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OFFICIAL REPORT
(HANSARD)

Thursday, October 27, 2005

—
Speaker: The Honourable Peter Milliken

CONTENTS

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

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HOUSE OF COMMONS

Thursday, October 27, 2005

The House met at 10 a.m.

•(1005)

[*English*]

Prayers

ROUTINE PROCEEDINGS

SUPPLEMENTARY ESTIMATES (A), 2005–06

A message from Her Excellency the Governor General transmitting supplementary estimates (A) for the financial year ending March 31, 2006, was presented by the Minister of Finance for the President of the Treasury Board and read by the Acting Speaker, Mr. Marcel Proulx, to the House.

* * *

•(1000)

[*Translation*]

OFFICIAL LANGUAGES

Hon. Mauril Bélanger (Minister for Internal Trade, Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Associate Minister of National Defence, Lib.): Mr. Speaker, I rise this morning to speak in my capacity as the Minister responsible for Official Languages.

Pursuant to Standing Order 32(2), I have the honour to table, in both official languages, the report entitled “Review of the implementation of the Action Plan for Official Languages”, a mid-term report.

[*English*]

I also wish to table its companion document entitled “Canada's Linguistic Duality: A Framework to Manage the Official Languages Program”.

[*Translation*]

I wish to thank my parliamentary secretary, the hon. member for Saint Boniface, as well as the entire staff at the Office of the Commissioner of Official Languages and at the Privy Council for the excellent work they have done.

ORDER IN COUNCIL APPOINTMENTS

Hon. Navdeep Bains (Parliamentary Secretary to the Prime Minister, Lib.): Mr. Speaker, I am pleased to table, in both official languages, a number of order in council appointments made recently by the government.

* * *

AGRICULTURAL MARKETING PROGRAMS ACT

Hon. Ralph Goodale (for the Minister of Agriculture and Agri-Food) moved for leave to introduce Bill C-69, An Act to amend the Agricultural Marketing Programs Act.

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

* * *

CRIMINAL CODE

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.) moved for leave to introduce Bill C-70, An Act to amend the Criminal Code (conditional sentence of imprisonment).

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

* * *

•(1010)

[*Translation*]

INTERPARLIAMENTARY DELEGATIONS

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, pursuant to Standing Order 34(1), I have the honour to present to the House, in both official languages, the report of the Canadian delegation of the Canadian Branch of the Assemblée parlementaire de la Francophonie, or APF, on its participation in the meeting of the Bureau of the APF, held in Brussels, Belgium, on July 5, 2005, and the 31st annual session of the APF, also held in Brussels, from July 6 to 9, 2005.

Government Orders

[English]

PETITIONS

CN RAIL

Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC): Mr. Speaker, it gives me great honour to present, on behalf of the constituents of my riding of Saskatoon—Rosetown—Biggar, a petition calling on CN Rail not to take the terminal out of the town of Biggar. My constituents are disappointed and disturbed that CN is taking the terminal out of Biggar and request that it be a good corporate citizen and start acting on behalf of the citizens of Canada.

THE ENVIRONMENT

Mr. Greg Thompson (New Brunswick Southwest, CPC): Mr. Speaker, 30 years ago the Government of Canada said no to the passage of supertankers through Head Harbour Passage. That was the right decision 30 years ago.

Today, the petitioners, citizens of the province of New Brunswick and other Maritime provinces, are asking the Government of Canada to do the right thing this time and say no to the passage of LNG tankers through Head Harbour Passage to protect our environment, our citizens and our economy.

* * *

QUESTIONS ON THE ORDER PAPER

Hon. Navdeep Bains (Parliamentary Secretary to the Prime Minister, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Acting Speaker (Mr. Marcel Proulx): Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

UNANTICIPATED SURPLUSES ACT

Hon. Ralph Goodale (Minister of Finance, Lib.) moved that Bill C-67, An Act respecting the allocation of unanticipated surpluses and to amend the Income Tax Act, be read the second time and referred to a committee.

He said: Mr. Speaker, I am pleased today to launch second reading debate on an important new fiscal management tool for both the Government of Canada and the Parliament of Canada: Bill C-67.

This proposed legislation to provide the legal basis for fair, balanced and transparent allocations of any future unanticipated federal surpluses is perhaps the most significant governmental and parliamentary innovation in this field since that crucial time in the mid-1990s when our government fought and won the hard battle to eliminate annual federal deficits. Such deficits had become a chronic bad habit year after year, indeed, for 27 consecutive years prior to 1997.

To put things in context, the economy that we inherited from our Conservative predecessors exactly 12 years ago this week was very

nearly a basket case. The fiscal condition of the country was appalling.

There was virtually no growth. Jobs were being shredded. The national unemployment rate was in double digits. The annual deficit was close to \$40 billion. Federal debt was approaching 70% of GDP. Interest rates were high. Our precious social programs were in real jeopardy.

Some international observers were even speculating about Canada losing its economic sovereignty.

Things had to change and they did change, after 1993, and surprisingly quickly. We balanced the nation's books by 1997.

This is the first point to note about this new legislation. For Canadians to be able to have a spirited debate about how best to manage ongoing budgetary surpluses, anticipated or not, we first of all must have a surplus to argue about. Less than a decade ago, when we were mired deep in red ink, such a discussion about allocations would have been entirely hypothetical and wildly unrealistic.

This legislation and this debate are really a celebration of success, a celebration of the discipline and prudence which led to the elimination of annual federal deficits and the achievement of eight consecutive balanced budgets, with more yet to come on our planning horizon.

What is the evidence of that success?

From its peak at 68.4% of GDP, Canada's debt ratio today stands at just 38.7% and is on a steady downward track to reach 25% within this coming decade. Our debt load used to be the second worst in all the G-7 group of world leading economies. It is now the best.

The proportion of our debt in foreign hands has dropped from 43% to just 15%.

Debt servicing costs used to gobble up close to 38¢ out of every dollar the Government of Canada raised in revenue. Now it takes only 17¢ to service our debt obligations.

We have earned a triple-A credit rating for Canada, meaning major cost savings for all borrowers, new home and vehicle buyers, other consumers, businesses, the provinces and municipalities as well as the Government of Canada.

We are now saving more than \$3 billion every year in federal debt charges that we no longer have to pay. That money is available for better things, like health care, child care, learning, innovation, and infrastructure.

Since balancing the federal budget and keeping it balanced, Canada has enjoyed the best job creation rate in the G-7, the highest ever participation rate in the Canadian job market, the lowest unemployment level in nearly 30 years, and the second fastest growth in living standards in all the G-7.

Fiscal success is about a whole lot more than just a bunch of statistical bragging rights. It makes a real-life difference in the lives of Canadians.

Government Orders

Among only a very few countries in the world, we have earned the freedom and the opportunity to debate our options about what to do with budgetary surpluses. Every other nation in the G-7, and most others around the world, envy that Canadian situation.

That is point number one.

● (1015)

Point number two, what we are talking about in Bill C-67 is only that small portion of government revenues described as unanticipated surpluses.

Contrary to some early and rather misinformed speculation, this legislation is not, and I repeat, not the government's primary instrument for making our major policy decisions about how much to devote each year to program spending or to ongoing debt reduction or to tax cuts.

The vehicle for making these fundamental decisions and for laying out the government's economic and fiscal plans is and of course remains each year's federal budget, and that will not change.

As we put together each budget, using the best external private sector analysis and econometric modelling, and using prudent assumptions and forecasting techniques, we will fashion the government's behaviour to invest appropriately in public programs and services and to cut the tax burden on Canadians, while balancing our books and running a planned or anticipated surplus of \$3 billion.

As members of this House know very well, that amount is our annual contingency reserve. If it turns out not to be needed to keep Canada in the black in any given year, that \$3 billion goes directly to reduce the federal debt.

But what happens to any larger than expected surplus, that is, any unplanned or unanticipated amount over and above the basic \$3 billion? Due to the combined effects of the Financial Administration Act and generally accepted accounting principles, any and all such unanticipated surpluses go, just like the contingency reserve, exclusively and automatically to debt reduction.

There is no opportunity for debate, no flexibility and no choice. There is no judgment brought to bear by either the government or Parliament. It all goes to debt reduction, effectively by default.

There is no way of knowing exactly what that unanticipated amount, if any, might be until five or six months after the end of each fiscal year. That is when we get each year's annual audited financial report with the firm and final numbers.

Experience since we first achieved our positive balance in 1997 has shown that surplus amounts above the basic \$3 billion can sometimes be significant, so last year we asked the former chief economist and executive vice-president of the BMO Financial Group, Dr. Tim O'Neill, the dean of private sector analysts, to review our federal fiscal forecasting process and to offer advice about how it could be made more precise. He drew upon not only the best information and opinion within Canada but also the best global advice from the International Monetary Fund.

Dr. O'Neill concluded that if the government is going to retain its strict rule against running deficits, and that is a rule that the vast majority of Canadians now insist upon, if that rule is to remain in

place—and the government certainly agrees that it must—then surpluses beyond the basic \$3 billion will be inevitable, and there should be a more formal and structured way of dealing with them, not passively by default, but through conscious decision making.

Bill C-67 is a reflection of Dr. O'Neill's recommendations. We did not pull this unanticipated surplus mechanism out of thin air. We took Tim O'Neill's advice. We also listened to parliamentarians. Spokespersons for every party in this House have at one time or another called for something along the lines of Bill C-67.

I could cite members in all three opposition parties, but let me just content myself with the hon. member for Medicine Hat. He is quoted in the September 30 edition of the *National Post* as saying:

We want to ensure that surpluses are put to some end—services that make a difference in people's lives, or a reduction in taxes that hurt productivity, or debt repayment.

The government agrees and that is exactly what Bill C-67 does.

Let me make this point. Our search for a fair, balanced and transparent process for dealing with unanticipated surpluses does not imply, and let me say that again, does not imply that ongoing debt reduction is not an ongoing priority. It most certainly is.

● (1020)

As a matter of intergenerational fairness, it is important to continue to bring down the mortgage from previous heavy spending that our current generation is passing along to our children and our grandchildren to pay. And as a matter of practicality, reducing past debt helps to build future flexibility to deal with the expensive requirements of the big baby boomer generation that is soon to retire.

That is why we remain solidly committed to a \$3 billion annual contingency reserve for debt reduction, plus the fiscal anchor of a targeted debt to GDP ratio of 25% by 2015. I am happy to report that we are fully on track to reach that goal.

As and when the Canadian economy turns in a surprisingly robust performance, to the extent that the available surplus exceeds what was originally anticipated, then we believe the government and parliamentarians should at least have the opportunity to consider their options and to make appropriate choices within a commonsense policy framework. That is what Bill C-67 is all about.

As I said before, it is not our principal means of decision making. That will always come before the fact, before the end of any fiscal year, through the budget itself. Bill C-67 is the fallback mechanism to deal with any late-breaking good news that emerges after the end of any fiscal year but before the final audited annual financial report is available in August or September.

What is that commonsense policy framework in Bill C-67?

Government Orders

Based upon the sound advice that Canadians have offered over 12 years of detailed budget consultations, Bill C-67 provides for an unanticipated surplus to be divided transparently and equally, one-third, one-third and one-third, among: (a) further debt reduction, consistent with rock solid and ongoing fiscal responsibility; (b) further investments in Canadians' most crucial social and economic priorities, like health care, families, learning, innovation or infrastructure; and (c) further personal tax reductions, both immediately and for the long term.

The one-third that goes to debt reduction, in addition to the basic \$3 billion in the contingency reserve, will help ensure that Canada continues to reap the huge benefits of being a world class fiscal performer. It will help to keep our credit rating high and our interest rates low. It will help maintain the foundations necessary for greater competitiveness and productivity.

The one-third that can be devoted to further investments in the social and economic well-being of Canadians will be subject to specific parliamentary approval every year. It is not possible, of course, to identify the needs and priorities in advance through an enabling bill like Bill C-67.

Bill C-67 would provide the standing authority to invest one-third of any unanticipated surplus, but exactly how that is to be done and for what purpose would be a yearly decision to be taken in a timely manner by members of Parliament.

Here is how it would work. In or around the time of each budget, the Minister of Finance will identify his proposals for investing one-third of any unanticipated surplus, should one later materialize. It would then be up to the House of Commons to approve those plans, or not, before the end of the fiscal year. It is a completely transparent and democratic process. It allows for intelligent decisions to be made that are appropriate to the changing circumstances of each passing year.

Finally, the one-third of any unanticipated surplus for tax relief may well be the key innovation in Bill C-67.

Over and above the permanent tax reductions that we have implemented already in every budget since we first balanced the books in 1997—more than \$100 billion worth so far—and over and above the future tax reductions that we intend to provide in the main body of each federal budget going forward, Bill C-67 will help to ensure that Canada's sometimes surprising economic success will continue to be translated into improvements in disposable incomes and living standards, through personal tax cuts.

• (1025)

The fiscal year ends on March 31. The audited annual financial report of the Government of Canada, which would document any unanticipated surplus, comes out later, in August or September. That is the point in time when any one-third share available for personal tax reductions would be quantified.

To make the benefit available at the earliest possible moment, the government would provide each personal taxpayer with a tax credit against the income taxes they would otherwise have to pay for that very calendar year, that is, the actual year in which the unanticipated surplus is identified. For subsequent years, subject to the initial certification of the Minister of Finance that such a tax cut were

indeed sustainable over the long term, the benefit would be reflected in a permanent increase in the basic personal amount that each Canadian taxpayer can earn and retain totally tax free. This would provide permanent tax relief for all Canadians across the board and it would help to take thousands of low income taxpayers off the tax roles altogether.

Bill C-67 is fair, balanced and transparent. It is rooted in democratic procedures. It responds to previous concerns by members of Parliament and is consistent with the advice of external experts. Most important, Bill C-67 is a reflection of the often repeated common sense of most Canadians, which is to say, if the country is fortunate enough to generate additional surplus dollars beyond those normally expected and planned for, then divide that good fortune in three equal shares to contribute simultaneously to further debt reduction, accelerated investments in the priorities that matter the most to Canadians and lower taxes to boost disposable incomes.

Unlike our friends on the Conservative right wing, we do not subscribe to some monotone mantra that there is no problem in the world that a tax cut could not fix. Do tax cuts and nothing else, they say, "Abraca tax cut and poof, everything will be fixed".

Unlike the Bloc, we do not believe that the Government of Canada should simply raise taxes only to transfer all the money to the premiers, plundering any surplus and leaving the Government of Canada weak and emasculated.

Unlike the NDP, we do not agree that we can forget about the tax burden, forget about debt reduction and just spend, spend, spend our way to paradise.

Instead we strive for balance, transparency and fairness. We want to give careful attention to debt reduction, program investments and personal tax reductions together. We want to achieve all that in an open and democratic manner, and that is what Bill C-67 does.

• (1030)

Mr. Monte Solberg (Medicine Hat, CPC): Mr. Speaker, I thank the minister for his speech. Obviously I do not agree with most of it, but the Conservative Party absolutely believes in lower taxes for middle class Canadians. We believe that is the right solution after a period of time when the government has ratcheted up spending by 52% since 1999 and has looked after bureaucrats, politicians and Liberal friends, and guess what, even the NDP that he criticized for driving up spending. He is the one who went along with the proposal to raise spending by \$4.6 billion.

I will not take up a lot of time right now giving a speech because I will do that in a minute.

I want to ask the minister an important public policy question. He has spoken about the nature of the bill, but he really did not state whether he or the government regard Bill C-67 as confidence motion.

Hon. Ralph Goodale: Mr. Speaker, I am very pleased to have the hon. gentleman's comment and his participation in this discussion. I hope, as the House procedure around the bill unfolds over the next period of time, we will have ample opportunity to get into the detail. It is important that the detail be well understood. It also is important that all parties ventilate fully their respective positions on this legislation.

Government Orders

Tax reductions for middle income Canadians may be one of those rare instances where he and I are in agreement with each other. I indicated very clearly in encounters that I had with Canadians in prebudget consultations this summer, in places like Halifax, Charlottetown, Montreal, Toronto, Chatham, Kent, Hamilton, Brantford, Winnipeg, Regina, Saskatoon, Edmonton and Vancouver, that I had addressed the importance of improving disposable incomes of Canadians and doing so by a variety of means, but significantly doing that by reducing the personal tax burden, which is very much a part of my thinking and planning as the economic agenda of the government goes forward.

On the specific comment of process, Bill C-67 is not regarded as a confidence bill. Any particular spending item that flows from the process in Bill C-67 will be subject to some future parliamentary vote, bill or appropriation. The legislation in itself does not trigger specific spending or specific appropriations. It provides the framework or the process within which that will be handled in the future. The specific decisions about what future appropriations would be would be subject to future debates and future parliamentary votes. This is a procedural bill. It is a process or framework bill and therefore it is not a matter of confidence.

• (1035)

[*Translation*]

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Mr. Speaker, first, I would like the minister to explain in plain and simple terms, so that it is easy to understand, for the benefit of both the members of this House and the people listening, the real reasons why such unanticipated surpluses exist, given that the minister began his speech by boasting about having always had a very transparent and balanced approach.

Second, will the minister recognize that these surpluses are due in large part to the fiscal imbalance and that they actually represent shortfalls for the provinces and for Quebec?

Third, with respect to the one-third that he intends to allocate to investments, at the time of making these new investments, does the minister plan to respect the jurisdictions of the provinces and Quebec?

[*English*]

Hon. Ralph Goodale: First, on the third question, Mr. Speaker, absolutely. The Government of Canada will operate within its jurisdiction and it will respect the jurisdictions of other orders of government.

Second, the reason why surplus figures are sometimes higher than anticipated, and I believe the opposition finance critics would know, as they go through the arithmetic and see where the changes occur during the course of a fiscal year, is the numbers on both revenue coming in and expenditures going out often move over a period of 18 months. That is only logical and can be expected. Over the last number of years, the biggest movement has tended to be on the revenue side of the equation. That has been very good news from Canada's point of view, certainly from the government's points of view, and I would think from the opposition's point of view as well.

It is significant that none of the in-house economists who work for the Government of Canada, or the official opposition parties, or the

provinces or the private sector have over the last number of years been able to anticipate the magnitude of improvement in the Canadian economy.

I believe two fiscal years ago we had a situation where corporate profit went up by about 17%. Corporate tax rates went down, but revenue from corporate taxation went up by about 25% or 26%, which is a very positive development. However, it shows that the fundamental factor underlying the change in the numbers is the underlying strength and success of the economy of our country.

On the issue of the alleged fiscal imbalance, I once again point out that over the last 20 years revenues flowing to provinces have been consistently higher than revenues retained by the Government of Canada. Transfer payments are now at their highest level ever in history. Over the next decade they are scheduled to go up by another \$100 billion. The debt being carried by the Government of Canada, even though it is vastly improved today from what it was 10 years ago, is still roughly twice as large as the debt carried by all the provinces and territories combined.

For all those reasons, I do not think the hon. member can sustain the argument that there is a vertical fiscal imbalance. However, the Government of Canada will continue to be very proactive within its sphere of jurisdiction to invest in those priorities that make a real difference in the lives of Canadians. At the same time, we will balance the budget, pay down debt and reduce taxes.

• (1040)

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I am intrigued by the chosen title for the bill, the unanticipated surplus act. It never fools Canadians that year after year the government deliberately lowballs the projection of surplus and then at the last minute it says that it has discovered several billion more dollars about which it did not know, which raises some concerns about financial management to say the least. Then it says that it has some money to roll out for whatever it deems to be the purposes for which it might receive the greatest political rewards. Could the minister comment briefly on that?

Second, I heard a lot of talk about the government's commitment to balance. I could use any number of examples, but where was the balance going into the 2000 election? This was after six great years of creating enormous deficits in health, education, literacy particularly, as this is an appropriate time to note it, infrastructure, affordable housing, environment health and the list goes on. It also has created an immense deficit in the reputation of Canada, internationally, as a good global citizen, having driven our commitment to ODA from 0.5% down to 0.23%. Where was the balance in the 2000 election eve decision to give away \$100 billion in tax cuts? The government attacks the ultracons for that all the time. Where is the consistency?

Hon. Ralph Goodale: Mr. Speaker, I am really delighted that the hon. member asked that last question with respect to the 2000 five year tax reduction plan. It totalled just over \$100 billion. Two-thirds of that was personal tax cuts and two-thirds of that was directed to the lowest income Canadians. That constitutes balance. That constitute fairness.

Government Orders

On her question about the definition of surplus, what is anticipated and what is unanticipated, I dealt with that at some length in my remarks, indicating that our standard budgetary objective is to balance the books and to run a surplus of \$3 billion, the contingency reserve, which is then applied to debt reduction. Over the last number of years that has served the Government of Canada and the people of Canada very well. In fact, we are now saving more than \$3 billion every year because of interest charges that we no longer have to pay.

Our definition of unanticipated surplus for the purposes of this legislation is any surplus that exceeds the \$3 billion mark. Over the last seven or eight years, it has in fact exceeded \$3 billion on a number of occasions. This legislation thereby provides the framework where, rather than letting the situation just go by default, Parliament will have an opportunity to have a say.

The hon. member questioned the spending restraint decisions that were taken in the mid-1990s and the impact of those upon various programs. Obviously that restraint did have an impact.

I would point out that the reductions in transfers to provinces which began in 1995-96 were always less than the restraint that the Government of Canada imposed upon itself. Indeed those restraint measures were entirely restored by 2001. Today the transfers to provinces are at an all-time record high. They are scheduled to increase by another \$100 billion over the next 10 years.

On the international front, I am very pleased to say that in the 2005 budget we have provided the largest increase in foreign aid ever at \$3.4 billion. We will double our aid to lesser developed countries around the world entirely by about 2011-12. We will in fact double our aid to Africa by 2008. Foreign aid is a priority of this government.

• (1045)

Mr. Myron Thompson: Mr. Speaker, I rise on a point of order. It is always good when we have the minister present for questions following a speech. I think there are quite a few members who wish to ask a couple more questions. I wonder if we could get unanimous consent to extend the question and comment period by five minutes, if the minister would be so kind to do that.

The Acting Speaker (Mr. Marcel Proulx): Is there unanimous consent to have a further five minutes of questions and comments addressed to the Minister of Finance?

Some hon. members: Agreed.

Mr. Myron Thompson (Wild Rose, CPC): Mr. Speaker, because we only have five minutes I will try to be very fast.

I congratulate the minister for finding a new term for the Liberals to use called "common sense". For 12 years I have been wondering when that was going to come into play.

For one thing, when \$1.9 billion is projected and it turns out to be \$9.1 billion, does common sense not tell the Liberals that there is something wrong with the accounting situation and that there really has to be something that changes that?

Two, when literally hundreds of natives have to be evacuated from a reserve because the water is so contaminated with E. coli, does it not sound like there should be some common sense as to what in the

world ever happened that it could not have been taken care of and why is it so severe today?

Does common sense not tell the minister and the government when farmers cannot sell their grain, cannot find cars to load it when they do want to sell it and there is no place for it to go, that the farmers are in desperate need and hurting severely and we need to help them?

Last—

Hon. David Anderson: Mr. Speaker, on a point of order, the House generously gave unanimous consent to extend the question and comment period of the minister by five minutes. Instead, the generosity of the House is being abused by the hon. member who succeeds in making a speech on a series of subjects, none of which are directly related to the bill.

I suggest if he has no question that we move on to another questioner.

The Acting Speaker (Mr. Marcel Proulx): The hon. member for Wild Rose will get to the final point of his question within five seconds.

Mr. Myron Thompson: Mr. Speaker, I would like an explanation from the minister as to why, with all the things we are deliberating in regard to the budget and the surplus, hepatitis C victims have not been compensated when eight months ago we agreed they would be.

Hon. Ralph Goodale: Mr. Speaker, I first want to thank the hon. member for his words of congratulation to me on my common sense. I appreciate that.

With respect to the \$9 billion in the surplus from the previous fiscal year, when that was announced was exactly the time when I indicated that Dr. Tim O'Neill would be invited to examine the fiscal forecasting process. He has made 14 recommendations. We are in the process of implementing those very recommendations.

The only one of his recommendations that we did not agree with was the one where he said it would be okay from time to time to run a deficit. We do not think that is consistent with the views of Canadians. We do not think it is consistent with the views of members of the House. We think the budget should be balanced or better every year.

Dr. O'Neill anticipated that we might not agree with his point that it would be okay every now and then to run a deficit, so he said that if we are going to stick to the no deficit rule, we have to have a mechanism to transparently deal with those extra surpluses. That is exactly what we are doing with Bill C-67.

On the aboriginal evacuation that is taking place in Ontario right now, I would point out that the responsibility for that evacuation is in fact under provincial jurisdiction. The Government of Canada's responsibility is to pay for it and in fact we are picking up the entire bill for that situation.

Government Orders

With respect to the issue about farmers, I am happy to tell the hon. member that during the time that I have been Minister of Finance, since December 2003, the Government of Canada over and above all of the normal safety net programming has invested an additional \$2.8 billion to support agriculture in this country. We will stand by our farmers every step of the way.

On hepatitis C, the House discussed the process and the hon. gentleman, I am sure, is very aware of that process. It involves a court controlled fund that we are in the process of negotiating with the relevant parties. We are hopeful we can achieve the kind of solution that will in fact allow those revenues to flow.

• (1050)

Mr. Monte Solberg (Medicine Hat, CPC): Mr. Speaker, it is my pleasure to address Bill C-67, the surplus allocation bill.

I know the minister would not want to mislead Canadians about the true facts regarding either the history of his own government's performance or even the history of other governments' performances, so I just want to start by addressing some of the issues that he raised in his speech and then I will say a little more about the bill in particular.

First of all, the minister said a number of times that his government balanced the budget, but that is not true. In fact the taxpayers balanced the budget and they paid a very heavy price to do it.

As the minister knows, first of all his government cut health care. It made the deepest cuts in Canadian history to balance the budget. It did not cut all the transfers to spending for grants and contributions. It did not cut them at all. In fact those stayed steady through that period, but the government certainly cut health care. In other words, Liberal friends were well looked after during that period but health care had the deepest cuts ever in Canadian history. It really was not the government that balanced the budget. It was health care workers, patients and Canadians.

During that time, we saw a number of tax increases, 67 tax increases, typically small, sneaky tax increases through that period. Who bore the brunt of that? It was the taxpayers. It was not the government that balanced the budget. It was the taxpayers who balanced the budget.

I also have to point out that GST revenues were very important in helping to keep that budget in balance, and that is the government that said it was going to get rid of the GST. Last time I checked it was still there. We are still paying that 7%. I see it every time I purchase something. The government certainly counted on the GST to balance the budget, even though the Liberals said they would get rid of it.

I noted another thing, and the minister partially touched on this. He talked about all the revenues coming in. I note that many of them are resource revenues and in fact revenues from companies that do business in the United States all the time. They are bringing in lots of revenue. The Liberals said they were going to get rid of the free trade agreement. They were going to rip up NAFTA but thankfully it is still there and it is providing a lot of these revenues.

Therefore, I just reject the premise of the minister's argument.

Hon. Ralph Goodale: Herb Gray would disagree with you.

Mr. Monte Solberg: Mr. Speaker, I know I sound like the Hon. Herb Gray but I have to point out that the minister is simply wrong when he says that the government balanced the budget. It is absolutely untrue. Of course it was the Canadian taxpayers who balanced this budget. The hospital workers balanced it. Patients balanced this budget. The minister is absolutely wrong to take credit for balancing the budget.

There are so many things I could touch on. The minister talked about the government's economic performance and I have to take issue with some of the things he said. He painted a pretty rosy picture of the economic performance, but a lot of people would disagree with that. I want to provide some evidence in the form of the report of the governor of the Bank of Canada who appeared before the finance committee just two days ago. He pointed out in his monetary report that productivity growth in 2003 in this country was zero. In 2004 it was zero. At this point in 2005 it is only 0.7%.

Productivity growth is critical to our ability to raise living standards in this country. If we do not improve our productivity as a nation then our standard of living cannot rise. We cannot defy gravity because when we talk about productivity, really we are talking about the ability of every person in the country to produce goods and services, to keep increasing the number of goods and services that they can provide. That is not done by working harder. That is the wrong way to do it. It is done by investing in education and by investing in technology. When we do that, we ultimately raise living standards.

• (1055)

Who pays the price when living standards keep falling further and further behind? It is certainly not Liberal friends. It is the people of Canada and their living standards are mired where they were a long time ago.

In January, Don Drummond, the former deputy minister of finance, produced a report showing that take-home pay in Canada has only gone up 3.7% in the last dozen years or so which amounts to less than \$60 a year more in take-home pay. However the take for government has gone up about four times that amount.

When it comes to who is reaping the benefit of any increase at all in the output of Canadians it is not Canadians. They are not getting that money. It is going to the government and the government is keeping that money.

The minister argued in his speech that tax relief was not a panacea but for the people who need the money it is tremendously important. People want to raise their families and have enough money to send their kids to school.

My colleague across the way talked about jobs, and job creation is important, but it is also the types of jobs. In Ontario we have seen 100,000 manufacturing jobs disappear in the last little while. These are high value jobs that are being lost because the government has refused to act in important ways to ensure we can keep those jobs.

Government Orders

There is another thing the government has done, which the minister somehow failed to point out. I would think as a major economic initiative he might point to these things. I am sure he is very proud of his record. It is a little odd to me that he would not talk about things like the NDP budget deal that he cut, where for many weeks he argued against the very things that the NDP were proposing, only to adopt them in the end and raise spending by \$4.6 billion. In his speech he criticized the NDP for always asking for more money and spend, spend, spend but that is what he did. In fact, spending last year went up 15% under the government, the largest increase since 1974.

That is not all. The finance minister also took out the tax relief for large employers. This goes to the point I was making a minute ago when I was saying that we are trying to preserve manufacturing jobs. The minister has reneged on his commitment in the budget to provide tax relief for large employers, manufacturers, to keep those jobs in Canada. How regrettable is that? He has flip-flopped on it about three times. He said that he would bring it back in the fall and then he said that he would not. Now he is floating it again. I do not know if we will ever see that.

However we need tax relief if we are going to preserve jobs in Canada. I am truly sorry that the finance minister has not followed through on that commitment in the budget. In fact, I am very surprised that he did not mention the deal that he cut because I am sure he is very proud of those kinds of things.

I could probably talk about all the things the minister raised in his speech that were a little misleading during the entire 20 minutes but I will not do that.

Hon. Ralph Goodale: Try talking about the bill.

Mr. Monte Solberg: I will talk about the bill.

Hon. Ralph Goodale: Good.

