligation to do that. There has to be an incentive to work. When the Government of Canada takes too much money out of our hind pockets, it simply kills that initiative. There is no reason for people to get out of bed and do it for themselves. We do reach a point where we are overtaxed and I think we have reached that point in this country. The government has had 10 years to do something about it and it has not.

One of the things we do support is the federal government's infrastructure program, which I think has been very successful in many parts of the country. In fact, we have a couple of projects in my hometowns—I am using the plural—St. Stephen and St. Andrews, about \$9 million in two projects, water works and sewage projects, which are very important. We completely support them, with the help of one-third from the federal government, one-third from the provinces and one-third from those local communities.

That was an initiative by the federal government which we support, but we are not supportive of the Liberal government's past record and ability to deviate from that funding core in terms of infrastructure, where it winds up spending money on projects that have basically no merit at all. I am talking about some of what we call boutique infrastructure projects, like the famous monkey pavilions, canoe museums and NHL hockey arenas. That is just another example of how sometimes the government loses sight of why these programs are implemented in the first place.

● (1800)

The government has had 10 years to do it. It has had some success but the fact is there is more it can do. It is time it started to at least listen to some of the arguments that we put up on this side of the House and maybe consider some of those in its future planning.

**Mr. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, I listened with great interest to the member speak, as I always do. It was interesting that he talked about the government doing little about the accumulated debt. As I think most people are aware in the House, we have made significant contributions toward paying down the debt over the last few years.

It was interesting he said that there should be more paid down on the debt and in the next breath he talked about not collecting as much tax and increasing massive defence expenditures, which of course would make the debt payment even less. He talked about spending more on air and sea lift, and tens of thousands of employees for the military. Once again they are incongruous concepts.

My question is related to the comment the member made on competitiveness and the very real challenge we have with our rising dollar, which was a good point. He said that with our rising dollars, companies needed to be better able to compete.

Where the member may have gone slightly astray though was in suggesting that the government had done nothing and had no plan. We have a very aggressive plan and policy in that area. One of the biggest initiatives of the government, present and new exciting initiatives, is the innovation agenda. It is split between two departments, the HRDC with the learning part of the agenda and the innovation part of the agenda in Industry Canada. The employees and government have worked very hard on having a very comprehensive program there.

The government has a plan to increase productivity to deal with such the situation of the dollar going up. What would the member's party plan be to deal with such a situation? What is its suggestion to make our companies more competitive to deal with the situation of the higher Canadian dollar?

● (1805)

**Mr. Greg Thompson:** Mr. Speaker, the member asked some very valid questions and I hope I can answer them to his satisfaction. In terms of trying to have it both ways, I guess that is a legitimate concern. How would we manage it?

We want on one side the government to spend more money but on the other side to pay down the debt and so on, and that is a pretty good argument. However we have to be competitive. For the economy to grow, we cannot be overtaxed because we have to be competitive with those other jurisdictions. Overtaxation is not the way to grow the economy.

We could call it trickle down economics if wanted, republican economics, but the fact of the matter is those economies that have the greatest rates of growth are those economies that have controlled their desire to tax their citizens. Therefore there is a relationship there which I think most of us would understand does exist.

In addition to that, capital cost allowance is something the government has to address so companies can retool and refocus on markets. One of the reasons they do not do it is because we do not have attractive capital cost allowances as they do in the United States. That means if the companies have to bring in new equipment and technology to grow their business, provided there are the tax incentives to do it, they will do it and in the process they will create more jobs, more wealth and a bigger tax base. That is exactly what we are talking about.

On more investment in research and development in Canada, we are one of the worst countries, one of the poorest countries, in that area. We do not devote a lot of money to research and development.

As I mentioned in my opening comments, the other thing is training and retraining of workers on the educational side of it. It is important that we address the future and that means an investment in our young people so they are trained and will be able to compete effectively when they do enter the workplace.

Those are some of the areas the government could address to increase productivity and wealth, growth of the economy and so on. They are quite specific and I think the government has been negligent in some of those areas.

*Government Orders*

**Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, I thank my hon. colleague across the way for his comments. I realize the role of the opposition is not to be positive about a budget, no matter how good it is. They are not standing and saying that we are back under a deficit, because we are not. They are not standing and saying that we are not paying down the national debt, because we clearly are. We are down on the national debt from 71.5% in 1996 to 44.5%, and the hon. member across the way should be congratulating us for that.

However my colleague in the corner knows that government is about making choices. I would ask my colleague just a quick math exercise. I give my colleague one dollar. I would like my colleague to tell me how he would spend that dollar in terms of all the issues he has raised. What portion would he put toward debt reduction? What portion would he put toward tax reduction? What portion would he put toward the military, the cities, the homeless and child poverty. The list goes on.

The fact is we have outlined clearly, as a government, where we are going. We have outlined clearly our spending priorities within a strong fiscal framework, and yet I do not hear from any opposition party any real credible alternatives. I hear a lot of rhetoric, I hear a lot of cheap shots, but I do not hear how they would spend it.

Fortunately my friend in the corner over there is a thoughtful individual, and I know he will respond by telling me how he would spend that dollar, because it is important. I certainly would like to know what the priorities would be of his party in terms of how that dollar would be spent, and I ask my friend to comment.

• (1810)

**Mr. Greg Thompson:** Mr. Speaker, sometimes one just accidentally steps into it in this business. I want to give an example of how we would spend more wisely. That would more appropriately answer the question. Remember when I talked about that billion dollars wasted on the long gun registry? That would be a start. That would be a billion dollars the taxpayer would not have had to pay out, which may have remained in our hind pockets.

Another example is this. Remember the cancellation of the helicopter deal? The Government of Canada spent \$500 million dollars cancelling a contract with not one helicopter being built. The Prime Minister, in the 1993 election, said, "I will write, 'Zero helicopters'". Well he did exactly that. Zero helicopters cost us \$500 million.

That is a billion and a half and I could go on but I see my time is up. I love those kinds of questions. The parliamentary secretary stepped into it on his own free will and accord.

**Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance):** Mr. Speaker, thank you for the opportunity to speak on the budget implementation act, Bill C-28.

I find the dialogue we have had very interesting. The Liberal government feels it has done a really good job and we in opposition have been challenging where it has been spending Canadian tax dollars. It gets down to the original premise of what is government for and on what criteria does it collect money from taxpayers.

Basically, one has to start on the premise of should government be all encompassing and huge, or should government be as small as it

possibly can be and provide the necessary services to Canadians and, therefore, have a need for less money to do that.

There have been many debates. In the House we heard another debate on what the role of the federal government should be. In Newfoundland and Labrador some people feel the federal government should no longer be controlling the fishing off the east coast because of the poor policy decisions that have been made, which have cost Newfoundlanders and Labradorians their fishing industry.

People on the west coast feel the federal government has not done an adequate job in international trade in protecting our softwood lumber industry or, for that matter, our salmon industry, our fishing industry on the west coast.

As Canadians, we have to decide what is it we expect from our federal government that we are willing to pay taxes to support. The message I hear and have heard over the last 10 years from my constituents is they expect the federal government to decrease its size, not increase its size. Canadians would like to see smaller government and getting out of their lives in a meaningful way, rather than the government growing and becoming more involved in the ordinary day to day operations of taxpayers.

It grieves me to acknowledge that what we have seen in Canada over the last 10 years is not a decrease in government size but an increase. There has been a 20% increase of senior management in the federal civil service over the last number of years. That is not decreasing the size of the federal government. That is increasing the size.

Why does the government do this? Because the federal government is getting into areas where it does not belong. It is getting into areas of providing programs for Canadians where quite honestly it should not be. Then one has to ask why is the government doing this? The government is doing this to get credit for it from the taxpayers. A more cynical person would say that the government is buying votes because often it does these sorts of things right before an election.

One of my federal Liberal colleagues asked an opposition member where he would spend the dollar if it was up to the him. That is a question the one has to address. Where are the priorities? Where does the federal government accept the responsibilities given to it constitutionally and where are its priorities?

I think Canadians are starting to feel that the priorities of the government are very misplaced. We have a gun registry that will cost upwards of a billion dollars by the year 2005. I can talk about the fuel rebate program which the Liberals introduced just prior to the 2000 election. That cost \$1.2 billion. Three years later we are still paying individuals, even though it was established as an emergency fuel cost rebate.

It is those kinds of programs. It is Groupaction. It is the problems that we had with money that was not very well managed in HRDC. It is the federal Liberal philosophy I guess of bigger government, more government, more civil servants, more programs and spending more money, and that money comes from the pocket of each taxpayer.

*Government Orders*

Day in and day out I hear taxpayers saying that they want less government. They want the government to get out of their lives and let them get on with looking after themselves.

● (1815)

The federal government does not belong in babysitting. The federal government does not belong in some of the programs it finds itself in. I call it photo op. It wants the credit. It wants ordinary Canadians to recognize the federal government is the one that is giving them money. Ordinary Canadians will have to realize that it is their own money. It is just going from one pocket through the Liberal government back into the other pocket. This realization has to come to Canadians in order for them to understand what it is that we in the opposition are trying to bring to their attention.

A colleague across the way said that the Liberals have paid down the national debt substantially. Percentages have been used. It is like an accountant. One can use figures to support any position one wants to take. Perhaps as a percentage of the GDP it has come down, but the net debt was revised up \$27 billion to \$563 billion from \$536 billion in last year's budget. It is not that the amount has been decreased. The amount is actually being revised upward.

We talk about priorities again and managing the money that the federal government really should have. What we have heard from Canadians recently is that they want to see the federal government recognize its responsibility for national defence. In order to accommodate defending our country and our sovereignty and fulfilling the roles that we have internationally, more money has to be designated to it. That does not mean that it taxes us more. It means that it takes money from somewhere else and puts it into defence.

The Liberal government is the one that cut health care so substantially that it put our health care system into crisis. Yes, now it is putting the money back in, but is it being managed properly and is it sufficient? Should it be putting more money into health care and taking it away from some other field, like fuel tax rebates or some of the other programs where it is questionable that the federal government should even be involved? Canadians recognize that the federal government should be involved in national defence, immigration, international trade and foreign affairs, but I think a person could argue constitutionally whether it should be involved in all the other day to day operations that Canadians find the federal government involved in.

Having said that, one has to also look at what is the role of the national government. Quite honestly I think it is to concentrate on growing the economy of Canada. Part of that is making sure that our business community is in a position of not only competing internationally but of growing its business and creating more jobs. Anyone will tell us that the more cost to businesses through taxation, through government regulations and government fees for bureaucracies that they do not want in the first place, the greater taxation that businesses pay means less money that they have for growing their operations, for creating more opportunities and creating more jobs.