Mr. Monte Solberg: The minister is urging me to do that so I will. I want to explain why the Conservative Party is very much opposed to Bill C-67.

Bill C-67 is indicative of a government that is out of gas and out of ideas. When the minister raised the fact that Canada is facing a productivity crisis, he brings in legislation that economist after economist has criticized as being absolutely antithetical to the idea of solving our productivity challenge. I want to explain what I mean by talking a little bit about the particulars of the legislation.

• (1100)

Bill C-67 would take unanticipated surpluses and divide them into three. One-third would go toward paying down the debt, one-third toward a tax rebate and one-third toward increased spending. Let me tell the House why that is unbelievably simplistic when we are facing this great productivity challenge. It is wrong for a number of reasons.

The government has used its ability to manage the size of the surplus a number of times to get around the normal parliamentary scrutiny that should be brought to government spending when we are talking about spending billions of dollars.

Since 1997, so-called unanticipated surpluses have amounted to about \$90 billion. Independent forecasters knew these surpluses were coming. It is the finance department that claimed it did not know these surpluses were mounting. As a result Canadians have had no input on where the money should go.

What happens is that very often at the end of the year the government would go on a year-end spending spree. Sometimes the money would go to important things but a lot of times it would go to things of questionable value. I can think of one year, on the last day of the budget year, when the former prime minister bought two Challenger jets for his own travel at the same time that the Canadian military was looking for all kinds of equipment to move our troops around.

It is a dangerous when we have a government that manages the numbers so it can lowball expectations about surpluses and then use those surpluses at the end of the year for its own ends. We are concerned about that.

As members will know, at the end of last year Parliament's own independent forecasters projected a surplus of over \$6 billion but the government engaged in a bunch of accounting tricks at the end of the year to reduce that surplus down to \$1.6 billion.

When the government maintains the ability to manage the size of the surplus by introducing a bill to divide the surplus into equal parts, where Canadians think they will get a rebate at the end of the year, it is not going to happen because the government can eliminate the surplus if it suits its ends, which is what happened last year. We had a surplus at the end of the year of only \$1.6 billion, which means there would be nothing to divide up. Canadians would see no tax relief, no debt repayment and no increased spending.

As long as the government maintains the ability to spend more than it said it would spend and manipulates the size of the surplus, having a bill that divides the surplus up is meaningless.

However it goes beyond that. We have other criticisms beyond that. One of the great criticisms that has been levelled against the government is the fact that it has not taken any steps to enhance our productivity. I touched on this a minute ago. The problem with Bill C-67 is that if one-third of the surplus were given back to Canadians in the form of a rebate, it would not do anything to enhance productivity.

One of the great arguments for tax relief is that lowering particular types of taxes provides an incentive for taxpayers to engage in certain types of behaviour. If taxes are lowered on investments, then people invest more, which, obviously, is something that enhances productivity. If personal income taxes are lowered, then people tend to produce more because they are not so heavily punished when they earn more money.

Economists have argued, and they are absolutely right, that instead of providing this one-third formula the government should just lower taxes for middle class Canadians. I know the government always pleads poverty but we have seen spending go up 52% since 1999. Money has gone to public service, Liberal friends and to David Dingwall. We have seen it go to the NDP.

Mr. Paul Szabo: Say that outside.

Government Orders

Mr. Monte Solberg: Mr. Speaker, when did it go to Canadian taxpayers, the people who earn that money and who need that money to look after their families? It has not gone to them.

• (1105)

My colleague across the way said that the government cut taxes. If that is true, why are Canadians not seeing it on their bottom line? Canadians need some tax relief so they can look after their families and their future. No one can look after their families better than they can themselves, certainly not the Minister of Finance and not a bunch of bureaucrats either. It is time for tax relief for Canadians. Why are we not seeing it?

My friend across the way said, "Say that outside," when I said David Dingwall's name. He raised the issue so I will address it. I do not think one Canadian believes he or she can quit his or her job and get a king's ransom in a severance package from the employer. That is exactly what is going on today because the government has not changed its stripes.

The Liberals did not learn anything from the ad scam. They said that they would clean up government and quit rewarding their friends but the first chance they had to prove they would not be the same way, they blew it and defended David Dingwall. They defend their practices of featherbedding and looking after their friends.

All that tells me is that the Liberals have not learned a thing. And, guess what? No surplus is safe from Liberal friends, which is why we are opposed to Bill C-67. Liberal friends will always be rewarded first and it will always be taxpayers who get looked after last. In fact, if we were to use the formula last year, Canadian taxpayers would see zero for a rebate. That is one of the primary reasons that we oppose Bill C-67.

I want to point out that it was the Conservative Party that moved an amendment to the throne speech asking for independent forecasters to be hired by the finance committee so we could provide a different opinion of where government surpluses were going. I should say taxpayer surpluses because they are the ones who provide them. This was passed on, I think, December 1, 2004. The point of that exercise was this. All three opposition parties agreed that the government had been manipulating the surpluses and the books for its own ends. I mentioned a minute ago that the unanticipated surpluses, or the surpluses the government would not admit to, amounted to about \$90 billion.

We moved our amendment back in 2004, which passed, and the government reluctantly went along with it. We now have a situation where these independent forecasters come to the finance committee every quarter and provide independent analysis of the size of the surpluses.

Last year the government said in the budget that the surplus this year would be \$4 billion. The independent forecasters just came to the committee and said that was absolutely wrong, that the surplus would be well over \$10 billion. This comes on the heels of a situation last year, which my friend from Wild Rose has already pointed to, where at the end of the last fiscal year the government said that the surplus would be \$1.9 billion and it turned out to be \$9.1 billion.

We cannot allow the government to continue manipulating the books to come up with numbers that suit its ends. One of the great flaws in Bill C-67 is that it does not commit the government to live within its budget. Therefore it can, at the end of the day, manipulate the size of the surplus and ensure there will be no surplus to divide up. I think the amendment was one of the great triumphs of the Conservative Party. I should acknowledge that it was the leader of the Conservative Party who brought this to Parliament, that we can at least hold the government to account to some small degree for this manipulation that goes on at the end of every fiscal year.

I urge all members around the House to oppose Bill C-67. It is clearly a bad move for Canada and it is simply a cynical attempt to buy votes as we get into an election campaign.

• (1110)

Hon. Ralph Goodale (Minister of Finance, Lib.): Mr. Speaker, I was interested in the hon. gentleman's remarks. They were fascinating if not fanciful in both his analysis of the economic situation and his depiction of the relative position of the Conservative Party and others on economic affairs.

He was very critical of year end spending decisions by the government over the last number of years. However, I look at those spending decisions on things like: assistance to farmers to alleviate the burden for mad cow disease; special measures to deal with the SARS outbreak; money to the provinces for health care; a trust fund to launch the child care initiative; special money to British Columbia to help fight the mountain pine beetle; measures to deal with national security after 9/11; measures to deal with foreign aid and so forth. I wonder in all of this criticism which of those things the hon. member would have chosen not to do.

The hon. member also talked about the tax relief measures in Bill C-67. He implied that the tax relief in the bill is only in the nature of one time annual rebates. That is not true.

I would point out first and foremost that our government has already implemented \$100 billion in tax reductions; two-thirds of that going to individuals. There was another \$13 billion in tax reductions contained in budget 2005. About half of those have already been implemented and the other half are still in the process.

I would point out to him that it is the government's intent in future budgets, just as has been the case in every budget since we balanced the books, that there will be positive steps taken in the main body of the budget to reduce taxation, especially personal taxation. Bill C-67 provides not just for rebates on an annual basis but in fact for permanent ongoing tax reductions to improve the disposable incomes of Canadians.

The member said that taxpayers would have seen zero in benefit under this legislation last year. That is not true because there was \$13 billion worth of tax reductions in the main body of the budget itself. That is what the hon. gentleman tends to ignore.

Government Orders

I quoted the hon. gentleman from the *National Post* of about a month ago where he was in fact supporting a mechanism like this. I would point out to him that at the finance committee in June in the debate on Bill C-48 the hon. member himself moved an amendment that was virtually identical to Bill C-67. He has just swallowed himself whole and I ask him, what will he do about his gross indigestion?

Mr. Monte Solberg: Mr. Speaker, the difference between the Conservative Party and the Liberal Party is pretty fundamental on this issue. My friend just spoke and said that we had some money left at the end of the year, so we gave some of it to farmers and people in health care.

However, the difference between the Liberal Party and the Conservative Party is that those things are not afterthoughts for the Conservative Party. We believe they should be priorities and they should be part of a budget. That is the big difference.

We would not say, if we have a few dollars left over after we have rewarded our Liberal friends, we will throw some crumbs to farmers, to people who are in the provinces for health care, and to foreign aid. No. Those are priorities for Canadians and we would put those things ahead of Liberal friends, waste, mismanagement, and all the things that have come to characterize the government.

My friend has spoken a little about tax relief. He is perpetuating the myth about Liberal tax relief. He said \$100 billion in tax relief. That is absolutely untrue. What the government did, and it has been very successful I admit at convincing some journalists that it has actually reduced taxes, is it cancelled future tax increases. That is not a tax cut. All that does is basically ensure that the Liberals are not going to pick our pockets some more.

We want to absolutely reduce taxes for Canadians to ensure that they can look after their families and look after their futures.

• (1115)

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member wanted to talk a fair bit about productivity and those conditions which might improve Canadians' productivity which I agree is extremely important. He talked about one element being corporate tax cuts. In the summation of all of his initiatives he basically came back to what we need which is significant cuts for middle income tax payers.

My question is very specific. I have been on the finance committee before and I know how difficult it is to work the mechanics. How would the member propose to target a tax cut only to middle income Canadians and not make it across the board for everyone at a prohibitive cost? How do we target it to low or just middle income Canadians, and leave lower and higher income Canadian alone? Why does he think that all Canadians do not deserve a tax cut?

Mr. Monte Solberg: Mr. Speaker, all Canadians deserve tax relief. The reason why middle income Canadians are suffering the most is because they have the highest effective tax rates of anyone. When we combine the tax rates they pay, plus the clawbacks on different programs, the marginal tax rate for middle income Canadians in some cases exceeds 60%. It is the highest tax rate that we have in the entire system.

My friend shakes his head no, but it is an absolute fact. If the Liberals want to do someone to give incentive to the greatest chunk of the population to continue to earn more and do better, cut those middle rates.

Mr. Paul Szabo: How?

Mr. Monte Solberg: My friend asks, how? Well, I urge him to be patient because we will be laying out in the upcoming election campaign our own specific ideas for reducing taxes for middle income Canadians because we believe in standing up for middle income Canadians, not picking their pockets.

[*Translation*]

Mr. Gérard Asselin (Manicouagan, BQ): Mr. Speaker, Bill C-67 concerns the allocation of surpluses. Why are there surpluses? It is because the Minister of Finance inaccurately forecasts his budget. He inaccurately forecasts the surplus. Each year, the Bloc Québécois proves that the Minister of Finance never fails to underestimate the anticipated surplus.

Why is there a surplus? First, \$4 billion is taken each year from the EI fund. Now, we wonder how the surplus will be allocated. Given that fact, the minister should at the very least have improved EI and returned to seasonal workers the \$48 billion he has taken from the fund over the past decade.

Today, the minister has had to introduce a bill setting out how the surpluses will be allocated, knowing full well that, every year, \$4 billion is being taken from the unemployed, seasonal workers, women and the jobless. He is increasing the poverty level in the world and especially in Canada.

I want to ask the following question of the Conservative Party member who just spoke. Would it not be logical, in his opinion, for the government, which has taken \$4 billion each year from the EI fund, to improve the EI program and give back to the workers the money—\$48 billion according to figures provided by the Auditor General—that it has taken over the past decade?

• (1120)

[*English*]

Mr. Monte Solberg: Mr. Speaker, the best option for the unemployed, of course, is a job. That is what a Conservative government would provide for them, but I do not want to be flippant.

One thing that should happen is that EI premiums should be reduced and I am glad the member has raised this issue because the minister spoke a minute ago about the debt reduction. When we take out the bookkeeping adjustment that was made when the government switched to accrual accounting and add up the surplus that came from EI, over \$45 billion, it almost exactly equals the debt pay down that the government has undertaken.

In other words, the debt has been paid down basically by workers. It has been paid down through this overtaxation in the EI fund. It is highway robbery approaching \$50 billion in premiums that were taken out of the EI fund over and above what the government needed to provide benefits to workers.

Government Orders

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, it is a pleasure for me to rise and speak about Bill C-67, which at least gives us an opportunity—because this is the only benefit of the bill—to debate the question of whether or not there are structural surpluses in the federal coffers.

We have been estimating the surpluses since 1998 and we know that there is an imbalance between the financial capabilities of the federal government and those of Quebec and the provinces. On the other side of the House they have always denied the existence of the fiscal imbalance. Today, though, they confirm it for us through Bill C-67. It is a bill spread over the next five years. They anticipate, therefore, that there will be surpluses over this time, just as there always have been since 1998.

I would like to be very clear. The Bloc Québécois is totally opposed to this bill and will not support it. It is unacceptable in regard to both its arrangements and its substance concerning the existence of the fiscal imbalance. Nothing is corrected, and although the federal government recognizes the existence of the fiscal imbalance, it shows no desire to fix it.

So now the government says, “This is a bill for distributing the surpluses, but there will not be all that much in the future. There will not be any windfalls”. I am quite willing to think that there will not be any windfalls, but when we look at the tax cuts—and we will return to this in a minute—we see that the surpluses will generally be quite large.

Over the last few years, or at least since 1998 when the federal government has been taking in surpluses, about \$75 billion in surpluses have been accumulated at year's end. But every year the government says: “There will not be a surplus or it will be minimal if there is one. We need to tighten our belts. We must be careful. Even if the post-secondary education system is collapsing and health care waiting lists are very long, the surplus will not be large enough for us to meet the demand”. And then every year, especially since 1997-98, the federal government's annual surpluses are a big surprise, like a rabbit they pull from a hat. We could not see it coming. It was unanticipated. What good government that gives us these surpluses at the end of the year thanks to its perfect management.

Perfect management it was not; it was a sham. Every year since 1998, some \$75 billion of the surplus has been kept out of public debate. We could have been able to discuss allocation of those surplus funds, to focus even more on the matter of fiscal imbalance, and to find remedial measures precisely to enable the provinces and the Government of Quebec to fulfil their mandates duly set out in the Constitution, such as health, education and support to disadvantaged families.

But instead, they have concealed the surplus from us year after year. Not only had some \$75 billion accumulated since 1998, but as well \$160 billion had been allocated to new federal government initiatives. Not bad, that; it means that the government's margin of manoeuvrability, taking into account all that money since 1998, was in the order of \$230 billion or \$235 billion.

An hon. member: Incredible.

Mr. Yvan Loubier: That is not too bad for a government that claimed it was on a tight budget and could not meet the basic needs of its citizens in the areas of health, education and support to the disadvantaged. Not too bad for a government that claimed it had to tighten its belt because the public purse was in a bad state.

This year again—as my colleague from Medicine Hat has said—we in the opposition parties have retained the services of a group of independent experts so that there will not be the usual criticism that the Bloc Québécois, which has been within 3% in its estimates of the surplus at the beginning of the fiscal year ever since 1998, is exaggerating. In fact, the Standing Committee on Finance has hired independent experts who come and report to us every three months on the changes in public finances and provide us with their estimate of the surplus.

This year again, the Conference Board predicts a surplus of \$10.2 billion, and Global Insight \$12.4 billion. We ourselves estimate it to be between \$10 billion and \$11 billion, yet the government says it is in the \$3 billion to \$4 billion range.

• (1125)

That is utter nonsense. Since 1998, they have been hiding a margin of nearly \$235 billion that could have been used for something other than enhancing the government's visibility. We will come back to that.

Not only has the government been hiding its considerable margin from us since 1998 and continues to do so, but it also continues to deny the fiscal imbalance and future structural surpluses, even though it acknowledges their existence through Bill C-67.

Despite this large margin, there have been some unbelievable inefficiencies in the machinery of government since it has been posting surpluses. When you are swimming in someone else's money and you have the authority to spend it, it is only human nature to waste it. I am referring to the numerous scandals. In fact, the sponsorship scandal is one of many. For example, we are still looking for the billion dollars that Human Resources Development Canada lost a few years ago, when the current Minister of Foreign Affairs was in charge. We are still looking for an explanation for the shameless waste of \$1.5 billion in the gun registry, a program that was supposed to cost between \$10 million and \$20 million.

As you can see, the Bloc Québécois cares about sound fiscal management. Since the beginning, since 1993, we have been concerned about the sound management of the taxes paid by Quebecers and Canadians, especially the \$40 billion Quebecers send to Ottawa. Nonetheless, we have noticed that since there have been surpluses, the federal government spending machine has been set in motion. In other words, it has taken the bit in its teeth.

Two years ago, the Bloc Québécois set up a committee that we christened the Léonard committee, after the former president of the treasury board of Quebec, Jacques Léonard. He wanted to get involved, as did my colleague, the hon. member for Joliette, my colleague from Drummond and myself. My colleague from Portneuf—Jacques-Cartier also joined the committee.

Government Orders

We conducted an in-depth examination of all bureaucratic spending by the federal government, and the results are disgraceful. From 1998 to 2003, when cumulative annual inflation was approximately 9.6%, federal government spending increased by 39%. We have verified these figures for the past two years. We discovered that during that period, while cumulative inflation hovered between 4.5% and 5%, federal spending increased by 20.4%. This is an outrage.

Yet, everyone was asked to tighten their belts before 1998, in order to eliminate the annual deficit. People have made sacrifices. However, the government has been hiding surpluses since 1998 and is therefore preventing the governments of the provinces and Quebec from fulfilling their fundamental mandates in health and education, and helping the most vulnerable members of our society.

Other people's money is being frittered away on operating budgets and bureaucratic spending in Ottawa. This is money that would normally go to the unemployed whose EI fund surplus is being stolen year after year. These surpluses correspond to employer and employee contributions; the federal government does not contribute one red cent. These are contributions from sick people who are waiting for treatment. There is not enough money for health care. The accord reached over a year and a half ago, thanks to which victory was declared and the federal government could appear to be a great saviour, was only enough to run the health care system in Quebec and the provinces for nine days. In the meantime, bureaucratic spending went unchecked.

The Léonard committee provided another important statistic. From 1998 to 2005, in other words from the time they started to generate surpluses using other people's money, on the backs of the unemployed, the sick and students drowning under student debt, payroll expenditures increased by 55.6%, an annual increase of 6.5%. This is more than double the inflation rate. This makes no sense whatsoever.

The government made major cuts to social programs, particular from 1995 on. They changed the criterion for social transfers for welfare, post-secondary education and health from needs-based to population-based. "They" means the present Prime Minister, and former finance minister, that man of great compassion. He is the one responsible for the drastic cuts since 1995. During that same time, the government's increasing revenues were being added to the savings achieved at the expense of our society's most vulnerable members.

• (1130)

Since 1995, federal revenues alone—not the savings in expenditures—have gone up by \$76.6 billion. Over that same period, transfer payments to Quebec rose by \$794 million, 1% of that figure. One per cent of the additional \$74 billion has gone to increase transfer payments to Quebec since 1995. Disgraceful.

The Prime Minister, and former finance minister, achieved those budget cuts at the expense of the least advantaged members of society, including the unemployed excluded from EI because of tighter eligibility criteria. Otherwise, if the surplus had been reinvested in broadened accessibility, none of them would need to be on welfare now. The government is responsible for people having

to move from EI to welfare, the latter being the responsibility of the Government of Quebec and the provinces.

At the same time as the provinces and the unemployed were being deprived of funds, the provinces' expenses were being increased, since they had to support people who had been literally thrown out on the street. This is the work of the Prime Minister, he who is so full of compassion for Canadians, whom he says he wants to help out of poverty. Come on, now, he is the one who has been putting them in it up to their necks since 1995.

If the transfer rate had been maintained for funding health and post-secondary education—that is to say colleges and universities—and to help the most disadvantaged, an additional \$16.1 billion would have been transferred since 1995 to the governments of Quebec and the provinces for them to carry out their basic responsibilities.

This morning I heard the Minister of Finance talking about incredible tax cuts. In reality, Bill C-67 provides for the allocation of the "surprise" surpluses that the government might realize over the next few years. We call it a "surprise" even though we know about it a year in advance because we can figure it out with a little pocket calculator bought for \$ 2.49 at the corner store. But for him, these are surprises. I do not know what they like about surprises; it is more fiddling with the figures.

Under this bill, if surpluses are anticipated at the end of each fiscal year, one third will be allocated to paying down the debt, one third will be allocated to tax cuts for taxpayers, and one third will be allocated to programs, but according to the government's priorities. These priorities could change along the way though, still according to Bill C-67, if the government so desires.

In reality, the government will continue doing over the next few years exactly what it has been since 1998. It will use its discretionary power to choose its own priorities, not those of Quebecers and Canadians. That is what it has been doing since 1998. So what has changed?

In regard to these fantastic tax cuts, I would like to provide a small example of what they could be. Suppose that the surplus is \$9 billion this year. Three billion would have to be set aside in a contingency fund. This has been automatically allocated to the debt since 1998. So we can forget this first \$3 billion. There would be around \$2 billion for new expenditures. These would not be the next expenditures but expenditures already included in Bill C-48 passed last June before the House adjourned for the summer. That is what would become the priority.

Therefore, \$4 billion in surplus will remain after the reserve fund and the commitments under Bill C-48 have been satisfied. Let us suppose that if the surplus were just over \$4 billion, \$2 billion could be used for personal tax cuts. Do you know what that would mean for the 15.5 million taxpayers in Canada? That would represent \$129 for one year. That is wonderful! We must applaud the government. A tax cut of \$2 billion for 15.5 million taxpayers in Quebec and Canada would give them each \$129. It is a joke to talk about whopping tax cuts; it is sheer visibility.

In reality, the federal government has sacrificed the economic and social development vision a government should have for visibility alone.

• (1135)

We have become accustomed to this government's finery: Canadian flags everywhere, cheques for fuel, etc. They are looking for visibility. You cannot run a society and make progress with visibility, you need a vision for development to do so.

We have just toured through several regions in Quebec. We have seen this government's lack of vision. Despite the billions of dollars in surplus it is been amassing since 1998, this lack of vision is killing entire communities, especially in the outlying regions. The remote regions have been totally abandoned.

All this visibility for a measly \$129 cheque or a personal exemption for the same amount at the end of the day. This is a lot of talk for so little money.

We are talking about \$2 billion for 15.5 million taxpayers. If the government was thinking about a vision instead of visibility, it would see that this money represents half the new investment the underfunded colleges, CEGEPs and universities have needed over the years. Last week's demonstration by students calling for \$4 billion more did not come out of nowhere. It came from the fact that for the past 10 years, the Liberal government's savage cuts have not made it possible to give the colleges and universities the funding they should have received.

This too is the result of another of the Prime Minister's promises which he has not kept and which has bit the dust. In the election campaign, when he was on the ropes, he was offering things to everybody. He promised students in the colleges and universities of Quebec and Canada to invest \$4 billion in the education system, which is now suffering from underfunding. Fine words in an election campaign, aimed at saving his skin. They talk about the future of our children. They say the future of the Canadian economy depends on the education of our young people, on their knowledge, since ours is a knowledge-based economy. But when the time comes to act, there is no follow-up. They say that enough money has been invested in education. What lack of vision. So that every taxpayer can be offered an annual cheque for \$129, we are in the process of sacrificing the education system of Quebec and Canada.

A sum of \$2 billion, that is also what Quebec is lacking in equalization. If they corrected the formula and used real figures, a real method of calculating the pan-Canadian standard—that is, taking the ten provinces into account—and property tax, Quebec could obtain \$2 billion with the equalization adjustment. That is the very amount we are scattering on needs of visibility and electioneering, that is, needs of very little importance which testify to this government's lack of vision.

I listened to the Minister of Finance when he presented his bill. He said it was in line with what the opposition had asked for. What demagoguery. We made our request last spring, before the budget was tabled and before the revelation of the surplus figures for the last fiscal year. What we were asking for in the short term was to start correcting the fiscal imbalance by increasing transfers to the provinces for education, health and disadvantaged families, as

Government Orders

priorities. We said that later, in the intermediate term, the government should sit down with Quebec and the provinces to work out a lasting solution for the fiscal imbalance.

We did not ask it to amass surpluses and plan a long-term distribution, but to correct the fiscal imbalance through a transfer of fields of taxation, such as the GST, and by correcting equalization. That would have ensured stability in Quebec and the provinces. But there is nothing in this bill that will correct the fiscal imbalance. They do not have the will, even though they recognize, by the very existence of Bill C-67, that there will be structural surpluses in the years ahead. This is testimony to the ongoing fiscal capacity of the federal government to generate surpluses, even though it does not need them to carry out its core mandates, and to the undercapacity of the governments of Quebec and the provinces to carry out their own mandates and provide direct services to the population, for lack of money, because that money is being siphoned off by Ottawa.

• (1140)

So we are going to oppose this bill. We will attempt to amend it so that there is a permanent and lasting solution to the fiscal imbalance. However, we cannot support the fact that, on account of the fiscal imbalance, it may be necessary to distribute in the coming years, at the rate of one third, one third, one third, the surpluses that the government will continue to outrageously accumulate.

[*English*]

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Mr. Speaker, on the face of it, this bill of course seems very attractive. I think it is appropriate that we are speaking to this bill at this time because it is a lot like Halloween: it comes to us in the form of Prince Charming and when we take off the mask we have Lex Luthor, the arch-enemy of Canadians.

In a situation like this one I look at five questions: what, when, where, how and why. In this particular case, and I would like my friend to comment on it, I see that we have a situation under this legislation where we will not receive anything, even if it is possible, until March of 2007.

In fact, the most interesting part is that we have had a huge surplus of late. Of course the papers have been covering it and everybody has been talking about a \$6 billion surplus, but the reality is it that it was spent down to \$1.6 billion. Taxpayers would have received absolutely nothing, even with that large surplus, because of the discretion involved in this particular case.

Indeed, I think the most obvious part of this particular message from the Liberal government is that it has missed those Canadians who are most in need, such as the low income earners who actually do not pay taxes, homeless people, and seniors, the most important group of people in our society because they built this country but are not receiving anything back. In fact, we know that after the tax cuts from the former finance minister, now the Prime Minister, over the last 10 or 12 years, this is the part of society that lacks most and needs the most help.

Government Orders

I am wondering if my friend could comment on that and on how in this particular case there is absolutely no guarantee of any tax relief to Canadians, because the Liberals can fritter it away and spend it on absolutely nothing, as they have done over the last 12 years. They have spent it on things of no substance, things that obviously anger most Canadians, such as the sponsorship scandal and the many other scandals that have taken place.

They continue to do this and yet they come forward, as I have said, with a mask of Prince Charming that turns out to be Lex Luthor in disguise.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, staying with the Halloween theme, the government appears to be trying to offer some goodies to the public, a rather seasonal approach. That is what I wanted to say just now when visibility was raised, rather than a vision of development and improvement of the general well-being of the population. The greater good must be kept in mind. This bill is aimed at the greater good of the Liberal Party.

There is a suggestion of major tax reductions, but if looked at more closely—the breakdown I gave a few minutes ago—if the surplus is \$9 billion, or even \$10.5 billion, there will be at most a \$2 billion tax cut. That means \$129 per taxpayer, based on 15.5 million taxpayers. The colleague is right in saying that even those \$129 are at risk. If we have understood the bill correctly, with those \$129, the government has every freedom to announce that, if other priorities arise, and if it sees fit, they will be dealt with before the others.

In reality, the government has tabled this bill just to look good. Even the Prime Minister was talking about the public receiving dividends as if the state were a private business. I know that his family business is of far more importance to him than the future of the state of Quebec. I am speaking of his international shipping business. Moreover, he has made that clear by his actions since 1994 in changing the tax rules for international shipping companies. In short there is far more concern with looking good. But as I have said, those \$2 billion could have been put to better use.

The hon. member has referred to seniors and homeless people. Since 1995 there have been considerable cuts made to transfer payments to the provinces to finance income enhancement initiatives, so that the homeless can improve their lot and so that social programs can ensure that seniors do not end up the way they were in the 1970s. A large proportion of seniors were living in poverty at that time.

The government did not do that. My colleague from Saint-Maurice should be consulted on this matter. He has been fighting tenaciously to have the government pay the guaranteed income supplement to those seniors who were unable to get it. In fact, the existence of the program had practically been hidden from them. That is what is shameful, when we look at everything that has taken place. The government was rolling in surpluses, but hid the existence of the guaranteed income supplement. The forms required were not accessible to seniors with decreasing independence because they could not read the fine print, for example. That is the kind of form that was produced.

Thousands of individuals were ripped off that way. While surpluses were piling up, the most disadvantaged were being ripped

off. Seniors were picked on. This has been going on since 1993, since this government has been in office.

The same thing happened to the unemployed; instead of them getting help to re-enter the labour force, they were put down and suspected of cheating the system. We have seen examples of that in our ridings, as the hon. member probably has in his riding. The moment there was a mistake or incorrect information on a form, the unemployed individual would receive a letter indicating that he or she had cheated. Once your name is on the black list, try to see the process through to get benefits.

That is what this government does. It picks on the most disadvantaged to make itself look good. Then, it wants to ride in like a white knight waving cheques to compensate for the hike in energy costs, and with minuscule bogus tax cuts which are likely to be even smaller once all is said and done. The government seeks visibility to distract from the sponsorship scandal.

The Gomery report will be released next week. The government wants to take the focus off the sponsorship scandal. See how good the wonderful Liberal government is to us: there will be tax cuts in the years to come. I have to tell my hon. friend that I find that sad.

•(1145)

[*English*]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member has been here a long time. I have come to know that he is a very skilled debater. It depends on whether or not we are talking about a piece of legislation on the revenue side or on the expense side, because if it has to do with an issue on spending, his is always the argument about a provincial jurisdiction staying a provincial jurisdiction. However, when there is money or revenue on the table, it is that the government has to do this and get the province the money, as the member laid out, for post-secondary education, for health care and for social assistance. In other speeches, I have heard him argue exactly the opposite about staying out of provincial jurisdiction. He cannot have it both ways.

It is an excellent argument, even on behalf of the Bloc itself, as to why the federal and provincial governments have to continue to cooperate to ensure that we deal with the priorities of Canadians.

The final comment I want to make before I pose my question is with regard the fact that a balanced approach to priorities is simply necessary. It is not going to be good enough to say that Canadians who live in Quebec should not have tax reductions. They are entitled to tax reductions. They are entitled to have debt being paid down so that we have the interest savings and so that there will be more money. They are also entitled to program spending, which also includes transfers to the provinces so that provinces can exercise their discretion with regard to the priorities for the people within their provinces.