There is a relationship, whether or not the government agrees or wants believe it, between high taxation and Canadian companies leaving Canada and going into the United States or other countries,

China or wherever, in order to be more competitive. If the Liberals do not think that is happening, I invite them to my constituency. Daily I see businesses that can no longer compete because of the high cost of doing business, the high taxation, high land costs, again taxation through a different form of government. They simply cannot remain in business and compete with their competition in the United States, Mexico or wherever under the circumstances they find themselves operating. The government needs to recognize that there has to be a reduction in taxation in order for the business community to grow, to grow our economy, to hire more people, to provide those jobs.

● (1820)

It is also a question of whether or not the government knows better than ordinary Canadians what to do with their money. I would suggest that ordinary Canadians would love dearly for the government to get out of their lives and give them more tax money to spend themselves. Let them set the priorities of who looks after their kids. Let them decide in what institution they want to be educated. Let ordinary Canadians have the ability to look after themselves and their families.

It can be done. The government can reduce the taxes for ordinary Canadians and still have enough money to use on the programs deemed necessary but there is not enough money to lower taxes if the federal government is going to get into all these spending programs it has gone into. In the budget the Liberals increased their spending by 20%. The interesting thing is that taking that extra spending, 22% of it goes to major transfers to people. That would be pensions, child tax credits and that sort of thing. Some 26% was for major transfers to other levels of government. That would be health care, education, welfare transfers to the provinces. And 52% of the increase was for direct program spending.

I find it interesting that the majority of that money can go for the federal government to increase its own spending programs. I do not remember specifically, but I think defence only got a very small increase this time around. I think the infrastructure program received a small increase from what was in the first program. Where is all the money going? It is going for those photo op programs so that the federal government before the next election can say "See what we have done for you. Here is the cheque. Look how good we are. Re-elect us".

I hope Canadians will be smart enough to realize that the money that is being passed to them is their own money. It came out of their pockets and they have to do without in order to give the government their money in order for the government to give it back to them in specific programs.

*Adjournment Debate*

When we talk about child tax credits and all the other programs for low income individuals, why not have anyone making \$18,000 or \$20,000 or less not pay income tax? Why not recognize that people making that amount of money are going to have a hard enough time paying the rent and buying food that they should not have to pay taxes? Why would we take it away from them on one hand and then give them a child tax credit on the other hand? Photo op politics. The government wants recognition for being the good guy.

It is time to stop that nonsense. It is time for the federal government to look at what are its responsibilities under the Constitution. It must look at what are the priorities of Canadians. It must stop giving corporate welfare. It must stop picking one company as a favoured child and giving it billions of dollars in contracts or billions of dollars to compete against some other company that does not get any of it. How fair is that? It is time for the government to stop this nonsense. It is time for the government to pick its priorities based on what Canadians are concerned about, not about getting re-elected in the next election.

It is time for the federal government to start being a good manager of money. I sit on the public accounts committee. I cannot tell members what it is like to sit there and hear the horror stories about how things are not recorded properly, how the rules of the game that Treasury Board has established for contracting and bidding processes are not followed through on, how the administration of the tax dollars is not being done in a forthright way with good management practices.

The gun registry is only one example. We could get into how the government has transferred land and released its obligations without any protection for the taxpayer dollars that bought that land in the first place. We can talk about all the different circumstances of where contracts have been let, looking at Groupaction, where there was nothing received for the money that we paid. We are talking about \$500,000 one time, the second time \$500,000 with nothing to show for it and a third time it was \$500,000. We are talking about \$1.5 million with very little to show for it. Not only was it badly managed, but the results were not there for the money.

• (1825)

That is just one example. There is a bunch of them. It is frightening to see how much of the taxpayers' hard-earned dollars fritter away and cannot really be touched.

The government has decided it is going to use third party entities for some of the program delivery. I am concerned that there is not any reporting mechanism or auditing mechanism written into it. When the government set up this arm's length organization it removed the auditing function from the Auditor General. Therefore we lost control over how that money is going to be spent or whether the rules are properly followed.

The government has to start dealing with the responsibility of spending tax dollars. It is one thing to collect more money than, I would suggest, the government should be collecting. However when it does not have proper controls and cannot go to the Canadian taxpayer and say "We have looked at how this money is being used and we can in good faith say it is being managed well", we have a real problem in our country.

Not only is the federal government spending more money than it should, it does not have a vision for the country in growing our economy, in growing the jobs and being responsible for the spending of tax dollars. It is time that the government was replaced.

---

## ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

• (1830)

[*English*]

### INSURANCE INDUSTRY

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, my question was about a perceived crisis in the insurance industry across Canada. I asked it on behalf of constituents, private citizens, business people and elected officials.

Insurance is one of the foundations of our business and financial systems. Our peace of mind and the viability of our economy depend on a sound insurance system.

The events of 9/11, the wars on terrorism and in Iraq have had a great impact on the insurance system. My constituents know this. However there is a widespread belief that the ripples from global crises are being used as an excuse for excessive increases in premiums, reductions in coverage and refusal of coverage.

Why for example should the village hall mentioned in my question face such a huge increase in premiums for reduced coverage? Why has insurance for MPs' offices tripled in recent years?

It was good of the Secretary of State for International Financial Institutions in his answer to let my constituents know that he, like them, has learned that insurance is, in the narrow sense, a provincial jurisdiction.

He should also know that Canadians look to their federal MPs and ministers for national and international leadership. They rely on us as the level of government with an overview of national affairs. They do not expect us to wait until a provincial government detects serious problems in its insurance industry resulting from events and decisions overseas. They expect us to be involved in decisions like the merging of banks and insurance companies.