Government Orders

My question really has to do with the importance of having a balanced approach, but first with how we must not assume that Bill C-67 replaces a budget. The bill only has to do with surpluses in excess of \$3 billion at the end of the year. There is a budget, however, which will address a whole host of the important priorities that have been debated in Parliament and with Canadians in a consultation process, in which the hon. member participates, in the finance committee. In addition to that, there is the process under Bill C-67 which will give Parliament the tools to fine tune that and to do it in a balanced way.

• (1150)

[*Translation*]

Mr. Yvan Loubier: Mr. Speaker, this is not a balanced approach that we are being presented with today. It is so little balanced it is Kafkaesque. People are paying too much income tax and other taxes to the federal government. We are creating surpluses year after year. Where is the balance in this?

With this bill, public servants receive the money, immediately convert it into a cheque, and send that cheque back to the taxpayers. Balanced? This is totally unbalanced. If they admit that there are structural surpluses, that is because people pay too much income tax to the federal government. So we need to have a redefinition of the fields of taxation. That is what we have been asking for from the start.

This is not the first time this has happened in the history of this country. In 1964, Mr. Pearson and Mr. Lesage sat down together at the Quebec conference. Both were very intelligent. They agreed at that time that, in order to finance new initiatives—notably in education—the Government of Quebec needed of fiscal resources. This was offered to the other provinces as well, but only the government of Quebec took advantage. So there was a transfer of tax points to finance post-secondary education, among other things.

Prior to 1995, the agreement permitted three separate transfers for the Canada Social Transfer. This was before the Prime Minister made his savage cuts. This did not just come out of the blue. It was a federal-provincial agreement, in fields of Quebec jurisdiction, of course, but it was an agreement to transfer money from the federal government to Quebec. There was no question of the federal government interfering in education, social assistance or support to the most disadvantaged families: it was an agreement to transfer financial resources.

We have fallen from 50% to less than 18% in a few years. This has destabilized everybody. The result has been that the governments of Quebec and the other provinces have not been able to meet their core mandates. It is the Liberals who have destabilized the public finances of Quebec, and even of Ontario, which is in difficulty at the moment. Virtually the only province in this country with no problems is Alberta.

So don't tell us that this is balanced. Don't tell us we are saying the opposite. We have never said the opposite. If there is one consistent party in this Parliament, it is surely us.

[*English*]

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Mr. Speaker, as the leaves turn colour and fall from the trees, so do we have

another Liberal proposal to deal with the surplus. Just as the leaves turn colour and the Liberals talk about the surplus situation, an election is in the wind.

Mr. Yvan Loubier: Where are the Liberals?

Ms. Judy Wasylycia-Leis: Exactly. The question today should be, where are the Liberals? Perhaps we should have a quorum call. There are no Liberals in the House as I speak.

• (1155)

[*Translation*]

Mr. Yvan Loubier: This is absurd, Mr. Speaker. There is not one Liberal in this House to hear our grievances.

An hon. member: Oh, oh!

Mr. Yvan Loubier: Well, there is one. But where is the Minister of Finance who wanted to hear our suggestions for improving his bill? That is shameful.

The Acting Speaker (Mr. Marcel Proulx): Am I understanding correctly that the hon. member is asking for a quorum call?

Hon. David Anderson: On a point of order, Mr. Speaker. The hon. member who just spoke said there were no Liberals in the House. He did not look hard enough, because I was in the House. I was next to you, and we even shared a few words. I was here the whole time, and I do not want it said that I was not in the House at that time.

He might say so of others, perhaps, but if what he said was that there were no Liberal members here, he was wrong.

The Acting Speaker (Mr. Marcel Proulx): I thank the hon. member. We have checked, and there is indeed a quorum.

The hon. member for Winnipeg North.

[*English*]

Ms. Judy Wasylycia-Leis: Mr. Speaker, I am very grateful to my colleague in the Bloc, the finance critic, for drawing attention to the fact that there were no Liberals in the House at the moment of my—

Hon. David Anderson: Mr. Speaker, I rise on a point of order. I have explained to the hon. member from the NDP that I was here. I sit quite close to her. She could see me. She heard me speak. To repeat such an untrue statement, which she knew was not accurate, particularly after being corrected on the floor of the House, is not the type of courtesy to members that we would expect in the House.

The Acting Speaker (Mr. Marcel Proulx): I appreciate the help from the hon. member for Victoria.

Ms. Judy Wasylycia-Leis: Mr. Speaker, I apologize to the member who I missed. He must not have been in his seat when I was speaking because there was not a person to be seen on the Liberal benches.

This is a Liberal government bill. We are talking about a proposition put forward by the Minister of Finance and not a single Liberal is in the House to talk about it, to hear our concerns and to address the matter.

Government Orders

This is a very important issue for all Canadians. We resent the fact that the government once again thinks it can toy with Canadians, that it can play with them in terms of their concerns about the future. We resent the fact that it has put forward another gimmick to deal with the surplus as opposed to a meaningful constructive suggestion that gets money into the hands of Canadians who need it most.

Let us be clear. As I said when I began my remarks, we are talking about a gimmick on the eve of an election. Just as the leaves turn colour in the fall, we hear another Liberal surplus promises an imminent election. That we find absolutely abysmal and appalling.

Every time there is an election we hear from the Liberals about some miraculous cure to deal with the problems vis-à-vis their ability to be fiscal managers. They compensate for the fact that they cannot run the store. Every year they keep disappointing Canadians with their inability to forecast and budget properly and, by consequence, to ensure that the priorities of Canadians are met. They do this every year.

That is the essence of the debate today. It is about some newfangled structure or model that someone on the Liberal benches thought up as a way to appease the concerns of opposition members or Canadians in an attempt to redirect attention away from the fundamental issues. This is about a Liberal attempt to obfuscate and deny Canadians the right to have a say in this place about where budget dollars should be allocated.

For years we have been raising this issue. We have been calling upon the government to come clean with Canadians about the dollars it is sitting on, all of which end up going to the debt because there has been no open discussion in this place.

If we listen, we will have heard members from all sides of the House say clearly that we want a balanced approach to fiscal forecasting and budgeting. No Liberal can stand in this place, as they are, and ask what is so wrong with having a surplus, as if anyone ever said there is something wrong with having a surplus. We have heard this in committee and we have heard it in the House. It is a deliberate attempt to distort the debate and to minimize the concerns of the opposition and Canadians, whose concerns are very legitimate and must be addressed by the government.

Time and time again we have come to the House to ask the government to stop its practice of deliberately low-balling the surplus. We have asked it to come clean with the numbers, to be transparent and upfront in its fiscal approaches so this place can have a serious debate about the economic and fiscal priorities of the country and represent the views of Canadians as we were elected to do.

The government has denied us that opportunity for all these years through a practice of manipulating the numbers to suit its political agenda. The government has very carefully stashed away \$85 billion over the last decade without allowing for parliamentary debate and input by Canadian in terms of the allocation of \$85 billion. Through that deliberate approach of low-balling and manipulating the numbers, it has allowed itself to decide on its own, in the most undemocratic way possible, where that money should go.

In this case it has come in handy when the government has needed to deal with a few projects. Most important, it has allowed it to cave

once again to the corporate agenda of putting all of our eggs in one basket without concern for the needs of Canadians and their responsibilities.

• (1200)

Of that \$85 billion, close to \$65 billion has automatically gone to the debt. Nobody on this side of the House in the NDP, and I am sure any other political party, objects to some money going against the debt and meeting our obligations on that front. We know it is important to present a balanced approach to Canadians and to ensure that we pay down the debt and at the same time invest in the needs of Canadians. That would in effect grow the economy and thereby bring down the debt.

Members will recall that statisticians and economists, those who the government and others use, have shown that if the government took the surplus money and invested it in Canadians, invested in the deplorable housing, in the inadequate education arrangements, in poverty, in the deplorable situation of aboriginals on reserves, in the environment and in health care, it would create jobs, the economy would grow and we would pay down the debt in the same period of time as if the government took this money and put it directly into the debt which has been its practice and its habit.

This debate is about priorities, balance and addressing the reality of Canadians.

We have a bill that would allow the government to take the surplus money and automatically set aside \$3 billion supposedly for contingencies. There is no debate on what is an appropriate contingency and prudence fund. That is part of the Liberal scheme to deceive Canadians. Here is the rest of it. First, it sets aside \$3 billion. Then the government takes the leftover surplus and divides one-third, one-third and one-third. One-third goes against the debt, one-third is for tax cuts and one-third is for spending.

That arrangement tilts the balance automatically. It means \$3 billion in contingency that goes against the debt, plus another third of the surplus. If there were something like a \$10 billion surplus, as is forecast to be the case for this coming fiscal year, we end up with about \$5 billion or \$6 billion that would go against the debt and the rest would be divided between spending and taxation.

Is that balanced? Does that address the needs of Canadians? Does that deal with the imbalance in the system created by the Liberals ever since they took office in 1993? Does that deal with the fact that the government, rather than have a balanced approach, decided to cut the heck out of health, education and social programs in the country? This created the most devastating consequences for people everywhere in our community. Is this what the Liberals mean by balance, keeping the burden on Canadians, telling them to tighten their belts because all that matters is its priorities and not the priorities of Canadians?

Today the government comes to us and says that it will work on this commitment to Canadians for a balanced approach by heaping more misery on misery, by making it more difficult yet again for Canadians to make ends meet?

Government Orders

Goodness gracious, all we have to do is look around us today to see what this 10-year legacy of the Liberals has meant for Canadians, this 10 years of investing in strictly tax cuts for corporations and debt reduction without investing in those things that build a country. We would not have a Kashechewan today. We would not have this kind of absolutely deplorable situation that is worse than Third World country conditions in the wealthiest country in the world. We would not have people with sores all over their bodies, or rashes or poisoning by E. coli if the government had done what it was asked to do back in 1993 and 1994.

• (1205)

The government was asked to start investing in aboriginal communities, on reserves, to help them deal with fundamental issues. This is about access to decent drinking water, decent housing, food, clothing and education, the basics that so many Canadians at the upper end of the income scale take for granted.

We should not have this situation today in Manitoba. Using pre-tax low income cutoffs, Statistics Canada shows that in 2003, 22.1% of Manitoba children lived in low income families. It remains virtually unchanged from the 22.5% in 1989 when the House passed a motion by my colleague from Ottawa Centre to eradicate poverty by the year 2000.

How many times do we have to recap that for the sake of the Liberals? How many times do we have to remind them of their obligations and of their cooperation with that 1989 goal, that vision of trying to eliminate child poverty in a country as rich as Canada? How is it possible that we are still talking about this? We are not talking about the situation simply remaining static. We are actually seeing poverty increase. The situation is becoming worse.

I would like the government to talk about Bill C-67 and its little magical formula of making surpluses appear and disappear, and having these one-third, one-third, one-third divisions. I would like it to take that to the family of Kathleen Beardy in my constituency, the young 11-year-old girl who committed suicide just a few weeks ago.

I would like the Liberals to talk to Kathleen Beardy's parents who have six children and are struggling to make ends meet. They are trying to find work. They are trying to be good parents with so many odds stacked against them. They would desperately like to be able to share in a bit of that vision of Canada, to live in decent housing without mould growing around them, without the plumbing backing up, without having to put three kids in one little bedroom, without water coming through the ceiling and without the foundation crumbling around them.

I would like the Liberals just for one minute to put themselves in the moccasins of the family of Kathleen Beardy, not to judge them or make generalizations, but to simply understand the realities of that life and decide that it is important to start addressing the real people in this country, the people who built this country and the people who want to make a difference in this country. The government must start to address their priorities.

I would like the Liberals to talk to Brian MacKinnon in my constituency, a teacher at R.B. Russell school. He has been trying desperately to gather some funds, to grab the interest and attention of the government for a program as simple as helping teenagers in the

inner city and the north end go to the downtown Y so that they can benefit from some sort of a recreation program. In fact under the Liberals' legacy of cutbacks, the Y in the north end is gone. All of the recreation opportunities have been basically cut back to nothing. There is no opportunity for young people to be themselves, to stay away from gangs, to be part of a loving environment and to feel that they are part of a community.

Ten years ago Winnipeg's north end community was struggling, but it had all kinds of hopes and ambitions. Community groups were working to turn things around. However, the Liberal government dealt our community a blow the likes of which we have yet been able to recover from. That blow set us back a good couple of decades.

The housing stock was already old but people wanted to renovate, to build, to construct, to clean it up. They wanted to have beautiful neighbourhoods, but the government came along and killed the national housing program. It took away any opportunity for people to get the much needed funds. It took away the opportunity to actually beautify neighbourhoods, to stop the erosion.

• (1210)

The government is complicit in allowing the degradation to continue, which people in communities like the inner city and north end of Winnipeg are still struggling to overcome, and they will do it. We will do it, but not with the help of the Liberals. It is too late for them, just like it is too late for the banks which have all left our community. We will do it on our own. We will fight for a better day. We will fight for a time when government takes the needs of ordinary people seriously. Our day will come.

The bill seems to be nothing more than a gimmick. I have outlined the reasons. It is not a genuine balanced approach. We have seen the past behaviour of the Liberals when it comes to the surplus. When it is convenient for them to pile up the surplus without reporting to Parliament, they do so and they let it go to the debt. When the political heat gets too much, then they say, "Oh, we had better do some quick spending, make sure that the surplus disappears". They wave the magic wand, as they did just this past month, and suddenly the \$8 billion surplus that was there and which was acknowledged by all independent forecasters, becomes \$1.6 billion.

The Liberals were able to find some programs that had been sitting around for a while but suddenly this year they needed attention. Suddenly they decided that there were a number of five year funded projects that had to be collapsed into one year. Suddenly they found a way to take an \$8 billion surplus and make it \$1.6 billion. It is interesting that it is much lower than the \$3 billion they feel is necessary to keep on a contingency basis.

Let us go back one more step to a previous attempt by the Liberals to address the surplus issue. Let us go back to the 1997 election campaign when the Liberals suggested that they would be operating on a fifty-fifty formula, not a one-third, one-third, one-third formula. Fifty per cent would go to program spending and 50% would go the debt and to tax cuts.

Government Orders

Did anyone here see that fifty-fifty formula take place? It did not happen by all accounts. Guess what? It was a 90:10 split. There was 10% for Canadians and meeting their needs, like the reserves, the Kashechewan First Nation and the aboriginal people in the north end of Winnipeg. There was 10% for all those folks and 90% for the government's corporate allies, for its buddies in the banking world and the corporate world to give them \$100 billion in tax cuts over five years and to put the rest against the debt.

That is anything but a balanced approach. This proposal is not a balanced approach. We will look at the bill more carefully and study it. We look forward to the bill going to committee. I will not comment on our final disposition pertaining to the bill at this moment. I am anxious to see how much willingness the Minister of Finance and his parliamentary secretary have in terms of making this a proper, balanced fiscal framework for future surplus situations. I am anxious to hear how the government is prepared to address the real needs of Canadians to ensure that everyone in this country is able to live with decency, dignity and with some semblance of justice and fairness.

• (1215)

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I actually did listen to the hon. member's speech, unlike frequently when members stand and say that they listened carefully. I actually did listen and I thought her speech was long on rhetoric and short on substance, no pun intended.

There is hardly any program that the NDP does not fall in love with, want to have a long term relationship with and spend taxpayers' money. I cannot quite get over this whole misunderstanding of how the budgetary process works. This is a bill that deals with surplus. We on this side of the House admit to a bias of balance. We want to have balanced budgets. We have had eight balanced budgets in a row. We want to have five more balanced budgets in a row.

Because we have that bias to balance, whenever the year end comes, the greater likelihood is that we will be in surplus rather than in deficit. We will be in surplus. If we are going to be in surplus and we are biased toward surplus and toward balance, then we should have some plan to respond to that surplus. That is what this bill is all about. It is a response to anticipated surpluses. It is not the budget process. The budget process is entirely different. The budget is presented by the Minister of Finance and it is debated here in the House. It is debated at committee. It comes back to the House.

The hon. member mischaracterized the whole thing. I do not understand what the hon. member has against balance. I do not understand what she has against transparency. I do not understand what she has against accountability. I do not really understand why she hates taxpayers. I do not know why she wants to burden future generations with debt. The speech, frankly, was incoherent.

Ms. Judy Wasylycia-Leis: Mr. Speaker, I am only too happy to respond to the comments of my hon. colleague the parliamentary secretary.

He can describe the approach by the NDP any way he likes, but he ought to at least check the facts and be at least truthful in his presentation of our position. He knows that the NDP has been very clear from day one, very clear on the public record and very clear in practice that we believe in balanced budgets. We believe in putting

money against the debt. We believe in ensuring that we spend within our means.

I would suggest to the parliamentary secretary that he look at the only two governments in this country that have had a tradition and practice of ensuring balanced budgets. The NDP governments in Manitoba and Saskatchewan stand out from all other Liberal and Conservative governments for a record of practising balanced budgeting and responsible fiscal practices.

The member ought to understand that this bill is about the budget. If he does not think it is about the budget, then maybe he could explain to Canadians how the Liberals decided on their own what to do with \$85 billion over the last decade. That is what we are talking about. We are talking about the Liberals' practice of carving off money for their own agenda without Canadians being involved, contrary to the democratic values of this country.

As long as there is that kind of Liberal gimmickry, that kind of Liberal deceit, that kind of Liberal hanky-panky, then we will debate this as a budget bill.

• (1220)

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Mr. Speaker, it is not often that I have an opportunity to stand in the House and actually agree with any policies or position of the NDP, but in this particular case I can say that I am prepared to do so because this bill is in large part a farce.

Some comments have been made about Alberta being in perfect shape and how wonderful Alberta is, yet we have a similar situation there. Our premier is planning to refund \$400 to each and every taxpayer in a vote-buying scheme similar to what is anticipated to be taking place here. I would like her comments on that.

I live in an area in northern Alberta which has one of the most dangerous highways in Canada. We have been asking that it be twinned but it is not going to be twinned for some time. I do not think it is even planned on the books. We have a water treatment centre that has enough capacity for 50,000 people and yet 75,000 people depend on it. We have some water issues. Alberta has 15% growth per year, but no land has been issued for people to put houses on because the Alberta government controls that. I see what the Liberal government is trying here with Bill C-67 to be a similar situation.

The Conservative position is to lower taxes and to put more money back into the hands of Canadians, but to do so in a way that will not cost money. I know from a previous job I held that it would cost the college I sold to more than \$100 to issue a cheque for whatever amount. This seems very similar. Instead of giving tax cuts and leaving the money with the people who know how to spend it best, the government takes the money and decides to roll it back in the form of vote buying. I would like to hear my NDP colleague's comments on that as well.

Ms. Judy Wasylycia-Leis: Mr. Speaker, there are certainly some areas in this bill where the Conservatives and the NDP can see eye-to-eye. In fact, I would suggest that the Conservatives, the Bloc and the NDP are of one mind, in terms of dealing with this bill generally.

Government Orders

The member is absolutely right. This bill, like other Liberal gimmicky approaches, has caused the kind of devastation that we see from one end of this country to the other. I would refer, in particular, to the reference the member made about highways and infrastructure. The Liberals, over the last 12 years, have left us with a legacy of gimmicks and poor fiscal management. They have put all their eggs in one basket. They have allowed the infrastructure deficit to reach \$60 billion.

How is it okay, on the one hand, to allow for that kind of deficit and, on the other hand, to put all the eggs in one basket and deal with the debt?

Canadians do not want that. When their house is falling apart and their roof is leaking, they are going to deal with that problem. They are going to fix it and they are going to ensure that they have some money for their kids' education. They are going to try to balance. They are going to mortgage the house, so they can fix the roof and allow for their kids to go to school.

While we may agree on some things, I hope that I can persuade the Conservatives, today, to look at the possibilities. Together, we should look at this budget process, a democratic process, where we truly agree on what the proper formula should be, not this kind of act foisted upon us with already a set agenda but something that would allow for a meaningful exchange in terms of what should be spent on tax cuts, what should be spent on debt reduction, what amount should be set aside for contingencies, and what we need to do in terms of investing in those critical programs, like education and health care.

[*Translation*]

Mr. Gérard Asselin (Manicouagan, BQ): Mr. Speaker, I must commend the hon. member for his excellent speech. Allow me to make a brief comment before asking a question.

I am lucky enough to represent a very large riding in Quebec, the remote riding of Manicouagan. I find it somewhat disastrous that the minister has to introduce a bill on behalf of the government to set out a way to spend the surplus when this same government does not even maintain its own infrastructure and equipment in the regions.

On the North Shore, and the Mid North Shore as well as the Lower North Shore, there is equipment belonging to the federal government, to Transport Canada and the Department of Fisheries and Oceans. I am mostly referring to the piers.

The fishing industry on the Mid North Shore and the Lower North Shore rely on significant infrastructure. In the 12 years the Liberals have been in power, the only investment they and the Department of Transport have made in these piers consists in installing gates and signs that read, "Dangerous pier. No trespassing".

My question is for the hon. member from the NDP. Before putting surplus money toward the deficit, should the federal government not only maintain its own equipment, but at least respect its maintenance programs for its own infrastructure, namely the ports and airports since these are very important for the regions of Quebec?

● (1225)

Ms. Judy Wasylycia-Leis: Mr. Speaker, I thank the hon. member from the Bloc for this very important question. This is indeed one of the things we should be talking about now in this House.

It is true that the Liberal government has twiddled its thumbs and done nothing on a number of issues, like those related to infrastructure, protecting the health insurance plan, privatization, the environment, education, training and protecting our pensions, etc.

By all accounts, the government has neglected these issues in order to come up with a plan to win the next election and grab votes, and not in the public interest or for the good of the country.

[*English*]

Hon. David Anderson (Victoria, Lib.): Mr. Speaker, when I first looked at the bill and thought about taking part in this debate, I was somewhat hesitant. I am no economist, but this morning has persuaded me that I am in good company in that regard.

I would like to agree with the hon. Minister of Finance on his list of economic successes of the last 12 years. This is one of the most remarkable performances by any economy anywhere in the world and certainly every member in the House has reason to be proud of it. Every Canadian taxpayer has reason to be proud of it.

We have done well and the reason is, of course, that we had a Prime Minister who supported the Minister of Finance of the day and the other cabinet ministers who were required to cut their departmental activities, personnel and budgets. It was not easy. It meant that Canadians also did not receive what they had sometimes been receiving before and sometimes provinces did not receive what they had been receiving before.

I would simply remind people that we never cut any program to provinces any more than we cut federal programs. We always made sure we maintained that balance. In fact, the balance was tipped, so that we had to do more than they had to do, but it was necessary. It was necessary because of the economic circumstances we faced at that time. From today's debate and comments from the opposition parties, it appears that the memory of the battle we fought to get our finances in shape has been forgotten.

While I congratulate the minister and his predecessor, now the Prime Minister, and indeed John Manley, the former finance minister between them, and while we can all take pride in what has taken place, that does not necessarily mean that the bill the minister has produced is therefore automatic and obvious, and should be accepted by the House without questioning some of its provisions.

Indeed, I was almost persuaded by the minister's speech, but when he turned to the member for Medicine Hat, the chief financial critic of the official opposition, and said that the member for Medicine Hat said almost exactly what is in his bill, that is when I had serious doubts about whether the minister might have gotten the bill right, giving credit for its authorship or at least its paternity to another member of the House. I think we have to look at it quite closely.

Government Orders

What does it do? I have a copy of the bill and it has been explained. It is essentially to split any unanticipated surplus three ways. One-third is for tax relief, tax cuts. One-third is for spending programs related to the previous budget or, as the minister mentioned today, that I thought was an interesting comment and I checked the bill to find out whether it is there, anything he might like to bring into the House and put forward as he might identify. It could be a statement tabled in the House of Commons by the Minister of Finance. In other words, it might indeed not even be in the budget presentation. Then of course one-third is for the reduction of the national debt, which currently stands I believe at approximately \$505 billion.

I would like to re-emphasize to the members of the opposition, on a per capita basis, on the basis of actual ability to generate revenue, the federal government has about twice the debt or accumulated deficit in that \$505 billion figure that the provinces have in theirs. That is to be born in mind when we talk about transfers from the federal government to the provinces or transfers from the federal government elsewhere. The fact is we have double the debt burden, double the problem of interest rates to be paid, and double the problem that the other levels of government may have.

We have then the proposal put forward by the minister. I was a little uncertain, and I hope the minister or the parliamentary secretary in summing up this bill will explain this, whether or not the minister was actually saying that the government was going to wait until the end of the fiscal year, March 31, and then if there is a surplus, it would bring in a proposal for expenditure and that would be confirmed, I think he said, in September when the books for the year are finally closed.

• (1230)

I am not sure whether he can bring in any expenditure proposal for an anticipated surplus before March 31. I would like that explained because this would be quite an interesting variation, if in fact what I thought I heard turns out to be the case. I checked the bill in the hour I have had since the minister spoke, but I have not been able to determine that myself from the bill.

The proposal is to make this in fact law. Why I have concerns and why I raise them at this time is this. As pointed out by the previous speaker, we have had a substantial paydown of the national debt, which is a good thing. She seems to think that when the debt is paid down, it sort of disappears, it is gone, it is money that cannot be spent and it is gone forever. That is not so. In fact, it simply gives us borrowing power, so that in the future, if we want, we can spend the same amount of money again and still not exceed our debt level. I think everybody understands that who has ever had a credit card and found difficulty paying it at the end of the month.

If we pay down, we have the opportunity of course of doing it again, so it does not just disappear. If we pay down the debt, we are doing good things for Canadians. It gives them flexibility, so that if there may be some change of circumstances, that flexibility, that cushion, is available to them. So let us get away from this idea that paying down the debt is somehow money that disappears, is gone, is useless, and somehow is to the detriment of Canadians. It is very much in their interest to pay down the debt.

What has happened in the past seven years is that we have had these unanticipated surpluses which is a good thing and it is in everybody's interest. That should be understood. All three finance ministers who made these decisions made the right decisions to use that money for debt retirement and debt reduction. We should continue to ensure that this is high on our agenda.

I do not really like the word surplus, although it is used and it is even used in the bill, because it refers to something that is extra and in excess, something that is not really fundamental. In this so-called surplus, every dollar that comes in, in other words a dollar not spent or transferred to someone, immediately goes to ensuring that the debt goes down.

That keeps interest rates low in this country. That allows the private sector to have a bigger capital pool at lower interest rates for its expansion than would otherwise be the case, so it is not a bad thing. It is a good thing and I hope the point that I am trying to make is well understood by Canadians and in fact by others in this House who have spoken or who may be speaking in this particular debate.

I do not like the word surplus. Let us call it automatic debt reduction, or even better, let us look at that word debt and recognize what it is and which the bill itself explains. The bill talks about this as an "accumulated deficit".

• (1235)

[*Translation*]

The bill talks about the accumulated deficit. That is what is important. They speak about debt as if it were something very different, something we do not need to worry about. But the deficit, that is really important. A lot has been said over the last 12 or 13 years about the word "deficit", but not much about the word "debt".

[*English*]

I think that really is important to stress and underline. The fact is, as is pointed out in clause 5 of the bill, that it is "accumulated deficit", and that is what we should continue to pay down. It is just as bad for us as a deficit in a current year. It is just as damaging to our overall accounts, our overall ability to handle the national accounts or, indeed, for the private sector.

That is how we should be regarding this. It is not something apart, something that happened in the past that we can forget about. We are responsible for debts run up in the past, just as every Canadian homeowner understands a mortgage and understands the importance of paying it down.

Coming back to the bill specifically, it only gives one-third of any so-called surplus, any unanticipated surplus, to debt reduction. I am not sure if we can determine at this time in advance that this is the split that makes the most sense for next year, the year following or the year following that.

Government Orders

Setting in legislation that this is exactly how it will be broken down forgets certain things. What does it forget? It forgets that interest rates may rise. We have had two interest rate increases in the last two months. The Governor of the Bank of Canada spoke to the Senate Standing Committee on National Finance yesterday. It is clear that in his mind there is a possibility that at some time in the future, under certain circumstances, yet more increases could take place. We have this issue, where it may be very important to pay down the debt at a greater rate.

On the other hand, at some time in the future we may have a hurricane on the coast of Nova Scotia, with devastation. We may have another ice storm, with devastation. We may have a tornado on the Prairies, with devastation. We may have an economic problem such as mad cow. We may have a problem with softwood lumber. At that time suddenly we will realize that we need more federal help, federal assistance and federal expenditure. That is a time when we may want to look at this so-called surplus or excess and determine that this year is the appropriate place to put it.

It is no good then saying that we passed legislation two, three or four years before and we are restricted to only using a third of it to help the farmers, a third of it to help the lumber industry or a third of it to help the people who have had their houses destroyed by weather and climate problems. This legislation takes away that flexibility.

On the issue of tax cuts, there are times when tax cuts are vital. There are times when the economy is slowing, we want to use the tool of taxation to increase economic activity in the private sector and tax cuts make a lot of sense, and we want big tax cuts. Yet in this particular bill, only one-third will go to tax cuts, because of course the bill divides it up in this firm way of 33 1/3% for each one of these three areas. It may be that we will have different circumstances in the future which will require an adjustment of that type.

People can easily say that it can be done under the normal course of events, that we would allocate the money before the surplus was determined so it would not affect the surplus. That is wrong, because as the minister said today, the books close on March 31, and it is between then and September that we will be analyzing what to do with the surplus. What happens if we have one of those conditions that occur in that period of summer and fall? If that is the case, we seem to be handcuffed with this legislation.

I wonder if the minister or his parliamentary secretary would like to offer me some enlightening, convincing, and comforting responses to this concern that I have expressed.

It is clear that in the discussion we have had in the House—I almost feel like mentioning that there is no NDP member present, but I will not—people have assumed that we are going to have good times and they are going to continue. The minister talked about anticipation, and I think he used the term from now until 2010, but things go wrong. We have had unanticipated and better than expected times. Equally, we could have less than expected economic conditions, less than booming tax revenues and more than low unemployment.

We could have a change in economic circumstances, and let us face it, we are so dependent on the American market and we are now becoming so dependent on a secondary economy to the American

market, the Chinese economy, which is dependent on its \$180 billion surplus to the United States. We are getting so dependent on that kind of economy that conditions elsewhere could cause us trouble.

● (1240)

Let us look at the American deficits, the phenomenal deficits of a neo-conservative government, the model for the Conservative Party of Canada, which does not know how to run the economy and is having major concerns with enormous deficits, ballooning deficits and a declining dollar.

That is the Americans' choice. If they want Reaganomics or neo-conservative economics, that is their choice. We are not that kind of people. We see that there may be trouble in that kind of economic approach and we know that it could have reverberations in Canada, when 85% of our exports go to the United States.

Sure, we are going great guns now, but to a certain degree it is based on American deficit financing. When that stops or we get a major economic problem in the United States, wow, we are going to have to watch it because we will not have the same good economic circumstances that we have now.

It is no good pointing the finger at the Americans. I am trying not to do that. It is no good to say simply that they are wrong and we are right. It is not that. We are dependent on that economy and we are benefiting from what they are doing, but it is not sustainable. It cannot continue. When the changes come, we are going to have reverberations on our revenue side here in Canada. That is why I do not think we can assume that things are going to forever be so great.

It is similar to the China market, based on resource exports, on coal, the coking coal for iron and steel, and based on other exports. We hope our lumber exports in the future will increase as well. We have a substantial resource based export market and it may not—

An hon. member: Are you going to put the rates in B.C. back to a civilized amount?

Hon. David Anderson: The hon. member simply should listen closely, because there is at present in China a massive construction boom and when it has finished building the factories, apartment buildings, office towers, dock facilities and railroads, then it is likely to go back to a more stable state. The current situation is not necessarily a graph line which goes straight up into the future and he should understand that well. If he does not, he is not serving his constituents well, which of course is meant to be his major responsibility here. In particular, a British Columbia member should know better than to make the kind of remark that he just made.

We have the possibility of changes in revenues to the government and we have the changes in the economy that could take place, yet in this particular legislation we have that kind of restriction on what can be done.

Government Orders

I can see that people, after seven years of this so-called forecasting error, which we have heard a lot about today, think that it is going to go on forever, but why has this occurred? It has occurred because in every year the government took the average of the private sector forecasters and used a private sector forecast. This is not something on which the government itself made the mistake. We shared the mistake of everyone who is an expert in the field. Of course they are all economists and it may be that those who are not economists would say that proves they must be wrong.

An hon. member: Oh, oh!

Hon. David Anderson: I hear the hon. member over there, whose knowledge of economics is a trifle shaky, shouting once more in his usual way.

The issue is that this was a miscalculation right across the board. The banks, the insurance companies, the investment houses and the private companies in manufacturing or transportation made those same kinds of miscalculations in general. Many of course beat the odds and did better and of course were very successful.

Still, there has been a generally surprising graph line, which is why the government forecasts are in error. They are in error because the private sector was in error. Let no one be mistaken on this point. The reason we are having this issue of surpluses is because of better circumstances than were expected, and by everyone, and the same could happen in reverse.

That is what happened to the Conservative government, which kept on making calculations that were wrong and wrong in the wrong way, that is, in the negative sense. That is why year after year the Conservative Party raised taxes and reduced benefits to people. It constantly got the economy wrong and created this fantastic accumulated deficit load that we are trying to do something about today.

• (1245)

I am putting forward to the House the importance of the minister or his parliamentary secretary answering some of these questions. Are we creating too much of a straightjacket and destroying some of the flexibility we need? Are we getting away from the automatic reduction of debt, which is in the public interest under all circumstances because we can always borrow back that amount that has been paid down if necessary? That is the second question.

Would they also perhaps talk about some of the other issues with respect to the limitations on tax policy to accommodate different economic circumstances or the limitations that they are placing on fiscal policy when it comes to the different economic situations we can expect in the future? Resource prices will not always continue to skyrocket. Those who have lived in British Columbia long enough know that we always have boom as well as bust. We have both.

The assumption of the Conservatives that all is well on coal, that it will go on forever, as it has, let us say, in the last three or four years only, is of course wrong. All they have to do is go back 10 or 15 years on coal and they will see the error in what they have been talking about today.

I have put these questions out in the interest of having a useful and intelligent debate on the issue of whether this bill makes sense and

whether we should vote for it. As I say, the minister almost persuaded me that it was a good bill, but when he told me it came from the member for Medicine Hat, I had my doubts. Then, when I heard the comments of other people here, I went back to thinking the minister might be right.

The point is that this type of bill must clearly show that it can in fact allow us to be lean, mean and able to take advantage of opportunities that might come to us in the future.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Mr. Speaker, that was really something. I know that the hon. member is an experienced member in this place and certainly he has been an experienced member of government, but he is simply all over the map. I will be asking him a couple of questions.

How does the government have an unanticipated surplus? How does that happen? If a person has some business savvy, understands how the country is being run and has a good handle on the money coming in and the money going out, how does that person have an unanticipated surplus? We are talking about a major surplus, such that we are going to have to pass a bill through Parliament to bring in additional spending to somehow get rid of it, instead of simply putting it on the debt, which would give us an immediate return and give future generations an immediate return.

I am going to suggest to the member that perhaps Bill C-67, an act respecting the allocation of unanticipated surpluses and to amend the Income Tax Act, could be changed. I would suggest that it be changed to state that it is an act respecting the anticipated election—not the anticipated surplus but the anticipated election—and an unashamed, bald-faced attempt to buy the votes of Canadians.

Hon. David Anderson: Mr. Speaker, the member has just illustrated the fundamental problem we face in trying to debate major economic issues facing the Canadian public, which is the complete obsession by the official opposition with electoral politics.

We have to discuss some of these things in a more realistic way and the member's first question was a realistic one. He asked how it is that there are unanticipated surpluses. They come because forecasting is inaccurate. They come because forecasting in the case of surpluses is too low. Forecasting occurs at least 12 months, generally 14 to 18 months, prior to the end of the fiscal year that is forecast.

As we all know, economists rarely give an opinion more than two years out so we are really asking them to stretch it when we ask them to forecast ahead 14 to 18 months. They do not like that kind of issue. The reason their analyses have been so bad dealing with climate change is because they have trouble forecasting years and decades ahead.

Economists have difficulty calculating anticipated forecasts but they work the figures through and look at trends. I have a number of forecasts in front of me that have been done by the Canadian Imperial Bank of Commerce and the Royal Bank. I know I am not allowed to use them in the House because they would be considered a prop, but I have them and I will ensure he gets these kinds of documents. I will even give him some of the forecasts from Statistics Canada on energy, which is another point for another bill.

Government Orders

The fact is that economists make mistakes and the private sector frequently makes mistakes. Shell Oil calculated, and I think my figures are pretty accurate if they are not exact, \$4.6 billion for its latest tar sands development. It is coming in at \$7.2 billion. That is a phenomenal overrun. If that were government, we would not talk about anything else.

The private sector forecasts are based on government calculations and it can make errors. If the errors are in a certain direction, for example, revenues are more than expected, then a surplus results. That is why we are getting some of these contradictions. That is why the opposition has such trouble understanding the Minister of Finance when he says that we cut tax rates and received more tax revenue. Those members cannot understand it. It is because the economy can expand in a greater than expected way.

That is how we get this kind of unanticipated surplus and why the bill should be looked at quite carefully in terms of what we do.

• (1250)

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Mr. Speaker, that particular tar sands is in my constituency so I can tell the member why the Shell expansion was so overbudget. I can assure the member that almost all of the expansions in that area are overbudget and that is because the government lacks vision.

The government had an opportunity last year and this year to put some money into northern Alberta which would have created jobs for Canadians. We have so many jobs available in northern Alberta that it is not funny but we just do not have enough people to fill the jobs. We also do not have any affordable housing. I think the government put \$3 million into the area out of the \$3 billion it took out last year. We have problems in northern Alberta because the government has no vision for sending Canadians to Alberta instead of leaving them on unemployment insurance.

I can assure the member that we on this side of the House understand Reaganomics, Keynesian and economics but I do not think Canadians, if they were given a choice between Reaganomics and steal-onomics, would pick steal-onomics, and that is what we have had from the government over the past.

I have two questions in particular that I would like to ask the member. How much of the \$6 billion out of last year's surplus was actually paid on debt? What is wrong with paying off debt? What is wrong with leaving our children and grandchildren with no debt?

Hon. David Anderson: Mr. Speaker, his last words prove I have made a convert. Here we have someone on the Conservative side saying that it is good to pay down debt. All the Conservatives have talked about up until now, and what their lead speaker kept saying, is, "Don't pay down debt. Cut taxes". Now we have my hon. friend from Fort McMurray at least agreeing with me. I thank the member. I must say that I am looking forward to him opposing the member for Medicine Hat and standing alongside my vote because that is good stuff.

Some of those members are learning but the member has not learned everything from what I heard him say before he made that comment.

With respect to the issue of Fort McMurray and the tar sands, the member cannot have it both ways. If all the good things going on

there are the responsibility of something else, the member cannot blame what is not good on the federal government. He has to be fair.

The fact is that Alberta would not have those developments if it had not been for the Prime Minister, when he was minister of finance, making the changes to the taxation system which started the boom in 1994, which the member knows full well but simply will not admit.

Why did that not happen when the Conservatives were in power? That did not happen because they did not have our minister of finance who made those tax changes. You know that. You have to tell your constituents that, even if it means you probably should, in theory, lose your seat.

• (1255)

The Deputy Speaker: Order, please. I would remind the hon. member to refer to members by their riding name, perhaps, or in the third person rather than the "you", because that raises the tension level.

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I thought the questions the member raised in the debate were quite good and quite thoughtful. It is a pity that he had to first take the questions from the other side.

The hon. member was concerned about what would happen during a catastrophe, such as a hurricane or some other natural catastrophe. I know the hon. member has been in government for a number of years. I am not sure whether this bill would apply to a situation in which there was an intervening event.

The books are closed off on March 31 and the surplus is declared by the Auditor General somewhere around September in the following year. Now if in fact there were a significant natural catastrophe between March and September of that year, presumably that would come out of the then budget of the government of the day and it would be a draw on that budget. It may put the subsequent budget into deficit but, nevertheless, it would come out of that budget rather than the determination of the surplus on the year's previous budget.

I would be interested in whether the hon. member thinks that is in fact the way in which it would be handled.

The second issue he raised is that the good times may not continue to roll, and he is absolutely right, and he gave a number of very good reasons why those times would not continue to roll. In which case, I do not think this bill would have any application whatsoever.

Hon. David Anderson: Mr. Speaker, the hon. parliamentary secretary has illustrated some of the dilemmas. We would sort of go into deficit, then we would go back into surplus and then we would go back into deficit, depending on what ultimately happened with the bill. That is the type of thing I think we should avoid doing.

If it is within \$3 billion that is the contingency fund, and if the contingency fund has not been used for any other reason, yes, all that \$3 billion could go to the emergency. However if it exceeded \$3 billion, we would then be into the deciding which hat to lift up to find the money routine which I suggest may not be the very best.

Government Orders

I would agree with him that, yes, and obviously everybody in this House would agree, we will respond to an emergency. The question is that when we start putting out bills that limit us in the future and limit what people can do in the future, despite what pressures there may be in the future, I think we get into the type of situation that I described.

The fact is that we have mechanisms but then the question is, if we have such mechanisms, does this bill make any sense.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): Mr. Speaker, there is no question that there has been some confusion as to whether or not unexpected expenses and so on can come out of the budget. I gather from the parliamentary secretary's answer that any type of contingency can be covered off in the current budget.

I would ask the hon. member for Victoria not to worry himself too much about this aspect of the bill because the bill is nothing more than a pre-election ploy. It is done for a purpose, as the government has done in many other bills, such as Bill C-37, the do not call registry. We had no rules or regulations but the public was concerned about unsolicited calls so the Liberals put together a shoestring bill and left it to the CRTC to manage the workings of it, without regard to cost, so that they could direct their attention to the segment of the population that was interested in that type of legislation. An election is looming, which is why they would do that and why they have a surplus.

The surplus in the last number of years has been embarrassingly large and they know the public is upset, especially those members of the public who are running the treadmill attempting to stay alive, trying to make their mortgage, car and loan payments and are barely able to stay ahead, when the government is accumulating surpluses that have never been surpassed in the past, year after year. It has the audacity to call the bill itself an unanticipated surpluses act, when the surpluses have been anticipated year by year and are even larger than anticipated.

The legislation reads:

Recognizing that it is in the public interest to predetermine how annual unanticipated surpluses, if any, are to be applied among competing priorities...

It is not the public interest so much that the government has in mind. It is its own interest and in preserving its own political hide, and attempting to sow seeds toward what will be an imminent election that causes this bill to come forward.

The bill talks about applying, in a balanced way, the surpluses to spending priorities, to the deficit and to tax relief. Remarkably, it says "surpluses, if any", so the government has reserved to itself the right to ensure that there is no surplus by tabling legislation that will eat the surplus, which really is not unanticipated, which it anticipates and knows well in advance of closing its books.

Insofar as tax relief is concerned, it is also remarkable that the government indicates that will happen as long as the increases are considered to be fiscally sustainable. Who decides that? The Minister of Finance decides that, the same Minister of Finance who tabled the budget in this House and said that he would entertain only technical changes to his budget. When it became apparent that the government might fall, the same minister and his officers prepared to enter into the one page NDP \$2.5 billion budget bill to

spend what was already in the surplus in order to preserve its own hide and stay alive because at that time it was not prepared to face the electorate.

What the government has done in this legislation, as it has done in other legislation, is it has built in contingencies and conditions that would make it appear as if it is doing something when in fact it is not, or has reserved for itself the option not to do it. In fact, it is an addiction to spending that must be cured, and the only way that addiction can be cured is by voting that particular party out of office and cleaning house. So addicted is it to spending that it has said in this legislation that the surplus would only be determined after some specific spending priorities were put into their budget.

In fact, in the spending area, the note I have says that as well, the extent to which one-third of the unanticipated surplus is allocated to spending every year would depend upon the spending priorities identified by the government. Therefore if it chose to spend in advance, it could. As the parliamentary secretary said, if there were a disaster or if there were some other aspect that required spending, the government could spend the money on that.

• (1300)

What would that do? That would simply eliminate the surplus. The government reserves unto itself the right to spend and says that if it has not misspent and there is some money left, it still wants to reserve unto itself the right to spend one-third.

At present it is required that the surpluses be applied to pay down the debt. Something which the hon. member from Victoria indicated and which makes good sense is that any family with a debt would try to focus all of its efforts on paying down its debt. That is the way it is now. What has the government done with this new legislation and the humongous surplus instead of giving it back to the public? It has decided to put only a portion of it toward the debt, a portion of it toward tax reduction and only if the minister decides that it is sustainable, and more spending.

When talking about spending, we have to wonder if the spending priority of the government is what it should be when we look at the NDP budget bill. As I read the legislation, subclauses 2(1) and 2(2) indicate that the whole bill is subject to clause 4 which means that the bill is subject to the spending of \$2.5 billion that was agreed to in the NDP budget bill. Even into the future, not only has the government reserved the right to ensure there is no surplus, but the bill would only apply in 2005-06 and 2006-07 after the NDP budget and spending was put in place.

I found it remarkable that the leader of the New Democratic Party would say he was surprised that they did not receive that money immediately following the passage of the bill. I would instruct the leader of the New Democratic Party that any legislation tabled by the government needs to be read very carefully. There was no requirement in that bill to spend the money immediately after its passage; it was in time and it was conditional. The government has learned how to make things conditional, reserving unto itself the right to spend or not spend. Optically the Liberals want to create an illusion to satisfy public opinion, to try to bolster their opportunities in an election.

Government Orders

Perhaps this would be a good time for me to read an article by Roy MacGregor. It was written in anticipation of the visit some days ago of Condoleezza Rice, the United States secretary of state. He said in his note to her:

You are arriving at a time when there is much talk of tax breaks in the air. That is because there may be an election soon. Or there may not be. Or there may be, too. No one knows.

No one knows for sure but there is something in the air. I am a farm boy from the prairies. I can tell when rain is coming because I can smell rain in the air and I can smell an election coming. That is why we are debating this legislation that is dressed up and painted to make it look like it is something when in fact it is nothing. Lawyers have spent time drafting this legislation to make it appear that we are getting something substantial when in fact we are getting very little, depending on the whims of the government of the day which has reserved unto itself the right to spend and has reserved unto itself the right to have discretion. In real terms it could amount to nothing.

Roy MacGregor went on to say that Ottawa, the capital, collects far more taxes than necessary. That is the truth. Ask those Canadians who work 10 hours or 12 hours a day, five or six days a week, just to feed their families. They are paying taxes, lots of taxes, in the thousands. Where are those taxes going? To the government, and where are we getting the surpluses?

Regarding the goods and services tax, the government made a promise in the red book. I heard it with my own ears from the then prime minister who said that the GST would be cancelled but he did not do it. The Liberals are happy to have it now and they allow it to accumulate. Where else are the resources coming for the surpluses? There are the high energy and gasoline prices. Consumers are paying more and more money and the government is watching. The government is becoming embarrassed by the surplus that is accumulating without it doing anything. The Liberals have done a good job trying to spend it, and misspend it on the sponsorship scandal, on the Dingwall affair, on \$500,000 severance packages, on André Ouellet spending \$1 million without receipts, and on having departments that are not operating frugally or efficiently.

• (1305)

The Liberals are embarrassed. They have done all of that and they still have a big pile of money left, so they say we have to have some legislation.

Roy MacGregor went on to say in his column:

Ottawa...collects far more taxes than necessary and then, every three months or so, announces an enormous surplus, which millions of Canadians take to mean the government has turned a profit and is cause for celebration.

It is no cause for celebration that despite mismanagement, despite misspending, despite program goodies being given up for an election, still has a big pile of money left as a surplus. What is that telling us? The government is not running a good operation and is not turning a good bottom line. It is charging people too much money and thinking it is its own, or it is taking it from the provinces or municipalities.

Roy MacGregor went on to say that the government "then takes some of this 'profit' and gives it back to the people as a minor tax break", maybe at the discretion of the minister. It is like taking a lot of money out of my wallet, giving 20% of it to the government and

telling me I should feel good about it. That type of attitude needs to change.

It would be one thing if the government used some of that money for appropriate spending, but look at what is happening in government and the situation that farmers in my province are facing. One must ask how the government has had humongous surpluses for a number of years and a crisis has developed in the Prairies and the Liberals are not doing anything about it. Farmers have been trying to get the ear and attention of the government about what is happening on the Prairies and they have been ignored. The NDP that engineered the \$2.5 billion budget did not even mention the word agriculture.

I asked a question in the House of the Minister responsible for the Canadian Wheat Board as to why the government would set such low initial prices when our farmers cannot afford to pay their input costs. They cannot afford to pay them and need additional funds at this critical time, extra cash flow. What has the government done? It has ensured that initial prices are about 60% to 64% of what they actually expect them to be. The government is playing big daddy to the farmers, holding back money in the thousands of dollars when the farmers need it, but the government does not care.

The minister had the audacity to say in the House that he has known about this for a number of weeks, that he is looking at it and thinking about it. That is what is happening in the CAIS program. He is looking at it and studying it. That one simple example shows a government that is out of touch with a segment of its people when it has huge surpluses and it is mismanaging and misspending.

In fact, the price for feed barley has been set so low in my constituency that after deducting the costs of taking the feed barley from the elevator to port, it nets the farmers 18¢ or 19¢ a bushel and it costs them almost that much to deliver it. It is an embarrassment that the government would even allow that kind of circumstance to come to be without addressing it immediately. It has not done it. I challenge the government to do it now, to raise that price so at least the farmers can put some extra dollars in their pockets as opposed to losing it totally in transportation by paying it in handling costs.

There was also an issue in my constituency about farmers having own use permits to allow them to save a few thousand dollars to eke out an existence. The government did not take any steps to extend the deadline beyond September 30 to allow them to acquire own use permits at considerable savings. Where are the government's priorities? Where is it going?

Let me indicate to the House how dire the situation is. I do not know what our farmers have to do to get the ear of the government. How drastic must the situation get? Must it get as bad as what we witnessed the other day with the first nations before the House turns its ear to it? The problem is severe.

Government Orders

•(1310)

I received a letter from a constituent recently with respect to the state of agriculture. She said, "Dealing with the government in areas of income tax, GST and CAIS has become extremely frustrating. I have had to deal with the death of a close family member, watched sibling family members struggle through farm bankruptcy and near farm bankruptcy and had to deal with some health crisis. I informed CAIS personnel that I may as well just go home and shoot myself. Then I proceeded to leave work and go home to do just that. Were it not for my husband and daughter, I would not be writing this letter".

In fact, there were at least two suicides in my consistency. Most people have loans for machinery, for cattle, for land, for operating. The letter went on to say, "For two years we lost our crop to hail and frost and now when we finally have grown one, we have to pile it on the ground while the fuel bill reaches \$15,000 and we can't sell it".

And the government is embarrassed about sitting on surpluses when these kinds of conditions are happening. The Liberals had the opportunity to address the energy crisis and fuel bills on the farm. Fuel bills and fertilizer bills are getting very near to or exceeding the cost of the low commodity prices and the Liberals have done nothing. In the energy bill, they have tried to address a very narrow segment of the population, and again have forgotten my constituents. My constituent asked, "What are we supposed to do?" They cannot sell the grain. She said, "I love my family but this farming is killing me. I do all the things my mother did to raise a family, plus hold down a full time job, and when I look at my bank account today, I have \$91 to buy groceries until the end of the month".

The government is sitting on billions of dollars, doing nothing and then, because it was embarrassed, is pretending to divide it up for more spending, tax cuts potentially, just to save itself some embarrassment. It is not being done to help people because this problem has existed for a long time.

My constituent went on to say, "We are doing our best to keep the farm going. It sometimes becomes overwhelming trying to keep straight all the deadlines and rules for all the government programs which include income tax, payroll, GST, NISA wind-down, CAIS, Saskatchewan crop insurance, hail insurance, feeder calf set aside, TISP, Canadian farm income plan, business risk management, Saskatchewan farm fuel program and Canadian Wheat Board permits to name a few" not to mention the own use permits. The government has administered and regulated and made bookwork such a difficult thing for farmers that most of them are almost prepared to give up in desperation. She went on to say, "while trying to expand your operation, hold down a full time job, watching our bottom lines shrink away and our costs go up".

This is what is happening in the midst of plenty. I fail to understand how the government could put a few billion dollars into the CAIS program, half of which is eaten up in administration, half of which never reaches the farm gate, causing farmers to operate with very little. How can the Liberals justify that?

A farmer from my area gave me some figures. He said wheat at 25 bushels an acre at \$2 cost him \$50 an acre. His chemicals cost \$22 and fertilizer costs \$26 for a total of \$48 on two items and he has \$2 left to cover fuel and operating expenses, not to mention the

opportunity to feed his family. He and his wife are both working off farm. His brother is working off farm. They are doing whatever they can and are struggling to get by. They think it is galling to see the misspending and the waste that happens and the government cannot help an entire industry that is about to go down in Saskatchewan.

The government is doing nothing about it. The Liberals are not looking forward. They are not looking at any kind of a program that will preserve farmers in their hour of need. Instead, the Liberals are quibbling about whether they can frame the bill to show them as being magnanimous in dealing with the surplus by dividing it in thirds. If they were really doing that, at least that would be of some satisfaction. But they built in the opportunity for them to do their own thing, like they always have, to continue gouging and taxing on the backs of ordinary people who are attempting to make a living. The Liberals want to continue to get their surpluses and spend the money in government departments with waste and mismanagement, as common people on the ground have a hard time making a living. How can that be in this country?

•(1315)

Why has the government not addressed this situation and the economic impact in my home constituency? Instead, the government introduces a trifling bill such as this just to save its face and have an election gimmick. This is hard for my constituents and my constituency to take.

Mr. Don Bell (North Vancouver, Lib.): Mr. Speaker, I appreciate the comments made by the member for Souris—Moose Mountain. My question for the member is, why would he be against the concept of balance and transparency?

The member indicated what he believes are the motivations for this government putting the bill forward. I sat on the Standing Committee on Finance with many of his colleagues from that side of the House. The reason for this bill is to be responsive.

The government listened to the input that we received, not only from the public but also from the finance committee hearings. Last year we had over 300 witnesses that appeared before the pre-budget consultation proceedings. That process is going on again now, and we have had representations from groups representing the width and breadth of Canada from coast to coast to coast, from industry, arts and culture groups, and the groups that provide social services, the nursing groups.

The messages that came through during those discussions were in fact conflicting messages. We expected this when we listened to such a diversity of the Canadian population. The residents and organizations told us that they wanted reduced taxes. That was one of the messages and that is certainly a message that consistently comes from the Conservative members from time to time.

We also heard that Canadians wanted the government to reduce debt. This came again from the business community. It said that with smart financial handling, the government would pay down the debt in times of surplus. We also heard from groups saying there is a need for new program spending. That is the reason for the three aspects of this bill: reduce taxes, reduce debt and provide for program spending.

Government Orders

I would suggest to the member that this is a balanced response and a transparent response. The goal is not to go back to a deficit position that was characteristic of the Conservative government. The government will run on its record which is in fact to have the best track record in the G-8.

I would ask the member, what is his concern about having a program of balance, responsibility and transparency that attempts to reduce the debt, where we have gone from 38¢ of each dollar to 19¢, and the government's goal is to take it to 12¢?

• (1320)

Mr. Ed Komarnicki: Mr. Speaker, as the matter stands now, without the legislation, the surplus would go to the accumulated debt. That is where it is going now.

The problem is that whether there is a surplus or not, it is determined by government spending, pre-election spending, or pre-year end spending where the government ensures that it has used up that money in one fashion or another. That is where the problem lies.

This piece of legislation is simply window dressing for an election. It is window dressing because in true transparency, the government never said without question that it would apply a third here, a third there and another third there. The government has reserved some for itself. As we have said, first of all, the government has to cover Bill C-48 and there is no question about that.

One of the questions that was asked was, what happens if there is a special obligation, such as the offshore accord and so on? The response was that "all spending obligations will be taken into account before determining the surplus for a specific year in accordance with standard accounting practices, and that the amount available for additional expenditure initiatives will therefore be computed after taking into account year end adjustments".

That alone is sufficient to drive through a two tonne farm truck without any difficulty. It is a loophole.

Then we have another aspect in respect to tax relief. Where does the government think the money comes from? The money comes from the backs of ordinary Canadians, from resource revenues and from the GST. This is not the government's money. The government has not given it back. The money has been put on the tail end if there is a surplus. After all of the loopholes, there might be a tax reduction. It is right in the minister's own documentation that he released after the bill, which says:

—to make the tax relief permanent, subject to the Minister of Finance's assessment that the fiscal impact in following years is affordable.

We know what the minister has done. He said there could only be a technical change to the budget that came down in February. I say that \$2.5 billion is not a technical change. It is a substantive change.

This minister, who is from Saskatchewan, should be addressing the situation in Saskatchewan and he is not, to his embarrassment. It has been changed because it was politically feasible to do so, and to say that this is clear and transparent is not so. It is not.

• (1325)

[*Translation*]

Mr. Gérard Asselin (Manicouagan, BQ): Mr. Speaker, in connection with Bill C-67 in which the government concerns itself

with the allocation of surpluses, it certainly does not want to make this a vote of confidence. The surpluses that we have now could easily have been foreseen by the Minister of Finance. If he knew about them, there is a problem. But if he did not know about them, there is an even bigger problem.

This morning during a question that I was asking, I referred to employment insurance. Every year the government pockets \$4 to \$5 billion of the surplus in the employment insurance fund, which it invests in its consolidated revenue fund but on the backs of working people and the unemployed. In the regions, this is of major importance.

In a second question, I referred to the lack of maintenance on federal infrastructure and facilities in the regions, including ports and airports. In the fishing industry in the Lower North Shore, the seaports belonging to Fisheries and Oceans or Transport Canada are very important.

Finally, I would like the member to tell me whether he thinks it is all right for the government to feel it has to pass a bill today on the equitable allocation of its surpluses when there are corrections officers at Port-Cartier penitentiary who have been without a collective agreement for four years and have had to take to the streets in order to assert their rights. They do a very dangerous job, but the government does not recognize its responsibilities in their regard. These public service employees have been without a contract for four years. This is immoral and not all right.

[*English*]

Mr. Ed Komarnicki: Mr. Speaker, there is no question that the government, in my view, has lost touch with the common people, with the workers of the country and with the producers of the country. It has spent money, but it has spent it foolishly.

In addition to the dollars that I have mentioned, the government has taken \$50 billion from ordinary Canadian workers, when it assessed them directly and applied it to general revenue as opposed to putting it into debt reductions or programs for workers. The government has spent the money and it has given out \$300 million from the worker's protection fund which is laughable and perhaps embarrassing when we look at the great amount of money that it has taken from these people.

This is a money bill. It should go forward before the House. The government should be defeated because the only way to clean house is to get rid of the present government and put someone in there who will reorder the priorities, get back in touch with the common people, and spend the money where it should be spent, which is on the ground for hard working Canadians as opposed to fat cat executives.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, it is my pleasure to celebrate Bill C-67. It is indeed a bill for which I have been waiting for a long time because it finally marks a point at which Canada has fully achieved the recovery that was necessary from the circumstances that it inherited back in 1993.

I had a written a speech to give on Bill C-67 to talk about the details of the bill, but the members very well understand the bill and they really want to talk about other aspects of the financial administration of the country.

Government Orders

It is fair to say that members who have spoken and the three finance critics who addressed the House after the minister this morning, all addressed Bill C-67 with the assumption that there will no longer be a federal budget in Canada, that Bill C-67 will replace the federal budgeting process.

They went on to argue that to take the surplus at the end of the year and allocate the excess of \$3 billion to one-third to debt, one-third to tax relief and one-third to spending priorities is just a mathematical game, and that it is no way to govern a country.

First, the premise of that assertion is wrong. There is still a budgeting process. There are budget consultations with Canadians still going on. They are going on right now. We will have a budget before the commencement of the next fiscal year. To remind Canadians and all hon. members, the fiscal year of the government ends on March 31. The current year will end on March 31, 2006. There will be a budget which will be for the year starting April 1, 2006. The priorities within that budget and the assumptions that will be made for Canadians are being made now as we speak, as the consultations go on with Canadians and with experts.

We are now talking about Bill C-67, which is not establishing the priorities for spending and how we will deal with any surplus. We are dealing with a bill that finally brings to the House a process. It is proposing a process that we will use to deal with surpluses that exist after budget priorities have been taken care of and that is really important.

Let me reflect on the comments of the Conservative finance critic who said that productivity is where we should be, that we have to have improved productivity, that we have to have corporate tax cuts for the manufacturing sector and create those jobs, and that we have to have income tax cuts for middle income earners. I do not disagree, but not exclusively.