The secretary of state meets regularly with his provincial colleagues on matters affecting financial institutions which have interests in insurance. I suspect he is on national councils that regularly discuss such matters. Also, he is part of the federal Department of Finance which plays a critical role in determining the strength of the Canadian economy. I would be surprised if there are not officials in that department who have at least a watching brief on something as fundamental as the insurance industry of Canada.

*Adjournment Debate*

The insurance industry has a distinguished history in this country but there is real concern that it is increasingly concentrated in a few offshore corporations. There is concern that insurance coverage is uneven across the country. Ontario, for example, appears to have dropped the ball on auto insurance. There is anxiety about relationships between banks and insurance. In rural areas, with the departure of banks, a fine network of insurance brokers provides critical financial expertise, yet their training and qualifications vary widely across the country.

All of these issues and more merit national inquiry. The secretary of state has access through the House of Commons to our standing committees. One or more of these could easily conduct valuable hearings, not witch hunts, into the current state of the insurance industry, calling witnesses who could reassure Canadians in these difficult times.

Now that the secretary of state and his department have had time to get up to speed on this matter, I hope that the parliamentary secretary can provide a more useful reply. I hope that the answer will include the thoughts of the secretary of state on and plans for monitoring a healthy, prosperous insurance industry in Canada.

**Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, I thank my hon. colleague for his question because it is an excellent question. It is a question that needs serious consideration. I hear the same things in my own riding. I know the kind of costs that people are talking about. It is an important issue. We see in New Brunswick how insurance has gone up significantly, sometimes three or four times, and people are trying to get their companies insured. The kind of issues that the member has raised are very important.

The member does acknowledge the fact that, as far as the federal government is concerned, there is a shared responsibility, a shared jurisdiction, with the provinces regarding insurance companies.

The role of the federal government, primarily, is to be responsible for incorporating federally chartered insurance companies and ensuring their proper governance and fiscal soundness. The provinces regulate the day-to-day business activities of insurance companies, including licensing and the marketing of insurance company products, standards of competence, behaviour of insurance agents, et cetera. Therefore much of the issue with regard to the cost of property and casualty insurance would normally then fall under each provincial government.

However, I would like to point out to the hon. member that there is a role for the federal government. The federal government has put measures to aid consumers in dealing with insurers.

First, the federally incorporated insurers are required to have an internal complaints handling process and belong to a third party dispute resolution mechanism. Indeed, the centre for financial services ombudsnetwork, CFSON, provides customers of both provincially and federally incorporated insurance companies with a single window to access the dispute resolution process. Consumers with complaints, and the member referred to consumer complaints, including those regarding premium increases, can seek redress through the ombudsman. This is a very important point that the member raised.

Furthermore, insurers with over \$1 billion in equity are required to publish a public accountability statement describing their contributions to the Canadian economy and society.

To enhance the oversight of federally incorporated institutions, the government established the Financial Consumer Agency of Canada to monitor compliance of federally incorporated financial institutions with the federal consumer provisions.

We know that some provinces are taking the initiative on some of the issues that the member has raised. However, the member is asking about the overall picture and as I said, the ombudsman role is very important. That is something that consumers must look at, particularly with premium increases. The main responsibility of the provinces is certainly to do that but, again, we have a role.

I have tried to outline to the member some of the important roles that we play as the federal government, particularly in terms of this issue. However, when individuals come to the member on these issues, they do not ask whether this is a federal or a provincial issue. They are looking for leadership from the member. I hope that some of the information I provided the member will be useful. However it raises the question: if some of the provinces are not doing the job, can the federal government take a leadership role? That, I think, is what the member was asking for.

• (1835)

**Mr. Peter Adams:** Mr. Speaker, government members receive few opportunities to ask questions and no chance for supplementary questions. Unlike opposition members, we give notice of our questions. I submit that we are entitled to answers that are at least helpful. Even a junior minister can use the opportunity to show Canadians that he has some empathy for their concerns, some knowledge of the topic, and some grasp of its contents. Among other things, this gives people confidence in our system.

If a minister does not have an answer, he should say so and offer to get back to the member and his constituents. In our complex, modern Confederation, simply hiding behind jurisdiction, as in this case, is a sign of ignorance, immaturity and lack of respect for our citizens and for the House of Commons.

I strongly urge that there be a constructive, national inquiry into the insurance industry in Canada spearheaded by the federal government. This will benefit the industry and all Canadians.

**Mr. Bryon Wilfert:** Mr. Speaker, as the Parliamentary Secretary to the Minister of Finance, I realize that the member's comments were not directed at me but at the Secretary of State for International Financial Institutions.

He was right in what he said about the jurisdictional issue. I have tried to assist the member. I have talked about some of the ways the federal government plays a very positive role, particularly with regard to premium increases and the ombudsman role.

*Adjournment Debate*

With regard to the financial service sector, the member knows we have an ombudsman for the various chartered banks as well. It is important that this mechanism be used, that members have that kind of information, and I would undertake this evening to look at how we can disseminate more of that information to members throughout the House in order to ensure that they can inform their constituents of that material.

## FISHERIES

**Hon. Charles Caccia (Davenport, Lib.):** Mr. Speaker, on February 28 of this year in reply to my question about the need of setting rules banning the bad practice of net-cage salmon farming, the Minister of Fisheries and Oceans said that before taking any action it had to be fully understood whether the sea lice problem was caused by aquaculture. I wish to point out that the root cause of the sea lice outbreak is the practice of net-cage salmon farming. On that occasion the minister said:

It is our belief that we can have both an aquaculture industry and at the same time protect the wild salmon resource.