Let us reflect on what the Bloc finance critic had to say to the House. He dismissed the bill as being arithmetic. Then he said that we really should be worrying about the fiscal imbalance, that there is a fiscal imbalance in Quebec, that the federal government has more money and Quebec should get some of it, and that if we were to just transfer the money, that would solve all the problems because there is a fiscal imbalance.

Quebec has the same taxing authority that the federal government does. That province has responsibility for spending exclusively in certain areas and there are areas in which there are shared responsibilities such as health care, post-secondary education, and social assistance. There is federal participation.

However, Quebecers are also entitled to tax cuts. They are also entitled to live in a secure financial situation. Debt servicing, debt repayment and the savings of interest are important also to Canadians who live in Quebec. This is just one part of it.

Let me reflect on the NDP finance critic. She came to the House and totally dismissed Bill C-67 in her first sentence. She then went on to say that we should be dealing with child poverty, affordable housing, foreign aid and a whole bunch of issues, many of which are included in Bill C-48 which was adopted by the House. It does authorize spending in those areas to the extent that it is fiscally sustainable and the House has approved that.

● (1330)

Having listened to the speeches by the finance critics, it is clear that their assumption is that Bill C-67 somehow replaces the budget, but it does not. They want Canadians and other members in the House to believe the budget and priority process we go through in planning a budget will somehow be replaced by a mathematical formula of one-third, one-third, one-third. That is not the case. This is a celebration.

Let us reflect on where we have been. Prior to 1997, Canada experienced deficits for 27 years. That was 27 years of spending more money than it brought in. Nobody could operate a household like that. How did governments do that? How did this happen? The national debt increased to \$500 billion, a mortgage on our future. At the time, we had a debt to GDP ratio of 70%. Interest rates were up, social programs were in jeopardy and our economic sovereignty was questioned. We were described as a Third World economy.

Our debt was 68.4% of GDP. It is now down to 38.7%. Within the decade, it will be down to 25%. We have the best performance in the G-7. The foreign content of our debt has gone from 43% to 17%. That is very significant. Canadians said that too many foreigners were holding the debt. Now it is down to 17%. Debt interest was costing us 38¢ of every dollar collected from Canadians. Today it is down to 19¢, a very significant improvement. Canada is now back to a triple-A rating. Everyone should celebrate because we are now the envy of the G-7. That is important for Canadians to know and to understand.

We still have a budget. We are going through this process, a budget will be forthcoming and it will be before the commencement of the next fiscal year, which starts on April 1, 2006.

If Bill C-67 is not what the opposition is suggesting, what would it do? Bill C-67 is not a spending bill. As a consequence, it is not a confidence bill. Bill C-67 describes a process. On March 31, 2004, we had a surplus of \$9.1 billion. After the plans for the year were executed, the books were closed on March 31. Six months later, after the audit by the Auditor General in September, she announced that the surplus was \$9.1 billion. For the year ended March 31, 2005, she announced a surplus of \$1.9 billion.

Under the rules set by the Auditor General and the rules of Parliament, all of the \$9.1 billion had to go to pay down debt. No year end adjustments can change that. There are minor accruals, but no additional spending. Once March 31 was over, an audit was done and a \$9.1 billion surplus was reported six months later by the Auditor General.

Government Orders

We always have built in a \$3 billion cushion to make absolutely sure that we never again go into deficit. Canadians have said that they do not want more deficits, and that \$3 billion is the cushion. To the extent that there is a surplus in any fiscal period which is in excess of that \$3 billion, we need a process on how we will get the authority of Parliament to dispose of some of that without having it all go to debt. Bill C-67 provides that instrument.

• (1335)

It basically says that an appropriation can be put through which reserves the excess surplus over the \$3 billion. That excess surplus, which was unanticipated and could not have been spent before March 31, now can be allocated. The bill proposes the process, which is one-third will go to debt, one-third to tax relief and one-third will be for additional program spending and supports.

Everyone understands the importance of continuing to pay down the debt, which also saves interest. Since we balanced the budget in 1997, \$65 billion of national debt has been paid down. It has saved Canada over \$3 billion annually of interest expense, which is available for health care, for housing and for the social needs of Canadian.

With regard to the one-third that would be for tax relief, it is established initially as a one-time credit. We do not know what will happen next year. The bill also provides a process that where we continue to have room to provide these credits, this one-time credit can be a permanent tax relief credit to Canadians.

Finally, with regard to the program spending, members somehow are suggesting that the finance minister can choose what he wants to do. It is clear in the bill, if the members would read it, that no spending of the one-third for program spending can be made except pursuant to a bill passed by Parliament. It is not at the discretion of the minister. It is at the discretion of Parliament.

I think members now understand that there still is a budget process which establishes our key priorities. Bill C-67 would not take away anything from the importance of having a fair, transparent and open consultation process with Canadians and with parliamentarians to determine our priorities. It provides us with the last necessary piece so if there ever again is a surplus which is far in excess of the \$3 billion of contingency, we have an opportunity to use it in a way other than repayment of debt.

I want to comment very briefly on the \$9.1 billion surplus of the fiscal year ending March 31, 2004. In the fourth quarter of that year, corporate revenues were way beyond the fiscal forecasts of any of the forecasters, so far beyond that there was absolutely no way even to detect it. By the time it was reported, the year end was already over. It was substantively a revenue opportunity which just occurred. The economy was booming. The corporate sector was doing its job. We could not have anticipated it 18 months earlier when the budget was set. In fact, this is a perfect example of an unanticipated surplus, all of which, in the absence of Bill C-67, had to go to pay down the national debt. None was available to deal with the other priorities of Canadians. If we had known, there would have been programs.

It is important to look at where we were. It is important to see what happened when we had large surpluses. We have to understand that last year there was not a surplus in excess of \$3 billion and Bill

C-67 would not have kicked in. There would not have been any one-third, one-third, one-third, simply because the surplus of last year was only \$1.9 billion.

I hope this helps members and Canadians to understand that Bill C-67 does not establish priorities for Canadians. It establishes a process by which, in certain circumstances, Parliament has an opportunity to agree upon and pass legislation to authorize further spending in areas as a consequence of unanticipated surpluses.

It is extremely important to summarize again the themes and the importance of why we should consider Bill C-67 to be a bill of celebration.

• (1340)

First, the legislation would allow the government to allocate future unanticipated federal surpluses equally among cutting personal taxes, spending on social and economic priorities and reducing federal debt, a balanced approach. It would apply any of the surplus over the \$3 billion contingency reserve before closing the federal books, starting in the fiscal year.

One-third of the surplus would go toward tax relief to all taxpayers in a one-time credit, which is non-refundable credit. This means each and every Canadian would equally share in the distribution of the tax relief.

One-third of the surplus in excess of the \$3 billion contingency would go toward spending priorities, again, approved by Parliament, not dictated by the Minister of Finance as the previous speaker indicated.

This process would provide for greater transparency, accountability, fairness and balance. The bill is all about that.

Canadians have consistently told us that they do not want to go back into deficit. We do not have legislation that says we cannot go into deficit. We are managing the finances of the country by providing contingencies, by providing prudence in our estimates and by consulting widely with the forecasting community to make absolutely sure that we have the fundamentals right or at least as right as we can get them 18 months in advance of the year end.

Sometimes we cannot anticipate economic blips. Some years they will be good and in other years they will be bad. We have seen that over the last eight years. However, we have continued to balance the books eight consecutive balanced budgets. We fully anticipate that the next two budgets will also be balanced.

I remind members that under the current accounting rules guiding Parliament and the books of the Government of Canada, any surplus that is determined to exist at the end of the year automatically goes against the debt. The purpose of Bill C-67 is to provide a process so we can take part of that surplus in excess of the \$3 billion and use it for something other than debt repayment, where there are priorities.

Government Orders

Also in the past, when some of the surplus was larger than anticipated, it was important to go after some areas, and I think that the House would agree. If not, maybe members would tell me which of these they did not agree with, in terms of unbudgeted spending.

How about the enormous amount of money that was put out for the mad cow crisis? How about the terrible tragedy of the SARS outbreak? How about the provincial health accord? How about the child care initiative? How about the B.C. pine beetle? How about the national security requirements, as a result of the tragedy of 9/11?

Sometimes very significant events occur in our world. A government has to be able to respond quickly. That is why we have put prudence factors. Sometimes that \$3 billion may be required to meet emergency priorities, in the best interest of all Canadians. If the members feel that any of that spending, whether it be on mad cow, on SARS, on the health accord or on the national security issues related to 9/11, was not appropriate, please tell me what would be because I could not imagine anything else.

Today's legislation would give the government the authority to allocate this unexpected surplus. On the tax side, it would continue to build on the \$100 billion tax cut program of the year 2000, which is now fully implemented. The indexation of the income tax system, as well as the other changes to the non-refundable tax credits that have been provided, have added a further \$13 billion of tax savings for Canadians.

On the spending side, it specifies how year end spending, starting with the current fiscal year, could go directly toward clearly defined priorities, as approved by Parliament, not by the minister. On the debt side, the legislation would provide for the repayment of the debt of the \$3 billion contingency, as well as one-third of the surplus over that amount.

• (1345)

Finally, many countries today are in no position to study approaches toward unanticipated surpluses because they do not exist. Canada remains to be in good financial shape. Canada continues to consult with Canadians on important priorities. We are in the area of keeping our books in good shape, meeting the health and social needs of our people, meeting the priorities of our children and seniors, meeting the priorities of our provinces and making sure we have the security and stability that makes Canada the envy of the world.

Mr. Merv Tweed (Brandon—Souris, CPC): Mr. Speaker, the only thing missing from the hon. member's statement was that he did not start it with once upon a time.

The member opposite talked about revenue projections of the government. I would remind him that over the last several years the Liberal government has missed revenue projections by \$80 billion.

In his most recent comments he talked about the \$1.9 billion surplus that overnight turned into a \$9.1 billion surplus. I have to remind the hon. members that this is not government money. This is the money of the people of Canada, which seems to be forgotten by members on that side all the time. They are even starting to refer to their entitlement as our money, our budget surplus. This is Canadian money. This is overtaxation on Canadian taxpayers and that has to be recognized by the government.

The member said that this was not a spending bill but in reality it is a spending bill. If there is a surplus at the end of the year, as has been proven by the history of the government, it will continue to spend that surplus time and time again. At the end of the year and at the end of the day that money will not be there. It will be spent on Liberal projects. It will be spent as if it were Liberal money and it will be of benefit to very few Canadians.

Does the hon. member believe that Canadians actually believe the Liberals when they say that they will spend or share that money with Canadians, or does he believe that Canadians expect the Liberals to spend it on their own pet projects in their own communities?

• (1350)

Mr. Paul Szabo: Mr. Speaker, the member and I think other members in his party have said that the existence of a surplus means that Canadians are overtaxed. It is an interesting comment but he should also understand that under the system of accounting for the Government of Canada, the only way to pay down \$1 of debt is to have \$1 of surplus.

Paying down debt, in my CA terminology, is not a P and L item. It is a balance sheet item. Just for the member's edification, a surplus is necessary under the current rules to pay down debt. Under the rules, every dollar of surplus automatically must go to pay down debt. We cannot spend any amount of that after March 31.

The member suggested that if we see an anticipated surplus coming we will spend it all in advance. He argues that Bill C-67 must be a spending bill because they are spending it but Bill C-67 does not apply until after the fiscal year. The member is talking about before the fiscal year is over, so Bill C-67 would not apply. Clearly, he has not read the bill nor does he understand it.

I would suggest that we can debate as much as we want in this place about whether or not things are going well but the important indicator is whether Canadians think the country is in good shape.

I believe the international community clearly has recognized that Canada's economic performance has been a leader in the G-7.

[*Translation*]

Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ): Mr. Speaker, I find it extremely sad to listen to the member for Mississauga South. He believes what he is saying. This is very sad. He has talked a great deal about the fact that it is impossible to make accurate forecasts. I agree that, some years, revenue would be higher and expenditures lower. But, if it is impossible, how is it that they have been making the same mistake since 1998, oddly enough? This government no longer has any credibility with regard to its estimates. It has none whatsoever.

Government Orders

Bill C-67 formalizes this government's recurring practice of underestimating its surplus so that, at year-end, it can spend this money for electioneering purposes, in direct contradiction to the budget consultation process. This shows disrespect for the witnesses who appear before the Standing Committee on Finance, for the committee itself and even for the House of Commons. It is unbelievable.

Could the member tell me why our finance critic, the member for Saint-Hyacinthe—Bagot, always forecasts the government's end-of-year surplus almost exactly, while the government keeps getting it wrong? This government no longer has any credibility.

[English]

Mr. Paul Szabo: Mr. Speaker, the member somehow suggests that this is a forecasting problem. Is there another country in the world that has our problem of doing too well?

The corporate community in the fourth quarter has performed way beyond what was anticipated by any of the internal forecasters, any parliamentarians, any bank or any chief economic forecasters and the opposition is suggesting that somehow we are cooking the books.

As a consequence of these points that were raised, we consulted with Dr. Tim O'Neill. One of his recommendations was that if the government wanted to retain its no deficit rule, it should adopt a more formal and structured process to deal with fiscal surprises by setting out in advance contingent allocations among tax cuts, spending initiatives and reducing debt from any unanticipated surpluses. That is precisely what Bill C-67 would do.

•(1355)

Mr. Stockwell Day (Okanagan—Coquihalla, CPC): Mr. Speaker, it is very clear that what we have here is a problem of overtaxation. If the government were being run like a regulatory agency or a public utility, when it brings in too much revenue to exceed its expenses it would be forced in law to actually pay that money back.

Here is the problem that the government has never zeroed in on and I would ask the finance minister if he would take a look at this. Is the finance minister not aware that there are actually two levels of taxation at all times which will bring in the same amount of revenue to the government? It should be the government's job to pick the lower of the two. Let me explain very quickly.

It is called the Laffer curve. I do not think he has ever heard of it, but it is a very basic principle that would yield proper results for taxpayers and the government. If the government taxed people 100%, there would be no revenues. That is one point of taxation. If the government taxed 0%, there would be no revenues either. There are two levels that yield the same amount of revenue.

If we start to move down the curve and the government starts to tax at 90%, a bit of revenue will come in. If the government starts to tax at 10%, there will still be a bit of revenue. What is the difference? At the high point, taxation is a disincentive. It drives incentive out of the country. We still get some revenue in but it is a disincentive. It is a disincentive to work hard or to work overtime because people say that they do not want to work overtime as they get pushed into a higher tax bracket. It is a disincentive to become more educated

because people say that if they go to school for a further 4 years or 10 years they will get a higher salary and be taxed more.

On this so-called Laffer curve, the government needs to ratchet down the rate it is at now which is bringing in this huge surplus. If it were to start taxing at a lower rate it would bring in the same revenue but it would give young people the incentive to stay in the country and not go to the United States or some other jurisdiction. It also would keep investment in the country.

It has worked. After the first world war, taxes in the United States and Canada that were paying the war effort were left high. However, when taxes were lowered in the United States in 1920 or 1921 by President Harding, what happened? Taxes were lowered and revenue increased. The exact same thing happened in Germany in 1948. When Ludwig Erhard lowered the tax rate, what happened? Revenues came in but more people were working and there was more investment.

The same thing happened with the JFK tax cuts. The same thing happened in Alberta in 1998 when there was a commodity crisis. Taxes were lowered and more revenues came in. The burden was lifted from people's backs.

Why will the Minister of Finance not apply that application, lower the taxes, create more incentive for people to work, to become educated, to become skilled, to invest and it would bring in the same amount of revenue for government but it would set the people free? Why will the government not do that?

Mr. Paul Szabo: Mr. Speaker, the reality is that in the last fiscal year the surplus was only \$1.6 billion. That would not cover very much of a tax cut and may even throw us back into deficit. I am sorry but the hon. member has to realize that at least the government has made a firm commitment not to go back into deficit.

With regard to the prior fiscal year in which there was a \$9.1 billion surplus, that all had to do with the fourth quarter corporate performance, corporation taxation not personal taxation. The member has not addressed that.

It is interesting to talk about what might work but I can say that if we look at the last eight years, since 1997 eight balance budgets, \$65 billion in debt has been repaid. He says that the existence of a surplus means that people must be overtaxed. The only way we can ever pay down debt and save interest expense is to actually run a surplus. His finance critic said that the Conservatives want corporate and personal tax cuts. They did not say one word about health care, seniors, children, paying down the debt, infrastructure or research.

We know the agenda of the Conservatives is. We also know what the agenda of the government is. We have a track record to run on and I am going to be proud to run on that track record.

S. O. 31

STATEMENTS BY MEMBERS

[*English*]

CKTB RADIO

Hon. Walt Lastewka (St. Catharines, Lib.): Mr. Speaker, on November 7, 2005, CKTB Radio will celebrate its 75th anniversary of broadcasting.

In 1930, Edward T. Sandall, owner of Taylor and Bate Brewery, brought radio to the city of St. Catharines. From its humble beginnings on the second floor of the Welland House, with 50 watts of power, to Oak Hill, the former home of William Hamilton Merritt on Yates Street where it broadcasts today.

CKTB has a rich history with colourful radio on-air personalities in the news, talk show, music and sports fields. CKTB has prided itself for being the voice of Niagara. It has been a leader in providing school and storm information. Quality, locally produced programs have kept thousands of listeners entertained and informed. It has also held important fundraisers when tragic events have hit other parts of the world or to help meet local needs.

On behalf of all members of the House of Commons, I congratulate CKTB on its 75th anniversary and wish the station many more years of service as the voice of Niagara.

* * *

● (1400)

CHALK RIVER LABORATORIES

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Mr. Speaker, on behalf of the friends and colleagues of the Chalk River Laboratories in beautiful Renfrew county, I congratulate John Hardy and Ian Towner as being North America's top nuclear physicists in winning the Tom W. Bonner prize in nuclear physics from the American Physical Society.

If anything demonstrates the short-sighted policy of the current Prime Minister in being opposed to research and development in Canada, it has to be the fact that this prize was awarded for work that begun in Canada but finished in the United States after the scientists' lab was shut down at the Chalk River labs of AECL.

Like the broken promise to fund the Canadian neutron facility, Liberal policy is forcing bright Canadian researchers to leave Canada because the government would rather see other countries benefit from Canadian research and development.

The time has come to reverse the brain drain. Only a change to honest government will bring home Canadian scientists who have demonstrated their ability. If only this country would provide the support to do their research in Canada.

* * *

YEAR OF THE VETERAN

Mr. Mark Holland (Ajax—Pickering, Lib.): Mr. Speaker, on November 11 at 2:11 p.m., students from across the province of Ontario will join in readings of *In Flanders Fields*. This will not only honour veterans in the Year of the Veteran but it also will honour and promote literacy.

In creative and innovative ways, they will come together in this program that was started in my own riding, I am proud to say, by the Durham West Arts Centre. I want to take a moment to thank Ontario Power Generation, Veterans Affairs Canada, and particularly Ontario Power Generation and Angie Littlefield. Angie Littlefield is with the Durham West Arts Centre and started this initiative.

It is my sincere hope that this program will spread across all provinces and that next year on November 11, at 2:11 p.m., every school in the country will be reading *In Flanders Fields* and celebrating our veterans.

Going forward, I would ask all members to look at this program and to promote it in their own constituencies.

* * *

[*Translation*]

GISÈLE BERGERON

Mr. André Bellavance (Richmond—Arthabaska, BQ): Mr. Speaker, I want to pay tribute to Gisèle Bergeron from Chesterville, in my riding of Richmond—Arthabaska. She was recently named Woman Farmer of the Year for Region 17, at the annual general meeting of the Central Quebec women farmers' union.

A mother of five, Mrs. Bergeron is fully involved in the operation of the family farm, which she has been running since her husband died in 1998.

Involved in her community, Mrs. Bergeron was the mayor of Chesterville from 1998 to 2002, and has worked in education as a member of the parents' committee and school commissioner in 1994. She also did volunteer work for Héma-Québec and the Knights of Columbus.

The vitality of a community shines through the efforts of people like Mrs. Bergeron. The Bloc Québécois salutes her life path, which is a model of dedication. This is a most deserved honour.

* * *

LAKESHORE GENERAL HOSPITAL

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Mr. Speaker, the Lakeshore General Hospital, located in my riding of Lac-Saint-Louis, is celebrating its 40th anniversary this year.

Besides providing quality medical care to Montreal's West Islanders, this general hospital is at the heart of local community life.

[*English*]

The Lakeshore, as it is known to West Islanders, is more than an architectural landmark and a growing complex of state of the art buildings and equipment.

The hospital is a family of caring individuals, from the dedicated medical staff who work tirelessly around the clock to respond to emergencies and other challenges, to the permanent managerial, administrative and technical personnel who provide vital support to the doctors and nurses, to the hospital's countless volunteers who give generously of their time to comfort patients, assist medical staff and raise funds which make it possible to offer West Islanders the most advanced treatments.

I congratulate the Lakeshore and, above all, thank them for their 40 years of caring for our community. I hope the next 40 years will be as successful and exciting as the last.

[Translation]

Congratulations and good luck in the future.

* * *

● (1405)

[English]

YEAR OF THE VETERAN

Mr. Loyola Hearn (St. John's South—Mount Pearl, CPC): Mr. Speaker, 2005 is the Year of the Veteran. Next year is also significant as it marks a special anniversary. On July 1, 1916, at 9:15 in the morning, 801 men of the Newfoundland Regiment attacked at Beaumont-Hamel. Thirty minutes later it was all over. Of the 801 men, 710 were killed, wounded or missing. Scarcely a household in Newfoundland was left untouched.

Of the men it was written, "It was a magnificent display of trained and disciplined valour, and its assault failed of success because dead men can advance no further".

In 1916 we were not part of Canada. We are now. On the 90th anniversary, recognition of this event should be given at our National War Memorial. We celebrate Canada because of such sacrifices.

Let us not forget.

* * *

[Translation]

IMMIGRANTS

Mr. Pablo Rodriguez (Honoré-Mercier, Lib.): Mr. Speaker, it is never an easy thing to leave one's country for another. The men and women who leave their countries by choice or, all too often, involuntarily, are setting out on an adventure fraught with many challenges.

The host community, which will benefit from the presence and contributions of these newcomers, must do everything it can to help them integrate fully.

The various governments try to do so, but they cannot do it all, hence the essential role played by the devoted community organizations that work so hard at helping immigrants to integrate.

I am thinking in particular of Carrefour Solidarité Anjou, an organization in my riding that is doing great things in this field. It works small miracles on a shoe-string budget, be it providing language training or skills development.

S. O. 31

These organizations deserve our respect, as well as greater governmental support. As I have said many times before, they will always be able to count on my personal support.

* * *

RICHARD LAMONTAGNE

Ms. France Bonsant (Compton—Stanstead, BQ): Mr. Speaker, I would like to tell hon. members about Richard Lamontagne, a sensitive and determined man who is deeply concerned about the well-being of the disabled.

Mr. Lamontagne has recently seen his 25 years of volunteer work recognized with the Dollard-Morin award for the Eastern Townships sector. This is an annual award given to volunteers who have excelled in sports and recreation though the quality of their involvement, enthusiasm and commitment.

Mr. Lamontagne organizes dances for the developmentally disabled, attended by an average of 180 participants from all over the Eastern Townships region.

He has been a volunteer at the Special Olympics, and for the Sherbrooke association for the developmentally disabled, where he was actively involved in fundraising and other activities.

Thank you, Richard, on behalf of the Bloc Québécois and all those who benefit from your support. This award was richly deserved.

* * *

SAINT-JOSEPH-DE-MADAWASKA FIRE BRIGADE

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Mr. Speaker, today I want to take advantage of this opportunity to address the House to mark the 25th anniversary of the Saint-Joseph-de-Madawaska fire brigade in my riding of Madawaska—Restigouche in New Brunswick.

I wish to acknowledge the important contribution to the community made by the members of the Saint Joseph fire brigade. Thanks to the dedication of these brave volunteers the community is protected and given the peace of mind it needs. These firefighters do not hesitate to lay their lives on the line when there is a fire and that deserves to be recognized.

I call on hon. members from across Canada to pay tribute to our firefighters. I want to thank all the members past and present of the Saint-Joseph-de-Madawaska fire brigade for 25 fine years of service to the community.

* * *

[English]

CANADA-U.S. RELATIONS

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Mr. Speaker, last night on the Hill, the Parliamentary Border Caucus met again to discuss issues of trade and security affecting the Canada-U.S. border. We were honoured to have the new U.S. Ambassador, David Wilkins, join us for a lively discussion about the Canada-U.S. relationship.

S. O. 31

Of course, we talked about trade issues such as the softwood lumber dispute. The ambassador demonstrated he is well versed on the issue.

Among the other issues discussed were the details of how the western hemisphere travel initiative would affect those crossing the border in the future. Border MPs are concerned that the possibility of a "passport only" policy will damage tourism in their ridings. The high cost and inconvenience of passports will discourage many Canadians and Americans from travelling.

Instead, the border caucus proposes that both the U.S. and Canadian governments look at improving the security standards of other forms of government-issued ID, such as driver's licences, health cards and birth certificates.

I want to thank Ambassador Wilkins for his attendance and for his willingness to engage the border caucus on these all important issues.

* * *

NEW CANADIAN PROGRAM

Hon. Andrew Telegdi (Kitchener—Waterloo, Lib.): Mr. Speaker, the New Canadian Program, an organization in my riding of Kitchener—Waterloo, has received one of 20 Citation for Citizenship awards.

This honour is given every two years to groups and individuals from across the country which have demonstrated exemplary citizenship by assisting newcomers to Canada to successfully integrate into Canadian society.

New Canadians are part of our labour market future and successfully integrating them into our communities and our workforce must be a priority.

For the past 13 years, the New Canadian Program has assisted close to 1,500 professional newcomers to Canada in connecting with businesses that can use their skills. Of these clients, 65% to 75% have found employment in their related professions.

Congratulations to the New Canadian Program and continued success in the future.

* * *

• (1410)

LITERACY

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, today we are celebrating Literacy Action Day. Advocates from Nova Scotia and every corner of Canada are here to press for a desperately needed pan-Canadian literacy plan to develop a quality adult literacy and education system, to address barriers to learning and social inclusion, to develop and share knowledge and to develop partnerships for a learning society.

Of Canadians aged 16 to 65, 42% lack minimum literacy skills. Studies show a 1% rise in literacy skills will drive a 2.5% increase in labour productivity and a 1.5% increase in GDP. That is \$13 billion each and every year.

It is bad enough that the federal government imposes GST on books. To expand the GST to include books and CD-ROMs makes a mockery of the limited literacy support from the government. This counterproductive measure must be reversed and more resources invested in a comprehensive literacy plan in the upcoming budget.

The private member's bill that I will be introducing will remove GST from books and pamphlets. It is a small step toward helping increase literacy in Canada.

* * *

THE ENVIRONMENT

Mr. Bob Mills (Red Deer, CPC): Mr. Speaker, after 12 years at the top and 30 years in total, Gwyn Morgan has announced he will be stepping down as chief executive officer of EnCana Corporation.

Gwyn took Alberta Energy, merged it with Pan-Canadian and made EnCana the second largest capitalized company in Canada. On this, Alberta's 100th birthday, Gwyn represents the true Alberta entrepreneurial spirit.

As the environment critic, one would probably wonder why I would be paying tribute to this industry leader. Let me tell the House that I have had the opportunity to consult with Gwyn and the opportunity to work with him and learn from him regarding an environmental vision for the country.

Gwyn knows caring for the environment is good, not only for the environment but for business too. Today's business leaders could learn a lot from a guy like Gwyn Morgan.

Good luck to Gwyn in his retirement. I am sure Canadians will be hearing more from him in the future.

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[*Translation*]

LITERACY

Ms. Paule Brunelle (Trois-Rivières, BQ): Mr. Speaker, on this Literacy Action Day I want to pay tribute to all those involved in adult literacy.

In my riding of Trois-Rivières, there are several literacy groups including COMSEP and Ebyôn.

Several hundred people participate in their workshops, which are run by a number of volunteers. Helping adults to learn to read gives them the keys to the world.

What is more, the participants become more informed on economic, social, political and cultural issues and meet new people, thereby making important social connections.

Attending the literacy and popular education workshops helps participants become aware of their problems, find suitable solutions and take action to improve their lot.

We wish the literacy groups many more years of success.

[English]

ABORIGINAL VETERANS

Mr. Jeremy Harrison (Desnethé—Mississippi—Churchill River, CPC): Mr. Speaker, I rise today with respect and honour for our aboriginal war veterans and to offer my best wishes to the delegation of aboriginal veterans, youth and spiritual leaders travelling in pilgrimage to the battlefields of Europe.

Last year the House passed my private member's motion calling on the government to recognize and fairly compensate the brave sacrifices of our aboriginal veterans. It is the will of the House, and I believe it is the will of all Canadians, to embrace and repay the contributions of these veterans with a spirit of respect and gratitude.

Regretfully, the Liberal government has failed the legacy of these brave warriors. The entire cabinet voted against my proposal for equal treatment of aboriginal war veterans. The government neglected to invite the Aboriginal Veterans Association to the lying in state of Smokey Smith and it has refused repeated pleas to remove negative depictions of aboriginal veterans from the Canadian War Museum.

The Liberal government should act now, in accordance with the will of the House, to officially recognize and fairly compensate these brave aboriginal warriors who sacrificed so much to leave us a legacy of freedom.

* * *

•(1415)

[Translation]

WOMEN'S HISTORY MONTH

Ms. Françoise Boivin (Gatineau, Lib.): Mr. Speaker, everyone knows that October is Women's History Month in Canada. It is also an opportunity to celebrate the many achievements and contributions of Canadian women in every facet of our society.

Among these achievements is the growing number of women earning a professional degree. Currently, 20% of all professionals in mathematics, natural sciences and engineering, 58% in social science and religion, and 49% in administration are women.

The list goes on. Some 52.1% of city managers are women, as are 46% of all union members, 27% of all senior managers and 47% of all doctors and dentists.

Four of the nine justices on the Supreme Court of Canada are also women, making it the most gender-balanced high court in the world.

I ask my colleagues to join me in congratulating the women of this country on their remarkable progress toward gender equality.

* * *

PHILIPPE BONNEAU

Ms. Denise Poirier-Rivard (Châteauguay—Saint-Constant, BQ): Mr. Speaker, it is my great pleasure to pay tribute to one of my most renowned constituents, Mr. Philippe Bonneau, who celebrated his 75th birthday on October 1.