The minister's reply was surprising because there is ample evidence of the negative impact of net-cage salmon farming on wild salmon. It has been clearly documented by several authorities, including the Auditor General in 2000. In addition, the Pacific Fisheries Resources Conservation Council confirmed this fact in March.

According to several scientific reviews, the aquaculture industry has frequently violated the Fisheries Act since its expansion on the British Columbia coast in the early nineties. This has included: the escape of hundreds of thousands of fish, including Atlantic salmon; the harmful alteration of habitat, including the smothering of the benthos under the net pens with fish waste; the construction of unapproved facilities that interfere with navigation; and the illegal deposit of deleterious substances.

The Department of Fisheries and Oceans has the authority to protect wild species under the Fisheries Act, yet it has not exercised that authority. Recent studies by the Pacific Fisheries Resources Conservation Council in Vancouver, an independent body appointed by the federal government, confirmed that the government had strongly promoted the aquaculture industry, but it had not adequately seen to it that salmon farmers adopt environmentally sustainable practices and procedures.

As to sea lice, the British Columbia provincial government disagreed with the fisheries council's findings that sea lice were a threat to the wild fishery. The provincial fisheries minister indicated that the aquaculture industry would continue to operate as in the past. As recently stated by former Department of Fisheries and Oceans scientist and aquaculture specialist Otto Langer:

The Fisheries Act bestows on the Federal Minister of Fisheries all the powers he needs to protect wild fish and their habitat while allowing for the proper development of a viable aquaculture industry

Against this background, namely Dr. Langer's authoritative statement, plus the findings of the Auditor General, the findings of the Pacific Fisheries Resources Conservation Council, can the Parliamentary Secretary to the Minister of Fisheries and Oceans explain today why the Department of Fisheries and Oceans has not acted under the Fisheries Act and removed the net-cage salmon

farming operations in light of the irreparable damage they cause to wild stocks?

● (1840)

**Mr. Alan Tonks (Parliamentary Secretary to the Minister of the Environment, Lib.):** Mr. Speaker, thank you for the opportunity to address the issue that the hon. member for Davenport has raised, that is, the sustainable use and development of aquaculture and its relationship with and the manner in which it implicates the natural fish habitat. In this case, it is pink salmon that the hon. member has indicated is at risk, a fact that has been established by the diminution of the pink salmon fish stocks on the west coast.

While I cannot answer in depth with respect to whether it is aquaculture that has been implicated to the largest extent and the general style of aquaculture, I can provide the hon. member with some responses to the questions he has raised. I would invite the member to follow up additionally where the information that has been provided to me has not adequately addressed the questions he has raised.

I say that because the questions that the hon. member for Davenport has raised are very legitimate questions. Against the background of what is happening with respect to the cod stocks on the east coast, certainly these are issues that we have to take very seriously.

Over the last 10 years, Canada's Department of Fisheries and Oceans, DFO, has put in place a number of initiatives to promote sustainable development of the aquaculture industry and minimize its potential impacts on the environment and on wild fish stocks. Since launching the program for sustainable aquaculture, the department has stepped up its efforts to reach this objective.

The program for sustainable aquaculture, announced in 2000, is an investment that will enable the aquaculture industry to grow and become one of the jewels of the Canadian economy while allowing the government to ensure that this growth is not achieved to the detriment of our aquatic ecosystems. Aquaculture is an increasingly important activity in Canada and in the rest of the world and offers numerous social and economic opportunities, but I stress that it must not and cannot be at the risk of the natural habitat.

Announced recently was the action plan for pink salmon. I would like to give the details. We have implemented a freshwater monitoring program, conducted in parallel with DFO's traditional pink Pacific salmon stock assessment program. A marine monitoring program has been established, aimed at assessing the frequency and severity of sea lice infection rates among young salmon in the Broughton Archipelago area and gathering data with respect to taking action based on that research.

A strategic management approach for aquaculture sites in particular has been worked out with the British Columbia government. This program is being monitored in detail. There is also a long term research plan leading to the establishment of the department's research priorities on approaches to sea lice management in that area.

These are just the basic components of the plan. It is my hope that the plan will result in alleviating the kinds of concerns the hon. member has raised.

*Adjournment Debate*

•(1845)

**Hon. Charles Caccia:** Mr. Speaker, I would like to thank the parliamentary secretary for his encouraging words and his well presented examination of the situation as provided to him by the department.

Nevertheless, I must say from his response that here we have a classical case of the so-called sustainable aquatic industry of aquaculture being in collision with the aquatic ecosystem. The Department of Fisheries and Oceans is reluctant to perform its duty in removing certain operations, the one which I referred to in my earlier intervention, the net-cage salmon farming, from the water ecosystem. Therefore, the question I asked earlier still remains unanswered, that is, why is the department not performing its duties in relation to this problem?

**Mr. Alan Tonks:** Mr. Speaker, among the various points that the hon. member has put forward, the response in my notes indicates that although current data does not establish any direct link between the presence of salmon culture sites and low pink salmon returns in British Columbia's Broughton archipelago, the issue is of concern to the department. That is part of the response that is too dismissive of the point raised by the hon. member.

I have been assured that actions are being taken and if those aquaculture initiatives, which are under scrutiny, are not bearing up to the conditions that have been established under the relevant legislation, actions should and will be taken against them.