Alderman and mayor of Châteauguay from 1962 to 1983, Mr. Bonneau founded the municipal housing bureau in 1978. He was an

Oral Questions

influential member of the board of the local community health centre in Châteauguay during the 1980s and 1990s, and received the Agnès-C.-Higgins award in 1997 as the founder and president of Rencontre châteaugoise, an organization dedicated to helping the most vulnerable members of our society.

In 2000, he created an eponymous foundation to assist organizations fighting poverty and helping those in need. That same year, he received the municipal merit award for his outstanding commitment to his community.

Congratulations, Mr. Bonneau. Your career dedicated to serving the people of our community is an example to us all.

ORAL QUESTIONS

[Translation]

SPONSORSHIP PROGRAM

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, the Prime Minister made a solemn promise to be completely transparent about the sponsorship scandal.

What is more, Susan Murray, a government spokesperson, promised that the Gomery report would be available as soon as the government got a copy.

Will the Prime Minister keep his promise and give a copy of the report to the three opposition leaders as soon as he gets his copy?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, the leader of the opposition must know that the appropriate process will be followed in keeping with the needs and requests of the commission.

We do not intend to interfere in the procedures recommended by the commission. Justice Gomery decided on them and we will follow his recommendations.

* * *

[English]

JUSTICE

Hon. Stephen Harper (Calgary Southwest, CPC): Mr. Speaker, I take that to be the Prime Minister's weaseling out of his commitment to make it totally available to everybody at the same time.

Let me go to a second question. When the United States Secretary of State was here, the Prime Minister claimed that 50% of gun crimes in Canada are committed with weapons smuggled from the United States, but the RCMP and the Canadian Association of Chiefs of Police say that this number is unsubstantiated. In fact, PMO officials apparently have admitted that the figure was just grabbed out of thin air.

Oral Questions

Will the Prime Minister admit that he invents gun crime statistics for the same reason he invents meetings with victims' families? His government has been totally unable to control gun crime in this country.

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, what I said is that this is what I had been told. Perhaps the hon. member should do his research a little better. On August 10, 2005, the *Toronto Star* said:

Mayor David Miller and Police Chief Bill Blair said this week that more has to be done to prevent the flow of guns across the border, since 50% of the firearms used in crime here come from the United States.

* * *

ABORIGINAL AFFAIRS

Hon. Stephen Harper (Calgary Southwest, CPC): Mr. Speaker, maybe the Prime Minister should go to actual crime statistics rather than the mayor of Toronto.

In any case, on another matter, it is clear that the problem in Kashechewan starts with the incompetence of the Minister of Indian Affairs. This minister goes to the reserve, refuses to drink the water or sleep there and returns to Ottawa, knows all about the problems, and does nothing about them for weeks on end.

This has been one of the saddest and most disgraceful performances by a minister in the history of this House. Will the Prime Minister step up, do the right thing and finally ask for the resignation of this minister?

• (1420)

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, it is clear the Leader of the Opposition thinks that insulting the mayor of Toronto, insulting the chief of police of Toronto or in fact insulting the Minister of Indian Affairs is the answer to the question. It is not.

What is required is policy. What is required is action and that is what the government intends to take. That is what the Minister of Indian Affairs intends to take. We are concerned about the people on the reserve and that is what we will deal with.

Mr. Jim Prentice (Calgary Centre-North, CPC): Mr. Speaker, on August 19 the people of Kashechewan met with the Minister of Indian Affairs and they begged for his help. He did nothing. For eight desperate, squalid weeks, these Canadians were poisoned by E. coli and hepatitis. This minister knew and he slept.

This minister cannot be trusted with the lives of those who cannot defend themselves, so on behalf of aboriginal Canadians in our society, who are the poorest of the poor, I ask this minister to resign.

The Speaker: I am not sure there is a question, but if the minister wishes to respond he may.

Hon. Andy Scott (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, I met with the people from Kashechewan in August. They gave me a proposal. We have been working on that proposal since August. It is a comprehensive solution for the people of that community and we will be presenting the proposal to the leadership of that community tonight.

Mr. Jim Prentice (Calgary Centre-North, CPC): Mr. Speaker, these Canadians begged the minister for help. He did nothing—

Some hon. members: Oh, oh!

The Speaker: Order, please. The hon. member for Calgary Centre-North.

Mr. Jim Prentice: Mr. Speaker, these Canadians begged the minister for help and he did nothing.

During the August 19 meeting, the chief of Kashechewan presented the minister with a binder describing the squalor, the sewage-contaminated water and the condemned houses. The minister did nothing for eight weeks. He did not write to them. He did not call them. He did not fix the water system. He did not evacuate the community. It was left to Ontario to take care of this problem.

Will the minister resign?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, for well over a year and a half this minister has devoted 24 hours a day to aboriginal Canadians. We have had cabinet meetings with aboriginal leaders. We have had round tables. He has done everything to build up toward the first ministers meeting.

Day after day the opposition has said nothing in support of aboriginal Canadians. Day after day those members have voted against every single measure we have brought forward for aboriginal Canadians. That critic and that opposition ought to resign.

Some hon. members: Oh, oh!

The Speaker: We will have a little order, please.

[*Translation*]

The hon. member for Laurier—Sainte-Marie.

* * *

THE ENVIRONMENT

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, Quebec has already devoted a great deal of effort to reducing its own greenhouse gas emissions, and its per capita emissions are twice as low as the Canada-wide figure and six times as low as Alberta's. Yet the federal government refuses to take this glaring reality into consideration in its Kyoto action plan.

Does the Prime Minister admit that, if the government wants an agreement with Quebec, it must start with tangible recognition for the efforts already made by Quebec to reduce greenhouse gas emissions?

• (1425)

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, the Minister of the Environment has already said that his door is always open to his counterparts in Quebec or the other provinces. As a Quebecker, I know that we are all proud of the progress made in Quebec.

We do, however, have a greenhouse gas emission problem and we must all work together to achieve the necessary results.

Oral Questions

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, based on the polluter-pay principle, rather than polluter-paid, the Quebec environment minister, who can hardly be described as sovereignist, or a PQ or Bloc supporter, has said, “Alberta will be cleaned up at taxpayers' expense”. He went on, “I do not believe Mr. Klein needs Quebecers' tax dollars to clean up his industry”.

Are we to understand that not only does the government refuse to compensate Quebec for past efforts to reduce greenhouse gas emissions, but that it also wants Quebecers to ante up twice?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, I have just said that the Minister of the Environment is certainly prepared to sit down with his counterpart to discuss this, and intends to do so.

I would, moreover, like to take this opportunity to congratulate the Minister of the Environment on receiving the International Fund for Animal Welfare Animal Action Award yesterday. This is a Minister of the Environment who has the environment of Quebec and all of Canada at heart.

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Speaker, the Quebec environment minister, Thomas Mulcair, clearly has had it with his federal counterpart. He said, “—the word disdainful does not go far enough to describe what I encountered, and that upsets me”.

Will the Prime Minister again tell us that everything is going well between his government and the Government of Quebec, when things have rarely been this heated?

Hon. Stéphane Dion (Minister of the Environment, Lib.): Mr. Speaker, we will not be the ones heating things up. This issue is far too important. Climate change, the impact of human activity on the climate, is probably the most serious ecological problem threatening this planet and humanity in this century. The government will do its part, everywhere in Canada, including Quebec.

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Speaker, Mr. Mulcair described the federal environment minister's position on the Kyoto protocol as stonewalling. These harsh words come on the heels of equally harsh words from Benoît Pelletier last week.

Does the Prime Minister not understand that his government is barking up the wrong tree with its attitude that Ottawa knows all, Ottawa knows best, and all that the governments of Quebec and the provinces need to do is comply?

Hon. Stéphane Dion (Minister of the Environment, Lib.): Mr. Speaker, the plan is based on the inventiveness of all Canadians. It is a plan that will help create a carbon credit trading market that will provide Canadian firms and municipalities with funding to support their inventiveness in reducing greenhouse gas emissions, whenever required. If there is one thing I have confidence in, it is the inventiveness of Quebecers.

[English]

ABORIGINAL AFFAIRS

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, the degrading, dehumanizing and disgusting conditions in Kashechewan have appalled Canadians.

These people deserve respect. They deserve better than being told to bathe their babies in rancid water. They deserve better than constant flooding and third world conditions. They need a new community on high ground, as proposed by the first nations originally before the federal government put their community in a sunken flood plain.

Will the Prime Minister commit today to rebuild the community on higher ground, and if not, why not?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, as I have already stated in the House, our first priority is in fact the well-being of members of the community. We are very concerned about this totally unacceptable situation. It is for that reason that the Minister of Indian Affairs has already stood up in the House and said that he will be announcing, after he has had a chance to talk to the aboriginal leadership, the government's action plan.

* * *

● (1430)

HEALTH

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, we will be watching to see that this is not another empty promise to first nations.

I would like to now turn to the Chaoulli decision, which the NDP has said will produce more privatization in the health care system.

Now we have Liberal Senator Kirby saying the same thing. He says that the court decision will produce more privatization. The difference between us is that this Liberal likes it.

My question is for the Prime Minister. Will he bring in rules or, more to the point, why will he not agree to rules to protect public health care and stop privatization now that even Liberals agree it is happening?

Hon. Ujjal Dosanjh (Minister of Health, Lib.): Mr. Speaker, the fact is that we want to strengthen the public health care system. That is why we have been working very hard with the provinces and territories to strengthen public health care.

I invite the member who just spoke to come and work with us to ensure that we strengthen the public health care system. We need to work with the provinces. We need to reduce wait times. We need to provide quality care in a timely fashion to all Canadians. That is the answer to Chaoulli.

*Oral Questions***ABORIGINAL AFFAIRS**

Mr. Jeremy Harrison (Desnethé—Mississippi—Churchill River, CPC): Mr. Speaker, the Minister of Indian Affairs knew all about the drinking water situation in Kashechewan eight weeks ago. On August 19, reserve representatives personally gave the minister documents stating that “sewage is continually being exhausted into the source of the community's water supply. This situation must be addressed immediately”.

This morning at the aboriginal affairs committee, Chief Friday testified that the Indian affairs minister received this information and has done nothing for the past eight weeks. When will this minister resign?

Hon. Andy Scott (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, the leadership in the community at the time asked us to look at this proposal. They are sick of band-aid solutions. They need a long term solution for the conditions in their community and that is exactly what this government is going to deliver.

Mr. Jeremy Harrison (Desnethé—Mississippi—Churchill River, CPC): Mr. Speaker, the minister is right: the people of Kashechewan are sick and it is because of his negligence.

Chief Friday further testified this morning that when the Indian affairs minister visited Kashechewan last week he refused to drink the water or stay in the community because the water was contaminated. If the minister knew the water was not good enough for him, why was it good enough for the people of Kashechewan?

When will this minister resign?

Hon. Andy Scott (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, after having met with the community in August, after having worked on the solution that those people deserve as Canadians, I went there when this happened because that process was taken over by this emergency and I felt I owed it to that community. I heard from them and we will in fact deal with those conditions in that community.

Mr. Michael Chong (Wellington—Halton Hills, CPC): Mr. Speaker, as a member of this House, as a Canadian, I am ashamed at what has happened at Kashechewan. That this would go on in my country, one of the richest in the world, is a pox on the government, a pox on our country and a pox on all of us. The government knew two years ago that Kashechewan was a tragedy waiting to happen, yet it did nothing. The Minister of Indian Affairs has utterly failed the people of Kashechewan.

The Prime Minister just said in this House that the situation is totally unacceptable. When will he replace his Minister of Indian Affairs with someone more competent?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, I cannot tell you the number of times that I have sat in this House with this Minister of Indian Affairs as another initiative taken by this government to improve the quality of life of aboriginal Canadians was done and I have watched the Leader of the Opposition and his party vote against it. I cannot tell you the number of times I have seen aboriginal leaders in the gallery looking down at this House

while the opposition voted against an improvement to their quality of life. We take no lessons from those members.

Mr. Michael Chong (Wellington—Halton Hills, CPC): Mr. Speaker, the measure of a society is how it treats its most vulnerable. Some of the most vulnerable live in Kashechewan and their treatment speaks for itself: substandard housing, substandard health care, and water that causes scabies, impetigo and hepatitis. This is a stain on all of us. Even more alarming, in the last 10 years under the Liberal government, the number of aboriginal communities living with unsafe drinking water has increased from 25% to 75%.

My question again is, when will the Prime Minister ask his Minister of Indian Affairs to resign?

• (1435)

Hon. Andy Scott (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, the solution in Kashechewan is not another band-aid. The solution is long term, permanent investment in that community. That is what they asked for. That is what they are going to get.

* * *

[*Translation*]

SOFTWOOD LUMBER

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, Tuesday, in response to a question from the leader of the official opposition on the softwood lumber issue, the Prime Minister said, and I quote, “We will not negotiate unless we have signs that NAFTA will be respected”. But just yesterday, he told this House, and I quote him again, “We are in the midst of tough negotiations”.

Could the Prime Minister tell this House which of these two statements made 24 hours apart is the right one: the one he made on Tuesday, where he said they would not negotiate, or the one made on Wednesday, when he told us they were in the midst of tough negotiations with the Americans on the softwood lumber issue?

Hon. Jim Peterson (Minister of International Trade, Lib.): Mr. Speaker, we have said two things.

First, we said that NAFTA had to be respected. Second, we have always said that we were seeking a long term and durable resolution to this dispute.

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, as for the Minister of International Trade, he stated in this House on Monday that they “would be prepared at some point to sit down and negotiate”. We will recall that, yesterday, the Prime Minister said that they were in the midst of tough negotiations with the Americans.

We would like to know which one of them is confused. They probably both are.

Hon. Jim Peterson (Minister of International Trade, Lib.): Mr. Speaker, the answer is the same.

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, having run short of arguments justifying Canada's position in the face of the Americans' hard line attitude on softwood lumber, the Minister of Industry is accusing the Bloc of trying to divide Canada by calling for loan guarantees.

Oral Questions

How does the minister intend to respond to the Quebec chamber of commerce and the Liberal chair of the Standing Committee on Industry who, like the Bloc Québécois, have spoken out in favour of loan guarantees?

Hon. John McCallum (Minister of National Revenue, Lib.): Mr. Speaker, as my colleagues have said time and again, the problems facing the forestry industry are extremely important, and the government is studying them.

We are in the midst of considering a number of options in order to find a national solution.

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, everyone in Canada, British Columbia, Alberta, Ontario, Quebec, not to mention the Free Trade Lumber Council, unanimously agrees with the Bloc Québécois in calling for loan guarantees. A letter sent to the minister on September 14 confirms this.

Will the Minister of International Trade admit that his government is alone in refusing to consider loan guarantees?

Hon. John McCallum (Minister of National Revenue, Lib.): Mr. Speaker, the government will admit no such thing because it is not true. That is an excellent reason for not admitting it. As I just said, we are considering all the options that will be best for all of Canada.

* * *

[English]

BORDER SECURITY

Mr. Peter MacKay (Central Nova, CPC): Mr. Speaker, the Prime Minister, at an all important meeting with Secretary of State Condoleezza Rice, told her that 50% of Canada's gun crimes were the result of guns coming from the United States, yet the U.S. Ambassador objected. He said that Canadian officials later told him that in fact that figure was just grabbed out of thin air. Imagine, at a meeting like that, making figures up.

He contradicted his public safety minister. He is making up numbers. How can Canadians expect the Prime Minister to competently and credibly negotiate something like softwood lumber or crime when he is simply making it up as he goes along?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, as the Prime Minister has already referenced, the Mayor of Toronto, David Miller, and Chief of Police Bill Blair both indicated in August of this year that 50% of firearms used in crimes came here from the United States.

What we need to focus on here is the actual conversation that took place between the Prime Minister, myself and the Secretary of State. That conversation was about the shared challenge of making sure our border is secure and the shared challenge of stopping gun smuggling so that the people of Toronto and all over North America are safer.

Mr. Peter MacKay (Central Nova, CPC): Mr. Speaker, the minister said it was not a problem. She called the Prime Minister's comments simplistic. Now we see from inspector Bruce Crawford of the Toronto guns and gangs task force that most of the guns came into Canada in cars, a few at a time, at the borders.

Some guns are seized at the borders, but it is hard when the officials are working unarmed and alone.

Instead of trying to hide behind the government's failings, hectoring other people about Canada's problems, when is Canada going to properly arm, equip and give back to our border officials the support they need? Stop making up figures and do something about it.

• (1440)

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, if the hon. member wants some figures, here are some figures. In budget 2005 we allocated an additional \$500 million to the CBSA. In fact, we are hiring 270 new front line officers. Let me reassure the hon. member that we have approximately 12,500 full time employees at the CBSA and over 80% of them are directly in the field securing our border.

If anybody should get the facts straight around here, it is the hon. member.

The Speaker: Perhaps I could remind all hon. members that today is Thursday, not Wednesday. There seems to be an unusual tempest in the chamber. It is very hard for the Chair to hear the questions and the answers today. Perhaps we could just tone things down a little while the hon. member for Portage—Lisgar tries to encourage members to listen to his question.

* * *

DAVID DINGWALL

Mr. Brian Pallister (Portage—Lisgar, CPC): Mr. Speaker, yesterday's audits were just a shallow attempt to legitimize David Dingwall's spending and his severance. The auditors admit that—

Some hon. members: Oh, oh!

The Speaker: I guess I made the request at the wrong moment.

The hon. member for Portage—Lisgar has the floor in order to ask his question. We will want to hear it.

Mr. Brian Pallister: Mr. Speaker, they should listen to this part.

Even the auditors admit that they could not make any judgment on the appropriateness of the policies. The question is, why not? Because the government's own terms of reference deliberately restricted the auditors to an analysis of Dingwall's spending, while ignoring the cause of that spending, the rules. I

Yesterday, the minister misinformed the House when he said that the terms of reference were on the website. They are not on the website. Why is he hiding them? Will he table them today?

Hon. John McCallum (Minister of National Revenue, Lib.): Mr. Speaker, we on this side of the House treat the taxpayers' money with great respect.

Some hon. members: Oh, oh!

Oral Questions

The Speaker: Order, order. Obviously members want to hear the rest of the minister's answer, as the first part has been warmly received. The minister will want to proceed with his answer. Order, please.

Hon. John McCallum: Mr. Speaker, I would submit that the histrionics and the excessive accusations of the member opposite serve only to bring disrespect and a negative public image to every member of this House.

* * *

TECHNOLOGY PARTNERSHIPS CANADA

Mr. James Rajotte (Edmonton—Leduc, CPC): Mr. Speaker, the fact is there is another issue with David Dingwall that this government is choosing to ignore. He registered to lobby TPC for Bioniche. He openly declared he would be receiving a contingency fee, which is prohibited. The company in question was forced by the government to pay back this fee. Then Dingwall insisted before a House standing committee that he did not receive a contingency fee.

There is a direct contradiction here. Either the government has wrongly forced a company to repay \$460,000, or Dingwall did not tell the truth to a standing committee of this House. The industry minister knows what the truth is. What is it?

Hon. David Emerson (Minister of Industry, Lib.): Mr. Speaker, I think I have said many times before the truth is that Bioniche did pay a lobbyist a contingency fee. We have recovered every cent of that money through our relationship with Bioniche. Bioniche is the body with which we have a legal relationship. If it wants to recover that fee from its lobbyist, it has the ability to do so.

* * *

[Translation]

HAITI

Mr. Pablo Rodriguez (Honoré-Mercier, Lib.): Mr. Speaker, the situation in Haiti remains both fragile and difficult. We know that Canada is among the key donors to that country, and has invested over \$180 million to help restore security and stability.

With Haitian elections on the horizon, could the Minister of Foreign Affairs provide us with more details on Canada's commitment with regard to this elections?

● (1445)

Hon. Pierre Pettigrew (Minister of Foreign Affairs, Lib.): Mr. Speaker, we are determined to play a lead role in accompanying Haiti along the road to democracy. The upcoming elections will be crucial to the development of that country. Canada, through CIDA, will be providing more than \$22 million for the electoral process and, through Elections Canada, will play an observer role.

We will continue to accompany Haiti after its elections. We expect to have a long-term presence there.

* * *

[English]

ABORIGINAL AFFAIRS

Mr. Charlie Angus (Timmins—James Bay, NDP): Mr. Speaker, I have just been in touch with the evacuees trying to get out of

Kashechewan. The situation is chaotic. People are frightened, tired and have no idea where they are going or what they will be going back to. As well, the water is still not safe to drink.

We have heard a lot of huffing and puffing about Kashechewan today but I have not heard the one phrase I need to hear. I need to hear the Prime Minister of Canada stand and say simply that he will do what is necessary to rebuild this community with proper houses, adequate sewage and proper medical treatment that is worthy of the dignity of the Mushkegowuk community.

Hon. Andy Scott (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, I say to the hon. member that is exactly what we are going to do.

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HEALTH

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Mr. Speaker, hopefully we will actually see some action instead of talk.

The health minister is ignoring new private hospitals, new private surgeries, new private MRIs. He says that they are not happening. He left Tommy Douglas' party to join the party of Senator Kirby who celebrates the Supreme Court decision opening the door wide for private care.

Why is the minister helping Senator Kirby get what he wants, more private for profit health care in Canada?

Hon. Ujjal Dosanjh (Minister of Health, Lib.): Mr. Speaker, there are some members of the House who will never get it. The fact is that we have spent \$41 billion over the next 10 years to strengthen the public health care system.

The hon. member asked me a question about private health care. The only way to strengthen the public health care system in this country is to provide additional resources, and we did that; to train more doctors and nurses, and we are doing that; to reduce wait times, and we are doing that.

I would like that party to join us in strengthening the public health care system. That is the real answer to Chaoulli.

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JUSTICE

Mr. Vic Toews (Provencher, CPC): Mr. Speaker, when the Deputy Prime Minister was Minister of Justice she said, "I share your concern about a conditional sentence being used in relation to serious, violent crimes. In fact, that was never the purpose".

Despite the Deputy Prime Minister's stated concern, the bill tabled by the justice minister today continues to allow house arrest for serious, violent crimes, including sexual assaults and drug trafficking.

Why has the minister not absolutely closed the door to the use of house arrest for serious, violent crimes?

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the hon. member is simply mischaracterizing the nature of the legislation. We have adopted the unanimous recommendation of all federal-provincial-territorial ministers of justice to the effect that there will be a presumptive exclusion of conditional sentences with respect to all serious and violent offences. That is the legislation we tabled today.

Mr. Vic Toews (Provencher, CPC): Mr. Speaker, the Minister of Justice knows the difference between excluding and a presumption. It is another legal fiction by the minister. The streets of Toronto are filled with gunfire directly tied to the violent struggle for control of the drug trade, yet the minister's bill makes no mention of drug trafficking or grow ops.

Why has the minister turned a blind eye to the significant cause of violent crime in our large urban cities by allowing drug traffickers to qualify for house arrest? Why has he not closed the door? Enough presumptions. We want the door closed.

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I would hope that the member opposite would respect what was a unanimous recommendation of all provincial and territorial ministers of justice

I would hope that he realizes that where we have more mandatory minimums for gun related crimes than any other crime in the Criminal Code, there is no conditional sentence possible. He ought to read the Criminal Code.

• (1450)

Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC): Mr. Speaker, the Conservative Party has been leading the fight in the House against crystal meth. Over a year ago we called on the government to increase penalties for the possession of key crystal meth ingredients, but the changes still are not in place in spite of the government's phony announcement.

Today Health Canada told me that all it is waiting for is the minister's signature. Meth continues to destroy lives while this incompetent government delays.

When will the minister act? When will he sign off on the new rules to get tough on crystal meth? Why not today?

Hon. Ujjal Dosanjh (Minister of Health, Lib.): Mr. Speaker, I do not know what the hon. member has been smoking or taking.

Some hon. members: Oh, oh!

The Speaker: I remind hon. members that it is question period. We do need to have some order, so we can hear the questions and the answers. It seems unusually tumultuous today. Perhaps everyone should just relax a little while the Minister of Health completes his answer.

Hon. Ujjal Dosanjh: Thank you, Mr. Speaker. I guess it is difficult for some people to take it and they can only dish it out.

The fact is that we have acted on this issue. We are acting on this issue. We are actually training counsellors right across the country in the aboriginal community. I made that announcement in Saskatchewan. We provided several hundred thousand dollars for the next

three or four months to train all the counsellors and those laws will be in place.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Mr. Speaker, that is a sad mockery of a response to a very serious question and a shameful denial of responsibility. The Prime Minister is trying to blame American gun smuggling for our lethal gun violence.

I remind the Prime Minister that it is the criminals right here in Canada who are committing these crimes. The present laws are simply not a deterrent. Canadians have a right to live without fear for their safety.

There is a bill before the justice committee right now, Bill C-215, that would strengthen minimum mandatory sentences for violent gun crimes. With all due respect, I ask the Prime Minister, will he or will he not support the bill?

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, we have more stringent penalties for gun-related crimes than in almost any other country. At the same time we have said that we will initiate legislative reforms. This is a matter that is on the FPT agenda. We are meeting in 10 days time and as I said, we will move to enhance penalties after that meeting comes to the consensus as to how to do so.

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[*Translation*]

CIGARETTE TAXES

Mr. Odina Desrochers (Lotbinière—Chutes-de-la-Chaudière, BQ): Mr. Speaker, the federal government has issued permits to more than 13 cigarette manufacturing plants on the Kahnawake aboriginal territory. But the taxes on each pack sold would not go to the federal government.

What is the Minister of National Revenue waiting for before assuming his responsibilities and collecting the taxes due to him?

Hon. John McCallum (Minister of National Revenue, Lib.): Mr. Speaker, the Canada Revenue Agency is assuming its responsibilities. If there are problems, or if Canadians are not following the rules, action will be taken.

* * *

HEALTH

Mr. Réal Ménard (Hochelaga, BQ): Mr. Speaker, while the federal government is increasing the number of anti-smoking campaigns, packs of cigarettes sold on the Kahnawake reserve do not have any of the warning labels required by health regulations.

Instead of interfering in the jurisdictions and responsibilities of others, why does the federal government not worry about ensuring its own laws are enforced and requiring warning labels to be put on these packs just like any others?

[*English*]

Hon. Ujjal Dosanjh (Minister of Health, Lib.): Mr. Speaker, I will have a discussion with the hon. member and take a look into it. If there is anything that needs to be changed, we will change it.

Oral Questions

●(1455)

[Translation]

CIGARETTE TAXES

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Mr. Speaker, the federal and provincial governments voted to tax cigarettes in order to discourage consumption of this poison. Because of the illegal trafficking out of Kahnawake, Quebec is losing over \$200 million a year.

When will this government do something to ensure its own laws are enforced?

Hon. John McCallum (Minister of National Revenue, Lib.): Mr. Speaker, the CRA issues a permit to applicants who satisfy the requirements, particularly a security deposit. If a permit holder does not comply with his obligations, the CRA takes appropriate measures in a fair and equitable manner, including revocation of the permit.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Mr. Speaker, while the governments are trying to reduce the number of smokers, the Kahnawake plants are flooding the black market with cigarettes and are thereby encouraging consumption.

Why did this government issue 13 cigarette manufacturing permits to companies that do not obey the law?

Hon. John McCallum (Minister of National Revenue, Lib.): Mr. Speaker, my colleague has just given me some good news. Since the government increased taxes on cigarettes, fewer Canadians are smoking. In seven years, the percentage of smokers has dropped from 30% to 20%. Therefore, considerable progress has been made.

* * *

[English]

LITERACY

Mr. Mario Silva (Davenport, Lib.): Mr. Speaker, overall Canada performs well internationally on measures of education and skills. Nonetheless, many Canadian adults lack the literacy and other essential skill capacities such as communication and teamwork needed to fully participate in and benefit from current Canadian society.

In a lifelong learning culture, strong literacy and other essential skills are key. Literacy and essential skills are central to the social and economic development of Canada. In the context of Literacy Action Day, what is the Government of Canada's commitment to literacy and other essential skills?

Hon. Claudette Bradshaw (Minister of State (Human Resources Development), Lib.): Mr. Speaker, today being Literacy Action Day, I would first like to congratulate the community groups, and the provinces and territories for all the work they do on behalf of the people who have problems reading and writing.

[Translation]

I also want to congratulate everyone who is taking steps to learn how to read and write.

[English]

In the last budget the Minister of Finance has given \$30 million to the national literacy secretariat. I am pleased to announce today that

19 groups from across Canada will meet next week for two days for a comprehensive strategy on literacy.

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CANADIAN WHEAT BOARD

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Mr. Speaker, it is 2005 and unbelievably the grain price prairie farmers receive from the Canadian Wheat Board is still set for us by the federal government. This year the cabinet set the price so low that it is killing farmers. Farmers are getting as little as 18¢ a bushel.

This minister is incompetent. He has done nothing. Farmers, the opposition and the Canadian Wheat Board have begged cabinet to raise those prices.

When will the government raise the initial price to a level that will give farmers a fair price for their wheat and barley?

Hon. Ralph Goodale (Minister of Finance, Lib.): Mr. Speaker, the government and certainly the Minister responsible for the Canadian Wheat Board waits for and tries to adhere very closely to the recommendations that come from the producer elected board of directors. I believe the Minister responsible for the Canadian Wheat Board has that issue before him at this very moment.

* * *

AGRICULTURE

Hon. Rob Nicholson (Niagara Falls, CPC): Mr. Speaker, my question is for the Minister of Agriculture and Agri-Food.

The government has come up with rules that do not allow food processors to use the term "no sugar added". That would be fine, except for the fact that the Canadian Food Inspection Agency does not have the resources to monitor foreign products coming into this country, so we have the beautiful situation where foreign processors get to use the label "no sugar added" and Canadians cannot. This has already caused a 30% drop in the sale of Canadian canned fruit.

Why would the Liberal government set up a system that penalizes Canadians and helps their competitors? Does that not bother the minister?

Hon. Andy Mitchell (Minister of Agriculture and Agri-Food and Minister of State (Federal Economic Development Initiative for Northern Ontario), Lib.): Mr. Speaker, that is not accurate.

I would suggest to the party opposite that its members support the legislation that was before the House and went to committee. When the legislation has an opportunity to come back before the House and we engage in the appropriate debate, we hope to see the bill move forward.

• (1500)

[Translation]

ABORIGINAL AFFAIRS

Mr. Bernard Cleary (Louis-Saint-Laurent, BQ): Mr. Speaker, we have just seen devastating television footage of the unbelievable conditions in which aboriginal people in northern Ontario are living. Alas, all too often, living conditions on aboriginal reserves throughout Canada are identical.

How can the federal government justify the extent to which it is shirking its fiduciary responsibilities towards aboriginal people?

[English]

Hon. Andy Scott (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, the people of Kashechewan have been forced to deal with band-aid solutions for too long. They need a comprehensive and thorough response, and that is exactly what I hope to deliver to the community tonight, as promised.

* * *

CITIZENSHIP AND IMMIGRATION

Ms. Ruby Dhalla (Brampton—Springdale, Lib.): Mr. Speaker, each year, thousands of new immigrants and their families make Canada their new home. They come with many hopes and aspirations, only to realize the difficulty in having their qualifications recognized and accredited.

Foreign credential recognition is an important and vital factor for Canada's economic success and future prosperity. It is an important priority for the Prime Minister and the government.

Can the Minister of Human Resources and Skills Development tell the House the progress to date for foreign credential recognition?

Hon. Belinda Stronach (Minister of Human Resources and Skills Development and Minister responsible for Democratic Renewal, Lib.): Mr. Speaker, the government is very committed to assisting immigrants to better integrate into our workforce. This year we launched the internationally trained workers initiative with \$319 million. HRSD has committed \$68 million over six years to implement systemic change to enhance the recognition of foreign credential workers.

We are also working with the provinces, the territories, employer groups and sector councils. We are working in eight regulated occupations with six national sector councils. This year alone we announced a \$3.5 million project with the Medical Council of Canada—

The Speaker: The hon. member for Mississauga—Erindale.

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FOREIGN AFFAIRS

Mrs. Carolyn Parrish (Mississauga—Erindale, Ind.): Mr. Speaker, there appears to have been a convergence of stars, the moon and timing.

First, there was the visit of Secretary of State and National Security Advisor, Condoleezza Rice, apparently not to talk about

Business of the House

softwood lumber, and then there was last night's securing of a compound in Baghdad for the establishment of a Canadian embassy.

Will the Prime minister commit today to a full consultation with all members of Parliament and through them, with the people of Canada, before contemplating any military support for Mr. Bush's war and occupation in Iraq?

Hon. Pierre Pettigrew (Minister of Foreign Affairs, Lib.): Mr. Speaker, I can reassure the hon. member that the nature of our conversations over Iraq dealt with the reconstruction, to which our country is committed. Secretary of State Rice has noticed that Canada has been very generous in our commitment for the reconstruction of Iraq, which is very important for the stability of the country and of the region. That was the nature of the conversations we had about Iraq.

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of Mrs. Dagnija Stake, Minister for Welfare of the Republic of Latvia.

Some hon. members: Hear, hear!

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BUSINESS OF THE HOUSE

Mr. Jay Hill (Prince George—Peace River, CPC): Mr. Speaker, it being Thursday, could the government House leader identify what legislation he plans for the House of Commons for next week?

Perhaps while he is on his feet, he could take the opportunity to explain to Canadians why, after sitting 19 days now, the House of Commons has yet to see an opposition day. Could it potentially be because the government has yet to act on any of the opposition days that were passed by this place last spring and winter?

• (1505)

Hon. Tony Valeri (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the hon. member, unfortunately, takes the opportunity every Thursday to ask the same question, knowing the answer will be exactly the same because it is factual.

The opposition days will begin the week of November 14, and I indicated that some weeks ago to the opposition House leaders. At that point, I thought the matter had been dealt with and that we would focus on the agenda, which is important to Canadians.

Privilege

We will continue with the second reading of Bill C-67, which is the surpluses bill. Should this be completed, we would then return to the second reading debate of Bill C-66, the energy legislation. We do not sit on Friday. On Monday we will commence the second reading debate of Bill C-68, respecting the Pacific Gateway. We will give priority to these bills over the next week.

On Tuesday evening there will be a take note debate on cross-border Internet drugs.

If debates on the major bills that I have referred to are completed by late next week, we will then turn to report stage of Bill S-38, respecting the spirits trade, second reading of Bill C-47, the Air Canada bill, Bill C-50, respecting cruelty to animals, second reading of Bill C-44, the transport legislation, second reading of Bill C-61, the marine bill, reference before second reading of Bill C-46, the correctional services bill, report stage of Bill C-54, the first nations resources bill and other bills that will perhaps come back from committee that we would like to get into the House for further debate.

In order to bring about that take note debate on Tuesday, I move:

That a debate pursuant to Standing Order 53.1 take place on Tuesday, November 1 on the subject of cross-border Internet drugs.

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

* * *

[*Translation*]

PRIVILEGE

SENDING OF DOCUMENTS BY MEMBERS OF PARLIAMENT

Hon. Denis Coderre (Bourassa, Lib.): Mr. Speaker, I wish to raise the question of privilege for which I already gave notice to the Chair. It relates to a householder sent by the member for Laurier—Sainte-Marie, and to similar documents sent by other members of his caucus, to whom I will refer by riding: Abitibi—Baie-James—Nunavik—Eeyou, Québec, Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, Saint-Jean, Portneuf—Jacques-Cartier, Drummond, Montmorency—Charlevoix—Haute-Côte-Nord, Louis-Saint-Laurent, Marc-Aurèle-Fortin, Saint-Lambert, Vaudreuil-Soulanges, Abitibi—Témiscamingue, Saint-Bruno—Saint-Hubert, Trois-Rivières, Mégantic—L'Érable, Rimouski-Neigette—Témiscouata—Les Basques, Alfred-Pellan, Saint-Maurice—Champlain, Beauport—Limoilou, Rivière-des-Mille-Îles, Chicoutimi—Le Fjord, Haute-Gaspésie—La Mitis—Matane—Matapédia et Richmond—Arthabaska. There are surely others. We are continuing our research.

I sent a copy of this householder to the Chair. This document contains false allegations on some members, including myself. Printing and mailing these false allegations not only violates the existing rules, but also seeks to tarnish the reputation of these members, and therefore adversely affect their ability to fulfill their parliamentary duties.

During the 30th Parliament, the Special Committee on Rights and Immunities of Members stated that the purpose of the parliamentary

privilege was to allow members to fulfill their responsibilities as officials representing the public, without unjustified interference.

In 1990, the Special Committee on the Parliament of Canada Act said in a report that a member must enjoy constitutional rights and immunities, and must be able to fulfill the duties and functions of his mandate without interference or intimidation.

On March 25, 2005, the member for Windsor West raised a question of privilege on a 10 percenter sent by the member for Medicine Hat to areas of his riding. The rules governing 10 percenters and householders are quite similar. Neither one is subject to the franking privileges of a member of Parliament, but is considered to be an information bulletin printed and paid for by the House of Commons, and for which a member must assume responsibility.

In a ruling issued on this matter on April 18, 2005, the Speaker said the following, as regards the sending of false information about a member, "This may well have affected his ability to function as a member—". He also quoted Speaker Fraser, who said, on October 16, 1986, "Depending upon the content of the communication sent under the frank, it could be a question of privilege if the content worked against the right of Members to free expression and the carrying out of their obligations as Members".

The matter was referred to the Standing Committee on Procedure and House Affairs, which in its 38th report considered the publication of false information about an hon. member to be an infringement of privilege. In the report, the Committee also notes that the growing number of incidents involving householders and 10 percenters warrants a review of the guidelines on these matters by the Board of Internal Economy, which seems not to have been done. Whence the necessity, once again, of raising a question of privilege.

I know that you do not want me to give a detailed description of the document in question, so I will be brief. A document is mailed; it is a householder. That means that all the households of these hon. members have received a copy talking about the sponsorship scandal and the money trail. Regarding the money trail, they draw arrows and clearly state that the money moved through the current Prime Minister, the former Prime Minister, then through a series of ministers, myself included. This is slanderous and untrue. It is frankly disgusting.

What is more, they make ill-advised use of the logo of our political party. Since when does an opposition party have the right to use the logo of the Liberal Party of Canada in a householder? These are criminal allegations, and this is totally unacceptable.

In passing, since they like to talk about the Gomery Commission, as I understand it, under section 13, which all the media are talking about, we are supposed to receive a letter if we are implicated in the scandal. I have received no letter from the Gomery Commission, nor has my colleague from Westmount—Ville-Marie, nor my colleague from Saint-Laurent—Cartierville. This is false. How is it that, two weeks before the Gomery report is to be tabled, certain people are abusing the frank and the public purse, paid for with our taxes, to send householders everywhere?

• (1510)

We know the adage: Lie, and something of the truth will always remain. What is even more appalling is that this can be found on their own website. That means it can go all over the planet. Everyone has access to this sort of thing.

I learned this morning that the Bloc Québécois has prepared a pre-recorded program that it wants to broadcast next week. We know how this usually works on the community channel. They use our research budgets, they organize a program and then they broadcast it on the network. It goes to every region in Quebec. This means that next week the Bloc Québécois is going to use this program to spread its criminal allegations. That is totally unacceptable.

But the worst is yet to come. For the hon. members for Laurier—Sainte-Marie and Montmorency—Charlevoix—Haute-Côte-Nord have loudly proclaimed that the content of this householder was approved by the House of Commons. That was their defence; that was what they replied to the journalists' questions. Yet, after verification, that is not true. There was no request for authorization, and what is more, the content of householders—not ten percenters—is the responsibility of the members, who sign the householder themselves. They have to assume their own responsibility. We are responsible for the content of our own householders.

I would ask the members to prove what they say. In fact, they blame House employees, for whom I and all of us here have the utmost respect.

It is also clear that the use of our logo is improper and a major infringement of our privileges. The more I look, the more I find and the more this mailing damages my reputation and besmirches my honour and integrity.

I am proud to be the member for Bourassa, a Canadian and a Liberal. My parents taught me the importance of honesty and of speaking up for those who cannot. They said above all that it was important to protect our reputation. It is time that we restored the dignity of this House, of this Parliament, of the very cradle of our democracy, which I so cherish. We must realize how fragile our institutions are and that we must protect them. It is our duty to do so.

I demand justice and redress. I expect at the end of this privilege process to receive nothing less than apologies from the Bloc, its leader and all its members who approved the printing and mailing of this rag. I expect the Bloc to pay back the entire cost of this householder and to send out another at its expense to all the homes in ridings that received this untrue, defamatory libel. I expect as well that no one will broadcast this pre-recorded program that was supposed to be broadcast next week in all parts of Quebec. I also expect a formal correction in the media, paid for out of Bloc Québécois funds.

The more I look, the more I find. That is why my lawyers and I are continuing to assess the extent of the damages I suffered.

Sir Wilfrid Laurier said that starting is half the battle. It is time to sort out all these questions about householders and 10 percenters. It is totally unacceptable for the privileges of members of Parliament to be abused in this way. There is an abuse of public funds and an abuse of members' privileges.

Privilege

I say that the printing and mailing of this document is against the rules. By damaging the reputation of certain members, including myself, this document intimidates them in the exercise of their parliamentary duties and is a breach of the privileges of this House. If you agree, I am prepared to introduce a motion immediately.

• (1515)

Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ): Mr. Speaker, I listened with interest to the question of privilege raised by the hon. member, and I must admit that I fail to see a matter of privilege, since the allegations are the following: the hon. member contends that his name was unjustly associated with the track of money in the sponsorship scandal.

First, I understand that government members resent a mass mailing being done to inform the public about the abomination that the sponsorship scandal is. In terms of misuse of taxpayers' money, the sponsorship scandal is an unprecedented example of such misuse in Canada.

There is a second point. If the use of graphics irks government members because they give a clear picture of how things unfolded, the hon. member should also raise a question of privilege with the *Toronto Star*, which published a full page document, albeit not the same one, explaining everything with arrows, multiple arguments and the names of the people involved at one level or another. The name of the member for Bourassa was one of those published.

Raising a question of privilege on this is tantamount to raising a question of privilege against the media as a whole, because none of the information contained in the document had not already been made public in the news media, on television, in the papers, and what not.

Also, the hon. member claims that his good name was unjustly damaged by having been associated with the sponsorship scandal. I will simply say that, if he took the trouble of reading the flyer carefully, the member would see that it very clearly refers to members of cabinet. This expression is marked with an asterisk, in the box containing the names of four ministers, including two current ones, namely the hon. member for Bourassa, who was minister at the time, and Mr. Gagliano. At the bottom, the note explaining the asterisk states, "Have appeared before the Gomery Commission".

I can understand that the hon. member for Bourassa found it unpleasant to have to appear before the Gomery Commission, but what can I do? What can the Bloc Québécois do about it? The fact is that the information is very clear. The four members of cabinet whose names are shown in that box have appeared before the Gomery Commission. That is an unmistakable fact.

These are facts of information, and there is no breach of parliamentary privilege when truth is told. I am sorry, but the hon. member for Bourassa was indeed summoned before the Gomery Commission. I was not, but he was. So, his picture was published. Mine would have been as well, but I was not there.

As for use of public money, one has to be shameless to have abused public money as the people opposite have done, to have misappropriated it for the Liberal Party. That party has been implicated to its very core — public servants, politicians, the Prime Minister's Office—

Privilege

An hon. member: Shame.

Mr. Michel Gauthier: One has to be shameless to speak of abuse of public funds, when they have been the most brazen party in terms of the abuse with which most of the politicians on the other side of the House have been associated. This week, the Gomery report will give us reason to suspect a number of them. The Minister of the Environment may well get worked up.

Some hon. members: Oh, oh!

Mr. Michel Gauthier: Mr. Speaker, in closing, the Minister of the Environment, whom Mr. Thomas Mulcair of Quebec, the most federalist of Liberals, is criticizing as arrogant in all the media, should be quiet, because arrogance is having done something and having the effrontery to deny it and accuse others.

● (1520)

In closing, sincerely, the hon. member for Bourassa is included in a box where it is made very clear that this has to do with Cabinet ministers who appeared before the Gomery Commission, and that is a fact. So there is no breach of privilege.

Hon. Lucienne Robillard (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I rise today in support of the question of privilege raised by my colleague, the hon. member for Bourassa. The question raised is of particular interest to me, in that I myself am mentioned in this same text, as well as other of my colleagues.

These householders, printed and paid for by the House of Commons, are the responsibility of each of the hon. members who send them out.

These householders contain false allegations, associations that are totally false and baseless. As I see it they are an attack on our reputation, and therefore prejudicial to our work as parliamentarians.

You know very well that there is a time for partisan propaganda and a time for the work of the member of Parliament, who is obliged to worthily represent all of his and her fellow citizens.

In my view, the Bloc has overstepped the limits, crossed a line which I never thought it would stoop to cross, in attacking the integrity of certain hon. members of this House. It is more than unacceptable, it is reprehensible.

I consider my parliamentary privilege to have been breached.

[*English*]

Mr. Jay Hill (Prince George—Peace River, CPC): Mr. Speaker, while I do not have the information available to me, which is the reason the member for Bourassa has come forward with his question of privilege, I wish to remind the Chair that this whole issue of ten percenters has been before the House a number of times. Not one party in here has escaped accusations of printing stuff that is erroneous, including the Liberal Party, the governing party. The issue of ten percenters and their use is currently before a subcommittee of the Board of Internal Economy. I know the Speaker himself is well aware of that issue and that it is being looked at.

The member for Bourassa said that the deeper he digs into this issue the more he finds. I would remind him that the same thing could be said for the sponsorship scandal itself.

● (1525)

[*Translation*]

Hon. Stéphane Dion (Minister of the Environment, Lib.): Mr. Speaker, for the same reasons as those given by the Minister of Intergovernmental Affairs, having myself been the victim of the false allegations that were made in the document, I would like to support the request of the member for Bourassa concerning his matter of privilege.

I would like to draw your attention to a passage on page 86 of Marleau-Montpetit. It says:

The unjust damaging of a Member's good name might also be seen as constituting an obstruction. In ruling on a question of privilege, Speaker Fraser stated: "The privileges of a Member are violated by any action which might impede him or her in the fulfilment of his or her duties and functions. It is obvious that the unjust damaging of a reputation could constitute such an impediment".

I believe the case at hand, the document that has been submitted to you, meets the criteria that I just mentioned, and I would ask you to find that this is a *prima facie* matter of privilege.

I do not know why the Bloc Québécois is playing politics like this, but I believe that the request of the member for Bourassa must be heard.

The Speaker: I see that some members would now like to respond to what has been said. I have already been fair, I believe, in choosing members from both sides to deal with this issue. I do not want to continue the debate all afternoon. This might be the subject of a debate on the motion, if I allow it to be the case after I have considered this request.

The hon. member for Roberval—Lac-Saint-Jean wants to add something. He only has a few minutes to do so.

Mr. Michel Gauthier: Mr. Speaker, three questions of privilege have been raised. Much of the case was made with regard to the first, since the other questions are similar.

I will simply tell the Minister of the Environment, who has just said that his parliamentary privilege has been breached, that this is completely untrue. If he thinks that, by saying or writing that he appeared before the Gomery commission is preventing him from doing his job, he should look instead to the former Prime Minister and his office, who have ensured that he was quoted on several occasions in this regard. The opposition had nothing to do with that.

A householder that provides pure facts cannot, in any way, constitute a breach of parliamentary privilege. If a member's reputation has been called into question as a result, it is because, perhaps, that member did not conduct himself properly.

It only states that they appeared before the Gomery commission. I know that this is not pleasant, but we cannot change the facts. The argument does not hold water for any of the three individuals; the fourth person being Alfonso Gagliano. Now, we know the four former ministers who appeared before the Gomery commission. It says so here in black and white. So there is no breach of privilege.

[*English*]

Mr. Jay Hill: Mr. Speaker, since we are talking about questions of privilege, I am not rising on this particular question but on a point of order arising from the discussion that we have just had.

Government Orders

When I was remarking to the Speaker about the subcommittee of the Board of Internal Economy, the member for Ahuntsic was sitting there and she said, "And you refused to sit on that subcommittee".

Mr. Speaker, you know very well that what takes place at the board is in confidence. I would wonder, given the seriousness of this, how the member was apprised of the information of who was sitting on the committee and who chose not to sit on the committee.

An hon. member: That is a question of privilege.

Mr. Jay Hill: It is a point of order. I did not say it was a point of privilege. Listen for a change.

• (1530)

The Speaker: The hon. House leader for the official opposition knows there are two spokespersons for the board. He can approach them and perhaps elicit this information.

Hon. Eleni Bakopanos: That is right.

The Speaker: There you have it.

I think we will leave that one with him to inquire about further in another place. We are not going to do that now.

[*Translation*]

Hon. Denis Coderre: Mr. Speaker, in closing, I simply want to say that, last Friday, before 1,200 supporters from the riding of Bourassa, 3,125 members in my riding and thanks to everyone whom I contacted and with whom I spoke throughout Quebec, even journalists and sovereignists, I realized that they all understood that this was a prima facie question of privilege.

I do not want to debate this today, Mr. Speaker, but I respectfully ask that you rule this request in order so that I can immediately move my motion, after which we will be able to debate it.

[*English*]

The Speaker: I will deal with the question of privilege first.

[*Translation*]

I have heard all the arguments by the hon. members on this matter. I thank them very much for their remarks. I will take all these submissions under consideration and I will come back to the House at a later date with my decision on this matter.

The hon. member for Ahuntsic on a point of order.

[*English*]

Hon. Eleni Bakopanos (Parliamentary Secretary to the Minister of Social Development (Social Economy), Lib.): Mr. Speaker, actually the hon. member gave me a perfect opportunity to talk about the fact that there have been three letters sent to the Board of Internal Economy on the abuse of the privileges prior to this particular householder, another 10 percenter and another householder, both sent by the Bloc in my riding and there has been no answer from the Board of Internal Economy.

That is why I made the comment that I made. I think this House and myself as a member and my constituents deserve an answer from the Board of Internal Economy on the abuse of privileges in the House by the Bloc prior to the present.

We let the rules slip and therefore, we are going farther.

The Speaker: I can see we have disagreements here. I do not think we are going to deal with this matter on the Board of Internal Economy.

The opposition House leader is rising on a different point of order.

* * *

BUSINESS OF THE HOUSE

Mr. Jay Hill (Prince George—Peace River, CPC): Mr. Speaker, there have been discussions between all parties and I think if you seek it, you will find acceptance for the following motion:

That, notwithstanding any Standing Order, Bill C-357, an act to provide for an improved framework for economic, trade, cultural and other initiatives between the people of Canada and the people of Taiwan, standing in the name of the hon. member for Kootenay—Columbia, scheduled for debate on November 4, 2005, be dropped to the bottom of the order of precedence; that private member's hour be suspended for that day; and that the House continue with the business before it prior to private member's hour until the ordinary hour of daily adjournment.

The Speaker: Does the opposition House leader have the unanimous consent of the House to propose this motion?

Hon. Karen Redman: Mr. Speaker, I just have a point of clarification. I may have misheard, but it sounded like the hon. member opposite said November 4 and I believe it should be November 1.

Mr. Jay Hill: Mr. Speaker, my understanding is that the hon. member for Kootenay—Columbia had exercised his right to exchange the date, and so it is currently November 4.

The Speaker: Does the hon. opposition House leader have the unanimous consent of the House to propose this motion?

Some hon. members: Agreed.

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

Some hon. members: Agreed.

(Motion agreed to)

GOVERNMENT ORDERS

• (1535)

[*Translation*]

UNANTICIPATED SURPLUSES ACT

The House resumed consideration of the motion that Bill C-67, an act respecting the allocation of unanticipated surpluses and to amend the Income Tax Act, be read the second time and referred to a committee.

Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ): Mr. Speaker, we have heard the government's rhetoric during this debate on Bill C-67. We have heard the government present a series of half truths. It even tried to push its propaganda on us.

Government Orders

Now let's talk about the real things regarding Bill C-67. Since 1998, \$130 billion of new federal initiatives were not included in the budget at the start. This represents close to \$75 billion in surplus since 1998, \$40 billion of which were unanticipated. That is the problem. It is quite simple. This government estimates have no credibility whatsoever.

I have talked about the government's half truths. Let us be clear. Bill C-67 does not deal with surpluses. It deals with the unanticipated surpluses in the various budgets. That is the problem.

In Bill C-67, the government is proposing a three part formula. Paying down part of the debt is very nice. But it should be considered as a budget item instead of having \$3 billion set aside in an annual contingency reserve. If the government really wants to apply \$3 billion to the reduction of the debt, it should provide for it in the budget.

That may seem like rhetoric, but it really is not. Since 1998 we have seen a series of last minute measures at the end of the year, more or less electorally motivated, to make the surplus as small as possible. The last financial year is a prime example, in which the projected surpluses changed from \$1.9 billion to \$9.1 billion and back to \$3 billion. At some point, taxpayers have a hard time understanding what is going on, and I can certainly understand why.

The existence, year after year, not just of surpluses but unanticipated surpluses—according to them—is a perfect illustration of the fiscal imbalance. Why? Because the government taxes too much in comparison with its needs. Not only does it tax too much, it does not redistribute enough money to the provinces and Quebec for them to fulfil their responsibilities very well.

It is rather ironic that Bill C-67 is the perfect illustration of a phenomenon that the government totally denies, namely the fiscal imbalance. Bill C-67 should respond to the financial requests of Quebec and the provinces for the funds they need to provide services and fulfil the responsibilities they have under their jurisdictions.

The Prime Minister often talks about education, early childhood, health and the needs of municipalities. He should run for a provincial legislature or in Quebec. If these are the issues that concern him, he is in the wrong legislature.

The governments of Quebec and the provinces often have to meet the direct needs of citizens, but unfortunately Ottawa again ignores the demands of Quebec and the provinces. The federal government should, first, have increased the transfers, especially for post-secondary education and social programs. That would have been very important.

Since 1995, we have seen deep cuts—there has been a slight increase recently I must admit—to the transfers to the provinces. This is one of the ways in which the government financed the paying down of its debt. This was one of the methods, these deep cuts in the transfers to the provinces.

Therefore, rather than institutionalizing these unanticipated surpluses through Bill C-67, the government should reinvest massively in the transfers to Quebec and the provinces. That would be a first step toward trying to correct the fiscal imbalance, at least

partially, so that Quebec and the provinces can fulfil their responsibilities.

• (1540)

For example, the second step would be real reform of equalization.

There are ten provinces and two territories in Canada. Equalization is calculated on the basis of five provinces. When there are ten and you want to work out the average, it seems to me that you base your calculations on ten and not on five. However, I understand that the government sometimes has a little difficulty with relatively simple mathematics.

I was saying earlier that the government has too much revenue for its responsibilities. We have what we feel is an excellent suggestion to relieve it of this burden, remove the temptation to spend left and right, and encourage it to regain control of its expenditures. This solution was actually tried already in 1964 and other times and it could still be done today. It involves transferring either tax points or tax fields—such as the GST—to Quebec and the provinces.

In our view, the government's current tax reduction measures are more an electoral gimmick intended to curry short-term favour with the taxpayers and make them forget the fiscal profligacy, poor management and all the scandals tainting this Liberal government.

We proposed to the government many solutions that are not only feasible, but also realistic. If only the government acted in good faith.

The Minister of Finance often says that he consults the best forecasters in the private sector. Why does the government not create a real independent forecasting office which could truly assume the critical responsibility of advising the Minister of Finance in the development of his budget policies, while also, to a certain degree, acting as a watchdog and perhaps telling the minister, from time to time, that he is off the mark in his forecasts?

I said a number of times in this House that, when it comes to budget forecasts, the government has no credibility at all. It always comes up with surprises. Year after year, since 1998, with a simple calculator and a few documents, the hon. member for Saint-Hyacinthe—Bagot arrives at figures that are very close to the actual numbers at the end of a fiscal year.

By contrast, the government, despite all the resources available at the Department of Finance, is off the mark by billions of dollars. Let us get serious. Unfortunately, as we know, thoroughness is not a trademark of this government.

Bill C-67 institutionalizes unanticipated surpluses. How? This bill proposes a new scheme of this government. If our surpluses exceed the \$3 billion expected in the budget, which is a reserve for contingencies—\$3 billion would already be used to reduce the debt—the government would apply, in equal proportions, one third to the reduction of the debt, another third—a second time—to the tax relief, while the last third would be applied to the funding of priority socio-economic expenditures.

Government Orders

It is important to keep a number of things in mind. This morning, the hon. member for Saint-Hyacinthe—Bagot made a very telling presentation on the tax relief. We are talking about an amount of \$129 annually. I did the calculation and found out that this amounts to 35¢ per day. In other words, I could not even ask for the repayment of a pack of chewing gum, because I would need three days' worth of credits to be able to buy it.

But there is worse, and this is an old habit of this government. At the end of a fiscal year, the government might be tempted to present new budget measures to meet its priorities, as opposed to those of the provinces and citizens, and the government's priorities have to do with an election.

• (1545)

They refer to a period of a year. These are not recurring measures. For once, the government has been clear about this.

What is going to happen? Once again, the federal government is going to create a program, try to meet a need, one that may sometimes not be a priority for the provincial legislatures or for Quebec, and then after a year pull out its funding, leaving it up to the provinces and Quebec to fund these new initiatives. This is an eloquent and undeniable example of fiscal imbalance and of the federal government's all too frequent attempts to interfere in areas under provincial and Quebec jurisdiction. Unfortunately, when it pulls out, for all manner of reasons, MLAs and MNAs are stuck with trying to take over the burden, when they can. They are forced to take over the new program and administer it.

Given the financial capacity of Quebec and the provinces—with the exception of Alberta—at this time, and the visible nature of these services most of the time, the provinces are stuck having to explain to their population why the government has to terminate a program.

With Bill C-67, the federal government obviously prefers to invest its resources in direct spending programs it is in a position to control and thereby improve its image in the eyes of the public. That is understandable, and it needs any improvement it can get. It does this, however, even though this spending is not within areas under its jurisdiction. What is more, the proposed measures close the door to any sharing of the tax base with Quebec and the provinces.

This bill will not stop the federal government from once again cooking the books so that the budget surplus looks smaller than it is. There is nothing that can stop them from doing that. As well, there is nothing stopping them from stepping up their spending in order to avoid having to disclose a huge surplus.

Everyone in this House will clearly recall the national spectacle we were treated to last June when, over a 21-day period, the Prime Minister announced \$21 billion worth of initiatives. That spending spree and flood of announcements was nothing short of scandalous.

As I said, there are about 15.5 million taxpayers in Canada. Assuming that the redistribution of the surplus going to tax cuts were based on the figure of a \$9 billion surplus, \$2 billion of which would go to pay down the debt, that would work out to about \$129 per taxpayer, or 35¢ a day.

A little earlier, a colleague from the Bloc Québécois also said that these surpluses include those in the employment insurance fund. Of

course, if you ask a member of the government party, he will assure you that there is no problem with this fund. He will tell you that its completely natural that more than half of the people who file claims cannot obtain benefits, and that only 38% of the youth, women and people filing a first claim qualify.

Now they have found one way, among others, to eliminate the surpluses in the employment insurance fund, which is to reduce the premium rate. The problem at present is not the premium rate, but the level of accessibility. Some people find themselves in black holes. They are forced to go on welfare because they cannot collect employment insurance at the hard times in their life.

But if we listen to our friends in the government, everything is just fine. No need for concern: they are taking care of it. We know they are taking care of our money. We see it every day in the House of Commons, and citizens feel it every day in their pocketbook.

The federal government has to address the source of the problem and stop generating indecent unexpected surpluses. The solution is to transfer tax points or the GST, so that the provinces and Quebec can obtain autonomous revenue that can be spent where and how it will best meet the needs of our fellow citizens.

Too often the government reduces this question to a very political dimension, and says: "You know very well, you in the Bloc Québécois." The Conference Board has estimated these surpluses. I do not believe that the Conference Board of Canada is a sovereignist, separatist agency. If they are, they should call me, I'd like to know. The Conference Board estimates the recurring surpluses at over \$10 billion for the current fiscal year, with more than \$7 billion tucked away in the foundations established by the present Prime Minister.

• (1550)

You will not convince me that the federal government does not have the resources to correct the fiscal imbalance right now. As I was saying earlier, there will be no surplus; they will barely get to \$3 billion in the contingency reserve.

The federal government had the means to do more with this bill to help Quebec and the provinces emerge from the budgetary impasse it has put them in by making deep cuts to transfers since 1995. The recurring surpluses, meagre transfers and increasingly inequitable equalization, far from resolving the fiscal imbalance, have aggravated it. This is a huge problem.

Instead of tackling real problems with Bill C-67, the government is introducing a cosmetic bill to try and improve its image with the population. This is very disappointing. We might have expected better from our elected officials. The past is an indication of what the future holds in store, and unfortunately, Bill C-67 is before us and we have to consider it today.