I will endeavour to obtain the information that the member has requested in order to allay his concern that we are not being as serious as he is about this issue, as it reflects on the natural habitat on the west coast. I will endeavour to get that information.

## NATIONAL DEFENCE

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance):** Mr. Speaker, I am pleased to rise in my place as a consequence of the question I asked the defence minister on February 11 regarding the location of the joint task force 2, JTF2, facility on Dwyer Hill Road in the City of Ottawa, and the mistreatment of adjacent landowners by the federal government.

First, I would like to thank the Parliamentary Secretary to the Minister of National Defence for his comments last week regarding my interest in JTF2. It is in the spirit of those comments that I asked the minister my original question back in February.

It is very clear that a number of problems exist with the Dwyer Hill base. The question the minister needs to answer is whether those problems can be fixed. If that is the case, decisions should be made and we should get on with it. If, on the other hand, the evidence supports moving the commando base, and I believe the evidence exists to support that option, the federal government needs to immediately take the appropriate steps for the benefit of all parties involved.

I am on record as supporting the move of the JTF2 base from Dwyer Hill to CFB Petawawa, which I readily acknowledge is located in my riding of Renfrew—Nipissing—Pembroke. However it was when I had the opportunity to personally walk the fields of the adjacent landowners and see the environmental damage caused by the Department of National Defence, and hear firsthand the stories of

harassment and bargaining in bad faith, that I came to the conclusion that the type of operation run by JTF2 did not belong in a populated area.

The defence department is in public self-denial when it suggests it has good relations with its neighbours. CFB Petawawa, on the other hand, enjoys good community relations.

I am pleased to confirm that the local municipal councils of Pembroke, Petawawa, Deep River, Laurentian Hills, Whitewater Region, Laurentian Valley and the county of Renfrew have all passed motions supporting the JTF2 moving to CFB Petawawa.

Base Petawawa has a space to conduct training in secrecy and the base has the necessary infrastructure support for the families and their dependants. Most important, CFB Petawawa is home to the 427 helicopter squadron that provides the air transport for JTF2. Response times in the nation's capital would be improved since the helicopters could fly from Petawawa directly to where they are needed, rather than wasting valuable response time flying from Petawawa to Dwyer Hill to pick up the JTF2 soldiers, then flying on to their mission.

Currently, JTF2 does extensive training at CFB Petawawa. Stationing the JTF2 soldiers on base rather than putting them in hotels, which is just what went on these last few weeks, would save the taxpayers money.

The unfair treatment of the local landowner, Mr. Ron Mayhew, has been recognized in an editorial in the *Ottawa Citizen* as being unfair and an injustice. It goes on to say that Mr. Mayhew's property has become a bad dream because of the base, and not because of anything he has done. It is time for Mr. Mayhew's nightmare for to end.

As of today, no fair offer has been made to Mr. Mayhew, and apart from the threat to expropriate Mr. Mayhew's farm, nothing continues to happen. Government lawyers defer, defer, defer, and now, as a consequence of refusing to deal reasonably with Mr. Mayhew, the Department of National Defence has exposed the public purse to potentially millions of dollars in lawsuits. Mr. Mayhew has been forced to go to court to get action.

This is really the story of David and Goliath. Mr. Mayhew fights the taxpayers' purse for his basic rights.

•(1850)

**Mr. Dominic LeBlanc (Parliamentary Secretary to the Minister of National Defence, Lib.):** Mr. Speaker, I thank the member for Renfrew—Nipissing—Pembroke for her comments with respect to JTF2. I know she shares my view that this very elite unit of the Canadian Forces has done remarkable work, both in Canada and abroad. As members know, last summer I had the chance, along with the Minister of National Defence, to visit Afghanistan and to see firsthand the remarkable work our forces are doing.

In budget 2001, the Government of Canada invested more than \$1.2 billion in the defence portfolio. In this budget we also called for an increase in the capacity of JTF2 to better respond to Canada's security needs, both at home and abroad. This was, in particular, to respond to the new terrorist threat.

*Adjournment Debate*

As the member knows, the enhancement plan for JTF2 requires additional infrastructure at the current Dwyer Hill training centre in order to accommodate and train more personnel. The Dwyer Hill facility is a unique facility with a unique and sensitive mandate where JTF2 forces, as well as members of other police forces, conduct various training exercises.

At present, as the minister has indicated, there are no plans to relocate the facility as there continues to be, in the view of the department, a very significant operational advantage to be derived from the current location. Indeed, the department has identified two adjacent properties to the current centre that would be appropriate to support additional infrastructure requirements. One of these properties has been purchased and the department has expressed an interest in purchasing the second property.

The department is well aware that the plans to expand the facility at Dwyer Hill have caused concern among local residents. Indeed, the member for Nepean—Carleton, on a number of occasions, has made the government aware of the concerns of local residents. The department has taken those concerns seriously and a team of departmental officials, led by a senior officer of the forces, has been established to better the communications with local residents by listening to and responding to their very legitimate concerns.

However we do not share the member's opinion that a plan to relocate JTF2 at this point would be warranted or appropriate. We believe it is more important to work on the existing facility by improving the relations with the local residents, and we acknowledge that this will require some work.

For that reason, the minister has instructed his group of people to begin a consultation with the local residents. I can report that they are making good progress. However to say that there are plans at the current time to relocate this facility to Petawawa is simply not an accurate representation of what we believe the operational requirements of that facility to be.

• (1855)

**Mrs. Cheryl Gallant:** Mr. Speaker, attempts by the defence department apologists to discredit Mr. Mayhew have failed miserably and are only serving to discredit the military. That is truly the sorry aspect of this affair.

JTF2 represents one of the few bright spots in a military that has been demoralized by years of cutbacks. The minister has even

spoken about a higher degree of openness in the activities of the JTF2, the way the British, the Americans and the Australians operate their special forces.

The minister should realize that this campaign of harassment against a poor farmer is doing extensive damage to the image of the Canadian Forces among the public. Residents of the Heron Lake Community Association, who have watched their property values plummet, will be the next ones seeking monetary compensation from the federal government.

There are real concerns of an environmental disaster due to lead contamination and oil spills that have adversely affected the health of local residents and put incredible stress on individuals already in a stressful situation.

The Dwyer Hill base was originally a horse breeding farm intended for 72 members of a domestic team.

It is time for some answers to resolve the situation.

**Mr. Dominic LeBlanc:** Mr. Speaker, I want to make it very clear that in no way would the government or the Department of Defence seek to harass local residents, permit local residents to be harassed or in fact compromise the health or safety of local residents.

Mr. Speaker, you and I understand that the role of a local member of Parliament is to do what one can to help his or her constituency. The member for Renfrew—Nipissing—Pembroke has done a good job of making a case to relocate this facility to her constituency.

I am from Atlantic Canada. We hope very much that we can find reasons to have large federal infrastructure in our constituencies, but a case has to be made on the merits. The arguments to relocate a facility have to hold water. I hope that in this case there would be no indication of gross patronage or an attempt to relocate a facility from a current location, where it is doing a wonderful job, simply for crass partisan purposes. We on this side would certainly never support such an effort.

[*Translation*]

**The Deputy Speaker:** The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24 (1).

(The House adjourned at 7 p.m.)





# CONTENTS

Wednesday, May 14, 2003

## STATEMENTS BY MEMBERS

<b>National Nursing Week</b>	
Mrs. Ur.....	6237
<b>CPR</b>	
Mr. Johnston.....	6237
<b>West Nile Virus</b>	
Mr. Reed.....	6237
<b>Women Entrepreneurs</b>	
Ms. Bulte.....	6238
<b>Severe Acute Respiratory Syndrome</b>	
Mr. Lee.....	6238
<b>March for Life</b>	
Mr. Vellacott.....	6238
<b>Arab Canadians</b>	
Mrs. Parrish.....	6238
<b>Jean-Philippe Leblanc</b>	
Ms. St-Hilaire.....	6238
<b>Doris Boyce Saunders</b>	
Ms. Neville.....	6239
<b>Office of the Auditor General</b>	
Mr. Williams.....	6239
<b>March for Life</b>	
Mr. Steckle.....	6239
<b>Status of Women</b>	
Ms. Wasylycia-Leis.....	6239
<b>National Nursing Week</b>	
Ms. Dalphond-Guiral.....	6239
<b>Ukraine-Canada Relations</b>	
Mr. Lastewka.....	6240
<b>Perth—Middlesex</b>	
Mr. Borotsik.....	6240

## ORAL QUESTION PERIOD

<b>Fisheries</b>	
Mr. Hill (Macleod).....	6240
Mr. Chrétien.....	6240
Mr. Hill (Macleod).....	6240
Mr. Chrétien.....	6240
Mr. Hill (Macleod).....	6241
Mr. Chrétien.....	6241
<b>Health</b>	
Mr. Merrifield.....	6241
Ms. McLellan.....	6241
Mr. Merrifield.....	6241
Ms. McLellan.....	6241

<b>Softwood Lumber</b>	
Mr. Duceppe.....	6241
Mr. Pettigrew.....	6241
Mr. Duceppe.....	6241
Mr. Pettigrew.....	6241
Mr. Crête.....	6242
Mr. Pettigrew.....	6242
Mr. Crête.....	6242
Mr. Pettigrew.....	6242
<b>Foreign Affairs</b>	
Mr. Blaikie.....	6242
Mr. Chrétien.....	6242
<b>Agriculture</b>	
Mr. Blaikie.....	6242
Mr. Vanclief.....	6242
<b>Auberge Grand-Mère</b>	
Mr. Clark.....	6243
Mr. Rock.....	6243
Mr. Clark.....	6243
Mr. Strahl.....	6243
Mr. Rock.....	6243
Mr. Strahl.....	6243
Mr. Rock.....	6243
<b>Softwood Lumber</b>	
Mr. Guimond.....	6243
Mr. Pettigrew.....	6243
Mr. Guimond.....	6244
Mr. Dhaliwal.....	6244
<b>Canadian Forces</b>	
Mr. Benoit.....	6244
Mr. McCallum (Markham).....	6244
Mr. Benoit.....	6244
Mr. McCallum (Markham).....	6244
<b>National defence</b>	
Mr. Gauthier.....	6244
Mr. Boudria.....	6244
Mr. Gauthier.....	6244
Mr. Chrétien.....	6244
<b>National Defence</b>	
Miss Grey.....	6244
Mr. Chrétien.....	6245
Miss Grey.....	6245
Mr. Chrétien.....	6245
<b>The Environment</b>	
Mr. Jordan.....	6245
Mr. Anderson (Victoria).....	6245
<b>Airline Industry</b>	
Mrs. Desjarlais.....	6245
Mr. Collenette.....	6245

<b>Fisheries</b>	
Mr. Godin .....	6245
Mrs. Stewart .....	6245
Mr. Hearn .....	6245
Mr. Thibault .....	6246
Mr. Hearn .....	6246
Mr. Thibault .....	6246
<b>Softwood Lumber</b>	
Mr. Elley .....	6246
Mr. Pettigrew .....	6246
Mr. Elley .....	6246
Mr. Pettigrew .....	6246
<b>Aboriginal affairs</b>	
Mr. Loubier .....	6246
Mr. Owen (Vancouver Quadra) .....	6246
Mr. Loubier .....	6246
Mr. Owen (Vancouver Quadra) .....	6247
<b>Human Resources Development</b>	
Mr. Solberg .....	6247
Mrs. Stewart .....	6247
Mr. Solberg .....	6247
Mrs. Stewart .....	6247
<b>Health</b>	
Ms. Bennett .....	6247
Ms. McLellan .....	6247
<b>Political Party Financing</b>	
Mr. White (North Vancouver) .....	6247
Mr. Boudria .....	6247
Mr. White (North Vancouver) .....	6248
Mr. Boudria .....	6248
<b>Canada Labour Code</b>	
Ms. Guay .....	6248
Ms. Bradshaw .....	6248
<b>Canada-U.S. Relations</b>	
Mr. Lee .....	6248
Mr. Easter .....	6248
<b>Drugs and Pharmaceuticals</b>	
Ms. Wasylycia-Leis .....	6248
Mr. Collenette .....	6248
<b>Presence in Gallery</b>	
The Speaker .....	6248
<b>Points of Order</b>	
<b>Oral Question Period</b>	
Mr. Clark .....	6249
Mr. Boudria .....	6249
Mr. White (North Vancouver) .....	6249
Ms. Lill .....	6250

## ROUTINE PROCEEDINGS

<b>Indian Specific Claims Commission</b>	
Mr. Owen (Vancouver Quadra) .....	6250
<b>Government Response to Petitions</b>	
Mr. Regan .....	6250

<b>Interparliamentary Delegations</b>	
Mr. Price .....	6250
<b>Committees of the House</b>	
<b>Public Accounts</b>	
Mr. Williams .....	6250
<b>Petitions</b>	
<b>Marriage</b>	
Mrs. Gallant .....	6250
<b>Bill C-250</b>	
Mrs. Gallant .....	6250
<b>Stem Cell Research</b>	
Mr. O'Reilly .....	6251
<b>Child Pornography</b>	
Mr. Lunney .....	6251
<b>Bill C-250</b>	
Mr. Lunney .....	6251
<b>Cruelty to Animals</b>	
Mr. Lunney .....	6251
<b>Bill C-250</b>	
Mr. Grewal .....	6251
<b>Marriage</b>	
Mr. Grewal .....	6251
<b>Iraq</b>	
Mr. Bagnell .....	6251
<b>Firearms Registry</b>	
Mr. Reid .....	6251
<b>Questions on the Order Paper</b>	
Mr. Regan .....	6251
<b>Motions for Papers</b>	
Mr. Regan .....	6253
(Motion agreed to) .....	6253
Mr. Regan .....	6253
Mr. Clark .....	6253

## GOVERNMENT ORDERS

<b>Budget Implementation Act, 2003</b>	
Mr. Goodale .....	6254
Bill C-28. Third reading .....	6254
Mr. Wilfert .....	6254
<b>Business of the House</b>	
The Acting Speaker (Mr. Bélair) .....	6258
<b>Budget Implementation Act, 2003</b>	
Bill C-28. Third reading .....	6258
Mr. Schmidt .....	6258
Mr. Paquette .....	6263
Mr. Proctor .....	6269
Mr. Wilfert .....	6271
Mr. Moore .....	6272
Mr. Thompson (New Brunswick Southwest) .....	6273
Mr. Bagnell .....	6275
Mr. Wilfert .....	6276
Ms. Meredith .....	6276

**ADJOURNMENT PROCEEDINGS**

**Insurance Industry**

Mr. Adams ..... 6278  
Mr. Wilfert ..... 6279

**Fisheries**

Mr. Caccia ..... 6280

Mr. Tonks ..... 6280

**National Defence**

Mrs. Gallant ..... 6281

Mr. LeBlanc ..... 6281

**MAIL  POSTE**

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

**Lettermail**

**Poste-lettre**

**1782711  
Ottawa**

*If undelivered, return COVER ONLY to:*  
Publishing and Depository Services  
PWGSC, Ottawa, ON K1A 0S5  
Internet: <http://publications.gc.ca>  
1-800-635-7943 or Local 613-941-5995

*En cas de non-livraison,  
retourner cette COUVERTURE SEULEMENT à :*  
Les Éditions et Services de dépôt  
TPSGC, Ottawa (Ontario) K1A 0S5  
Internet: <http://publications.gc.ca>  
1-800-635-7943 ou appel local (613) 941-5995

**Published under the authority of the Speaker of the House of Commons**

**Publié en conformité de l'autorité du Président de la Chambre des communes**

**Also available on the Parliamentary Internet Parlementaire at the following address:**

**Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :  
<http://www.parl.gc.ca>**

---

**The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.**

**Additional copies may be obtained from Publishing and Depository Services, PWGSC, Ottawa, ON K1A 0S5**

**Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.**

**On peut obtenir des copies supplémentaires en écrivant à : Les Éditions et Services de dépôt, TPSGC, Ottawa (Ontario) K1A 0S5**

**On peut obtenir la version française de cette publication en écrivant à : Les Éditions et Services de dépôt  
TPSGC, Ottawa (Ontario) K1A 0S5**