Government Orders

In the last decade, we have witnessed a constant growth in the Canadian and Quebec economies and a large operation to put public finances back in order in Quebec. In this province, difficult choices had to be made, with financing deadlocks leaving very little leeway because of all the severe cuts made since 1995. Quebec and other provinces did not have much choice.

Today, Quebec is forced to make negative choices and unfortunately to raise taxes, reduce services and add to its debt load. There is almost no flexibility in Quebec as in many other provinces. At the same time, the federal government is generating recurrent budgetary surpluses that are apparently unanticipated. They are really playing with the numbers. This government has become an expert at it. It increases its expenditures and its intrusions into areas of Quebec's and other provinces' jurisdiction. It is trying to impose its will and its political objectives on them.

The federal government's superior financial situation compared to Quebec and other provinces is the backdrop that we, in the Bloc Québécois, have been trying to correct for a number of years. As I said a little earlier, the federal surplus has shrunk in 2004-2005 to a mere \$1.6 billion. However, the *Fiscal Monitor* for February 2005, which came out in June, was still predicting a \$9.7 billion surplus. I cannot understand that lack of reaction by the members of the government in the face of this kind of manipulation of figures that allowed last minute expenses to drastically reduce those unanticipated surpluses, only to invest them in pre-election projects and in this budgetary sham.

In conclusion, I would say once again that Bill C-67 is completely unacceptable because it imposes procedures that will prevent any correction of the fiscal imbalance. The enormous surpluses that the federal government has run over the last few years show that there is a fiscal imbalance. The government must agree, first and foremost, to correct this imbalance so that Quebec and the provinces have the necessary resources of their own to meet the needs of their people. How? By substantially increasing the transfer payments for post-secondary education and social programs, correcting equalization, and negotiating an agreement with Quebec and the provinces for a new division of the tax fields. This would enable them to have the increased revenues of their own that they need to fulfil their responsibilities in their own jurisdictions. Rather than engaging in budgetary smoke and mirrors, the government should deal with the real problems.

• (1555)

[*English*]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, the interesting thing about spending time in this place is we tend to hear the same speech over and over, particularly from members of the Bloc Québécois. They first complain about fiscal imbalance. Then they complain about the predicting of the surplus. Once the surplus is established, they complain about the allocation of the surplus. That speech gets repeated over and over.

The facts are somewhat less supportive of their position as to fiscal imbalance. I remind all listeners that all governments, both federal and subnational, such as Quebec, have access to exactly the

same revenues and revenue sources. If they choose to tax those revenue sources, then that is entirely within the discretion of the subnational government.

The easiest thing for premiers to do is not tax at their levels of the jurisdiction, complain loud and long, come to Ottawa, get the money and not pay a political price. There is no accountability.

For instance, Alberta has an incredible surplus these days. I suppose there is a fiscal imbalance there of some kind or another. It certainly is a fiscal imbalance among the provinces. B.C. is sometimes in surplus, sometimes out of surplus. I think Saskatchewan has run about 13 years of balanced if not surplus governments. Quebec even occasionally gets into surplus except when a separatist government is running the province.

As to the predictability of the surplus, we do engage the best available advice. The member prefers us to take on the kind of a pin the tail on the donkey approach that his colleague from Saint-Hyacinthe chooses to use. Then he complains about the allocation.

Frankly, it is within the prerogative of government to allocate the surplus as it sees fit in accordance with the needs of the time. On the last occasion, the Atlantic accords were anticipated in the budget to be booked over eight to ten years. When the final deal was struck after the budget, the Auditor General insisted that it be allocated in one year.

Given his shaky premises of fiscal imbalance and his preferred pin the tail on the donkey exercise in predicting surplus, what really does he object to in accountability and transparency in this legislation?

[*Translation*]

Mr. Guy Côté: Mr. Speaker, first I will excuse the parliamentary secretary who is perhaps not terribly familiar with the various governments in Quebec over the last 20 or 30 years. I would just like to inform him that the governing party that put Quebec back on track to a balanced budget was the Parti Québécois. I just wanted to point that out. It is important to correct him on this.

The problem is very simple and does not reside in the fact that a government has surpluses so long as they are properly budgeted for and are part of a budgetary framework for expenditures in particular sectors. If the budget calls for paying down the debt by—just as an example—\$3 billion, that is fine.

But that is not what we have here. We have a system in which, year after year, this government's fiscal forecasts are nowhere close to the real numbers. It is a system that this government instituted in order to underestimate government revenues year after year. In this way, it can present itself as the great saviour with these unexpected surpluses. And if it thinks that it would be politically advantageous to spend money in a certain area, it can do so.

We say that it is unacceptable for this underestimation of surpluses, which we have seen for seven years, to become structural. That is where the problem lies.

Government Orders

•(1600)

[*English*]

Mr. David Tilson (Dufferin—Caledon, CPC): Mr. Speaker, every year we hear the government boasting about its surpluses. The government says, as was said by the parliamentary secretary, that it is doing the best it can on the best advice that it has.

I would think the government would get better advice if that is going to happen every year. People will be overtaxed, the government will spend money on non-budgeted items, items that we will not even debate in the House, and then it will give some of the rest of it back.

My question probably should be for the government and not the Bloc member. However, he may have philosophized on it somewhat. To send this money back, the government will have to get bureaucrats to figure out how much is to go back to individuals. Some people will receive a benefit, others will not. There will be a cost to stuff the envelopes and to make the cheques out. There will be a cost to mail them. The government will say that it does not cost anything. It does cost the taxpayers something. These are unknown hours by the bureaucracy to give the money to them.

Has the Bloc member philosophized at all as to what this will cost taxpayers to send back their own money?

[*Translation*]

Mr. Guy Côté: Mr. Speaker, it is very simple: the government has so much money right now that it does not know what to do with it. It has completely lost control of its operating expenditures.

I do not have the exact numbers to give a complete answer to the hon. member. It would necessitate more calculations. However, I can say that between 1998 and 2003, the operating expenses of the federal government increased by 39%. That is not negligible. A good part of that increase can be explained by the surge in payroll expenditures in the last few years. They increased by 55.6% between 1998 and 2005 for an annual growth rate of 6.5%. I do not have the exact numbers but I can assure the hon. member that it will not be cheap for taxpayers, that is for sure.

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Mr. Speaker, I want to congratulate my colleague for Portneuf—Jacques-Cartier for his excellent speech.

I would like his opinion on a concern I have. Is the objective of the bill, and maybe the sole objective of that bill, to definitively bury the fiscal imbalance issue?

Mr. Guy Côté: Mr. Speaker, I thank the hon. member for his question. Of course, a Liberal would answer that question by saying that there is no fiscal imbalance.

The bill is indeed the perfect illustration of the existence of a fiscal imbalance. With it, the federal government try to bury the issue so each and every year it can announce new electioneering measures to divert attention from all the scandals that besmirch it.

[*English*]

Mr. Lloyd St. Amand (Brant, Lib.): Mr. Speaker, I have the pleasure to speak to Bill C-67, an act respecting allocation of unanticipated surpluses and to amend the Income Tax Act.

I would like to take this opportunity to describe the key benefits of the legislation, how it strengthens the accountability, transparency and balance of the government's fiscal policies.

I will start by outlining the reasons for introducing a bill that specifies how to allocate unexpected surpluses over the next five years.

The story actually begins more than 10 years ago, when the Government of Canada realized its fiscal course of deficit financing and ballooning debt loads was simply unsustainable. Drastic action was required and drastic action was taken. The government and all Canadians took the often painful steps needed to put this nation's fiscal house in order.

A few years later, our current Prime Minister, then minister of finance, presented the first fruits of these labours, a balanced budget. That budget eight years ago was the start of a string of eight balanced budgets, a record never before achieved in the history of Canada. We have since benefited in countless ways.

For example, some \$3 billion in interest savings has been freed up for investment in Canadian priorities like health care and education. In 2004 and 2005, the government spent just over 17¢ of every revenue dollar on interest on the public debt. This is down considerably from the peak of approximately 39¢ in 1990-91 and is the lowest this ratio has been since the late 1970s.

In addition, our debt load has fallen \$63 billion since the government balanced the nations books and is now below \$500 billion for the first time in over a decade. These balanced budgets have earned Canada international bragging rights as our net debt burden for the total government sector is now the lowest in the G-7. As recently as the mid-1990s, it was the second highest.

Finally, these balanced budgets have earned us the highest possible ratings by all credit agencies for federal debt, a spillover reward that benefits all Canadian borrowers and debt issuers in the process. This is in great part due to Canada reducing federal debt as a percentage of the economy from its peak of 68.4% in 1995-96 to its current level of less than 39% today.

These are impressive achievements, and it is a rare one since, unlike Canada, many countries today are in no position to contemplate what they should do with any surplus, expected or unexpected. Thanks to this long term, prudent fiscal planning, Canada is the only G-7 country to reduce its debt burden and record a surplus this year, and the only one expected to do so next year and the year after that.

At a time when most industrialized countries must prepare for the fiscal demands of an aging population, Canada is one of the very few currently reducing its debt load before those predicted extra costs become a reality.

Government Orders

We have now reached a point in Canadian history where Canadians expect nothing less than balanced budgets or better from their federal government. The result is that our commitment to achieving balanced budgets has, more often than not in recent years, resulted in surpluses being larger than anticipated in our budget forecasts. It is a problem most countries would surely envy, yet the consequences of our unwavering commitment to balanced budgets are often large budget surpluses with one destination: debt reduction.

Under current legislation, any unanticipated surplus must be applied exclusively to the debt. This prevents our government from using these unanticipated resources for any other purpose.

● (1605)

By no means am I implying that debt reduction is not a productive use of budget surplus; quite the contrary. We now benefit as a country from a debt load which is \$63 billion lighter than it was when we first balanced our books. Debt reduction will continue to be essential to eliminating a financial burden that would otherwise weigh down future generations of Canadians and to ensuring that money will always be available to help cope with the unexpected.

However, amidst all of the rewards of higher than anticipated surpluses, we were still missing a key fiscal tool, choice. Regardless of the priorities of parliamentarians and Canadians following a budget surplus, we were severely limited in how we could use it.

It was in part this lack of options which led the government to ask Mr. Tim O'Neill, former chief economist and executive vice-president of the BMO Financial Group to review the Government of Canada's fiscal forecasting process. In the key recommendation of his June report, he concluded that if the government wished to retain its no deficit rule, it should adopt a more formal and structured process for dealing with fiscal surprises.

For the reasons I have already described, the government has no intention of abandoning a balanced budget commitment that has served Canadians so well. As the legislation in front of us today clearly indicates, we have listened to Mr. O'Neill's advice. We are responding with a sound approach to unanticipated surpluses that is very similar to what Canadians have told us time and time again are their priorities.

As the Minister of Finance stated on October 7, Canadians have consistently made it clear that they want us to pursue a balanced and fair approach to how we manage tax dollars by allocating resources among tax relief, social and economic spending and debt reduction. This legislation does exactly that. It extends that approach to future unanticipated surpluses starting with the current fiscal year 2005-06.

The bill would grant authority for the government to allocate any unanticipated increase in the surpluses over the \$3 billion contingency reserve among tax relief, priority spending and debt reduction. The contingency fund of course would continue to be diverted toward debt reduction if not needed for emergencies during the fiscal year. The legislation also takes into account the spending priorities set out earlier this year in Bill C-48, an act to authorize the Minister of Finance to make certain payments.

Bill C-67's unanticipated surplus allocation would only be triggered once the surplus is higher than the \$3 billion contingency reserve and once spending on Bill C-48 initiatives are included. The

legislation would be effective for the next five fiscal years and the precise allocation could change in any given year depending on the size of funds available and government priorities.

On the tax side Bill C-67 specifies how one-third of higher than expected government revenues would translate automatically into a bottom line benefit for taxpayers starting with the 2006 tax year. Tax relief provided under the legislation would be delivered to taxpayers through a one time tax credit when Canadians receive their tax assessment. Under the new legislation the tax relief may not end there, but become an ongoing reduction for Canadian taxpayers.

Bill C-67 would allow the government to make the tax relief permanent subject to the Minister of Finance's assessment that the fiscal impact in following years would not affect the government's ability to prudently manage resources and continue to meet the country's spending priorities.

How would the tax relief provided under the legislation work? Allow me to demonstrate using the current fiscal year 2005-06 as an example. Any unanticipated surplus would be determined in September 2006 with the release of the final surplus figure in the annual financial report. At that time the tax relief set out in Bill C-67 would be announced.

● (1610)

This tax relief would be included on every Canadian taxpayer's notice of tax assessment, which in this case would be delivered early in 2007. Those who paid less federal income tax than the maximum benefit in the preceding year would receive a credit offsetting this previous amount. All other taxpayers would receive the maximum benefit under the bill on their notice of tax assessment.

The Minister of Finance would confirm if individual taxes would be permanently cut, starting in the 2007 tax year, by the same amount as the tax relief. This would be done by adjusting a taxpayer's basic personal amount; that is, the amount of income all Canadians can earn without paying federal income tax. Deductions would automatically be reduced on Canadians' pay cheques or government income payments in order to reflect the permanent increase in the basic personal amount and corresponding changes to the spouse or common-law partner amounts. This would represent tangible, ongoing tax relief benefiting all Canadians. It would build on the \$100 billion tax cut plan of 2000, which continues to benefit all Canadians today.

Government Orders

Let me state emphatically that this bill does not by any means signal the end of the government's commitment to tax relief for Canadians. Rather, this legislation would be above and beyond any tax reduction plan the government may come forward with in the future. In fact, the legislation has the potential to accelerate previously announced tax reforms by accelerating the increase in the basic personal amount to \$10,000 by 2009, which was announced in budget 2005. Increasing the basic personal amount to \$10,000 would remove approximately 860,000 low income taxpayers from the tax rolls, including nearly 250,000 seniors. Thanks to Bill C-67, we could well reach that worthwhile objective much sooner.

On the spending side, Bill C-67 would specify how end-of-year spending, again starting with the current fiscal year, could go directly toward clearly defined priorities identified at the time of that year's budget and resulting budget legislation. The extent to which one-third of the unanticipated surplus is allocated to spending in every year would depend on the spending priorities identified by the government.

That would ensure appropriate parliamentary review, debate and approval, and would further strengthen transparency in how government spending priorities are determined. It would allow Canadians and this Parliament a vital opportunity to debate the allocation of unanticipated surplus revenue; in other words, to have a direct say in investments for the future health of this country based on the most up-to-date information on the financial resources then available.

All spending obligations would be taken into account before determining the surplus for a specific fiscal year in accordance with accounting standards. The amount available for additional spending initiatives would therefore be determined after taking into account year-end adjustments.

Let me also state that this legislation would in no way hinder us from dealing with the spending priorities set out in Bill C-48 earlier this year. The government is committed to funding the initiatives set out in Bill C-48. We will continue to move forward on these priorities, affordable housing, post-secondary education and foreign aid, to name just a few, wherever possible.

Finally, on the debt reduction side, both this legislation and the \$3 billion contingency reserve would continue the government's disciplined approach to debt reduction.

Let me stress that the introduction of this new legislation is by no means a sign that the government is wavering in its determination to reduce the federal debt. In fact, the contingency reserve would continue to be set aside so that, in the absence of unexpected economic shocks, it would be there to reduce the debt burden of future generations.

•(1615)

Combined with a further debt reduction afforded by one-third of unexpected surpluses the ongoing erosion of the federal debt load should continue each and every year.

The Government of Canada continues to stand behind its stated principle of reaching a federal debt to GDP ratio of 25% by the year 2014-15. At the same time however the transparency and

accountability of this legislation will give Canadians and we as parliamentarians a greater say in the best uses of unanticipated surpluses, an objective our recent fiscal review recommended and one that Canadians demand.

I have endeavoured to explain how the legislation works. Let me close by stressing what the legislation will mean to Canadians and their families.

Through its commitment to tax relief, Bill C-67 will mean more money for all Canadian taxpayers through an approach which benefits lower and middle income Canadians most of all. It will mean spending priorities that are set well in advance and will allow everyone the opportunity to participate in the debate and contribute to the decisions on how unexpected financial resources will best enrich the country.

It will undoubtedly mean new chapters in the government's debt reduction success story as we continue our world leading approach of ensuring that our current obligations will never stand in the way of our future goals. Greater transparency, accountability, fairness, balance, in the end that is what bill C-67 is all about.

•(1620)

Mr. David Tilson (Dufferin—Caledon, CPC): Mr. Speaker, when we look at the summary of the bill, it puts forward a number of exceptions. The first thing that must happen is that the surplus will have to exceed the \$3 billion contingency amount. The second thing that must happen is that it has to fulfill the multimillion dollar New Democrat budget amount that was added before the surplus is paid. The years that are mentioned are 2005, 2006 and 2007.

If taxpayers get a rebate, and there is no guarantee in the bill that they are going to get a nickel, is the government saying that taxpayers will not get anything until 2007? Is that what it means?

Mr. Lloyd St. Amand: Mr. Speaker, the initiatives contained in Bill C-48 can actually be accomplished this year. With respect to some of the conditions that the member opposite mentioned, this is taxpayers' money. The government wants to ensure that taxpayers' money is spent in a fiscally prudent fashion. That is what the bill is all about.

Mr. Marc Godbout (Ottawa—Orléans, Lib.): Mr. Speaker, I would like to congratulate the member of Parliament for Brant for a very comprehensive overview of Bill C-67. I have been getting positive initial reactions from my constituents on Bill C-67, specifically on the reduction of debt and what is proposed in the legislation. I wonder if the member for Brant could tell us what initial reaction he has had from his constituents, the business community, the community leaders and the residents of his riding of Brant.

Mr. Lloyd St. Amand: Mr. Speaker, the reaction from the good constituents of Brant has been similar to the reaction that the member has described coming from his constituency. Simply put, the reaction has been extremely positive.

Government Orders

Mr. Ken Epp (Edmonton—Sherwood Park, CPC): Mr. Speaker, I think probably the member's cellphone ringing has been broadcast right across the country. I imagine that there is somebody out there in some riding, perhaps from the constituency of Brant, asking, "When do I get my \$1.25?" If this bill really works, that is how much each taxpayer, not each person but each taxpayer, will get, \$1.25 per week. That taxpayer is anxious to get it and was on the phone asking to have it now.

I want to know whether this member is actually quite convinced that Canadian taxpayers, who have been paying through the nose over the years for the waste that the Liberal government has perpetrated on Canadian citizens, will be bought off with \$1.25.

• (1625)

Mr. Lloyd St. Amand: First, Mr. Speaker, I do not carry a cellphone with me. That was a BlackBerry, which I have had for some 17 months. It has never rung before. I apologize. I have no idea why it rang at that moment.

An hon. member: It's a ringing endorsement.

Mr. Lloyd St. Amand: Bill C-67 simply builds on what the government has accomplished over the last several years: balanced budgets and unanticipated surpluses because of the prudent manner in which the nation's finances have been handled, not only by this finance minister but by previous finance ministers. Yes, I am confident that Canadians in fact will reap significant benefits as a result of Bill C-67.

The Deputy Speaker: Sometimes those BlackBerries will cry out if people do not pay enough attention to them.

The hon. member for Cambridge.

Mr. Gary Goodyear (Cambridge, CPC): Mr. Speaker, I was wondering what that ringing was in my ear. I was getting concerned.

An hon. member: It was Preston Manning calling to congratulate you.

Mr. Gary Goodyear: I do not think it was. You guys would do a lot better if he phoned you up.

I would like to ask the hon. member how much he figures it is going to cost Canadians to get the \$1.25 in an envelope considering that government spending has increased by 52%. Can anyone imagine the size of the surplus if the government would actually do what it says and efficiently spend all those tax dollars? I would like to know what the member feels the cost is going to be to write out those \$1.25 cheques and put them in envelopes.

It must have cost \$20 or \$30 to claim that chocolate bar. How much is it going to cost to get \$1.25 back?

Mr. Lloyd St. Amand: Mr. Speaker, the cost will be negligible. It will be in the assessment that every Canadian taxpayer gets in any event. Whatever the cost is, which will be minuscule if anything at all, it will be a pittance compared to what Canadians will receive as a result of this bill.

Mr. Gary Carr (Halton, Lib.): Mr. Speaker, I want to take this along the same line of tax cuts. The members opposite seem to forget the big tax cuts that happened between 2001 and 2006. Those tax cuts, as they well know, were about \$100 billion and it was the

largest tax decrease in the history of this country. One hundred billion dollars may not be a lot to members of the opposition, but I assure them that it is.

In addition, in 2005 we provided even more tax relief to middle income people, increasing the threshold to \$10,000 and removing about 860,000 taxpayers, including 240,000 seniors, from the tax roll. I do not think that is something the opposition will talk about.

I wonder if my good friend, the hon. member for Brant, would expand upon what that means to the seniors in his riding who received this tremendous tax decrease, the largest tax decrease, I say to the members opposite, in the history of this great country of ours.

Mr. Lloyd St. Amand: Mr. Speaker, the demographics of my riding of Brant, which I am privileged to represent, are such that we have a disproportionately large number of seniors residing in the riding. They will of course be significant beneficiaries of this bill.

To answer my friend's question, I do not know the exact number of seniors in my riding who will directly benefit from this bill, but it will be a very significant number.

• (1630)

Mr. Gary Goodyear: Mr. Speaker, I keep hearing about this \$100 billion fictional tax cut. I wonder if the member opposite is aware that this so-called tax cut was really simply the elimination of future tax increases. That is not what I would call a tax cut, but I know the member opposite may want to clarify the difference between manipulating the message and actually giving us a real tax cut.

Mr. Lloyd St. Amand: Mr. Speaker, I will answer briefly because I know I am running out of time. EI premiums, for instance, have been reduced substantially. That is part of the significant savings that have been realized by every working taxpayer in Canada, frankly, and as the members opposite will know, there are millions and millions of Canadian taxpayers who have benefited over the years.

The Deputy Speaker: I thank the hon. member and all the members involved in that exchange. I think it is pretty slick when everybody has short questions and snappy responses and I think we had a record number of people involved that time.

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 Lanark—Frontenac—Lennox and Addington, Campaign Financing.

Mr. Ken Epp (Edmonton—Sherwood Park, CPC): Mr. Speaker, I find it passing curious that in the last moments of his speech the member for Brant talked about EI premiums. It is true that they have been reduced by a few pennies here and there, but the fact of the matter—

An hon. member: Oh, oh!

Mr. Ken Epp: It is 10¢ or whatever the premium rate is. I will not get into an argument with the parliamentary secretary over there, whoever he is.

Government Orders

I would like to point out once again that it is workers and employers who have been fighting the debt for the Liberals to the tune of around \$45 billion. Around \$45 billion has been taken out of EI in excess premiums by the Liberals. It has been \$45 billion or more. I think \$45 billion was the last number I heard and that may have been from last year. It has probably increased by now, and yet those members are saying they have done a great job.

Bill C-67, which is before us today, deals with unanticipated surpluses. I want to talk about the word "unanticipated" before I get down to some of the meat and nitty-gritty of this bill.

"Unanticipated" means that we cannot forecast properly, or if we can, we decide to hide the facts so that we leave ourselves a lot of room for playing with the taxpayers' money at the end for little things, such as an election where it might be nice to have some money in the kitty to roll out to try to buy people's votes.

We know that even in this House the Liberals have tried to do things that are quite unseemly with respect to taxpayers' money in terms of buying votes. That is not acceptable in our society. The rules of Elections Canada forbid it, yet it was done in this House on May 19, when the Liberals made a deal with the NDP, which cost around \$250 million per vote on that particular occasion, just in order to stay in power a bit longer.

Let me point out that the cost of an election is approximately \$250 million, so every vote on that particular occasion was worth the cost of a federal election. I do not know why the Liberals did not just spend one-twentieth of it or one-nineteenth and go to the people and ask them whether they had confidence in this government instead of buying the NDP. That is an atrocious misuse of taxpayers' money.

"Unanticipated" means very simply that the Liberals have not been properly using statistical measures and statistical forecasting methods in order to get a good estimate what the surplus will be. We know that this Liberal government is absolutely out of it when it comes to accurate forecasting. Year after year, this government has been way out to lunch.

It is obvious that in statistical measures we cannot be dead on over time. I concede that fact, but if we are being fair and honest most of the time we would be out by a small percentage. Occasionally we would be a little low and occasionally a little high. This government has always been very high in its estimate of government expenditures and very low in its estimate of government revenue. As a result, it has consistently posted excessive surpluses.

Those surpluses of course represent money that the government has taken from taxpayers. It has taken an excessive amount. The most recent case of course involved the government's prediction of \$1.9 billion. We had a bit of fun with that, calling the finance minister the dyslexic finance minister because \$1.9 billion should have been \$9.1 billion, which is what it really turned out to be.

We on this side of the House of course applaud the fact that in our economy our people and our businesses are working hard and earning money despite the misuse of their dollars by this government. In spite of that, they are working.

● (1635)

It is also true that these surpluses are largely as a result of policies brought in by a previous government and which the present government opposed. We all remember the GST. In fact, I will never forget it. I believe it was the GST that actually won me the election in 1993 because of the great hatred people had for it.

The Liberals said that they would scrap the GST. I remember pictures on television of the then leader of the official opposition, Mr. Chrétien, saying, "If we are elected we will scrap it". I will not attempt to mimic his accent or his voice but he did say that he would scrap it and that it would be gone. Did he do it? No, he did not. After his government came into power he thought it was nice money and decided to keep it and use it. Of course, it has been a huge tax.

We probably, at some point in time, will want to continue the debate on the merits of the GST that was brought in by the previous government. The Liberals promised to kill it but instead used it and now crows about how wonderful managers they are because of something they did, which they did not plan and which was brought to them on a silver platter. They were able to use the money to reduce the deficit and start reducing the debt. Good for the government but, on the other hand, they should not be crowing about it and saying that they are such great and wonderful managers. The Liberals never thought of it. The Liberals opposed it and yet it worked for them.

Second, I think of free trade. I remember the Liberals saying that free trade would be an absolute disaster. I heard phrases such as, "What's afta NAFTA? Disasta". I heard those words from Liberal candidates and others. They did not want that free trade agreement. They were against it and spoke loudly in opposition to it.

We now know that our trade, especially with our American neighbours, despite the fact that the government has tried to do everything to diminish our good relationship with those neighbours, and with other countries around the world has gained us a huge benefit.

Once again the Liberals sort of got the deficit elimination and some debt reduction handed to it on a platter with a policy and with action that they not only did not think of or initiate, but they were against it. Now they are saying that they are great and wonderful. I would point out that if it were not for those things, the Liberals would probably be running deficits right now.

Furthermore, let us think about this. If the Liberals would have managed taxpayer dollars prudently and properly, instead of only using the words, one can only think of the amount of debt reduction that we could have had. I believe it has been the tradition over years in Canada that if there is an unanticipated surplus and if there is a debt, the surplus goes toward reducing the debt.

The present government could never bring itself to put into the budget an actual plan for debt reduction. Instead, it brought in this little thing called a contingency plan. I have no problem with that. I think it is prudent to have a contingency fund. However, in addition to that, it should have done accurate forecasting and built right into the budget a fixed amount that was designated for debt reduction.

Government Orders

Debt reduction is what people want. People want to see the amount of the debt reduced substantially so that we do not give future generations, our young people, our college students and graduates of today, this huge debt and the huge interest.

In several speeches today, including in the speech by the Minister of Finance, I heard Liberals say that some \$3 billion a year is now available because of the reduced demand on the treasury to service the debt. I say that is wonderful. However it is too bad the government could not have been serious about debt reduction in the last five or six years with the huge surpluses, instead of going on their spending sprees because the debt could have been reduced even further. It could have been \$4 billion or \$5 billion that would have been available.

Instead, the government squandered the money and it has very little to show for it. It is the same as what we have to show for some of our teenage kids. They take the money and we wonder what they did with it. It is gone.

• (1640)

I also would like to point to a fallacy in the speech given by the Minister of Finance earlier today. He indicated that the Liberals had inherited a huge debt from the Conservative government that they replaced in 1993. I have said this before and I will repeat it over and over until somebody hears it and gets the point. If we look at the record over the nine years that the Conservatives were in power, they had a balanced budget on program spending. Members can check the record.

I expect the finance minister and the people over there to have accurate numbers when they are talking to Canadians. Members over there are crowing and yelling. They should listen to the facts. I do not have the numbers at my fingertips right now but I think it was in the—

Some hon. members: Oh, oh!

Mr. David Smith: It is because they don't exist.

Mr. Ken Epp: No. The reason I do not have them is because I have copies of the budget and the numbers are not the same in different documents that are put out by the government. The best estimate I have is that in 1993 the debt was around \$480 billion.

In a previous speech, I worked out that the Liberals were \$280 billion in debt when they were defeated by the Conservatives in 1984. If we add the going rate of interest to that debt, it grows to \$480 billion by 1993. If it had not been for the excesses of the Trudeau government, with Chrétien as the finance minister and his record deficits, and if that debt had not grown to \$280 billion, the accumulated interest on that would not have been \$480 billion when the Liberals took power in 1993. It is their debt.

The incredible thing is that in the 1970s and 1980s, when I was just a young man starting my career and the Trudeau government, the Liberals, were adding to the debt every year, some of us were saying that was not the way to go. All we need to do is look at the effect of compound interest added to debt and we know that it is not sustainable in the long run.

After nine years of the Liberals being in power, the Conservatives started to attack that. Had the Conservatives stayed in power, I can guarantee that we would be a lot better off than we are now because of the fact that they brought in policies that arranged for the Government of Canada to fight that deficit.

A lot of these members were elected in 1993. It was 12 years and a couple of days ago that we came here. I remember when we were speaking about tackling the deficit. I remember that first year we had a little plan called zero in three. We would balance the budget in three years. It cannot be done in one year. We had that plan and it was all set out with good economic forecasting. The Liberal opposition over there, which is the opposition to the Canadian taxpayers, kept saying all sorts of dastardly things about us.

I know we were on the right track because what we said we would do they said they would not do, but they had the policies that were in place at that stage and were able to accomplish deficit reduction until about 1997 when we had a balanced budget.

I would like to thank the Liberals for doing that but they could have done much better. We should look at the policies that the Liberal government has had and their out of control spending in so many areas. In the last five years government spending has gone up 50%.

Mr. Joe Fontana: Where? Which one?

Mr. Ken Epp: Look at the budget documents. The data is right there. All anyone has to do is look at the expenditures. Since 1999 until now, government expenditures are up 50%. Had there been some fiscal responsibility exercised, we could have had the debt reduced a whole bunch more.

The other thing that a lot of people do not realize is that under the Liberal watch the debt grew from \$480 billion to over \$550 billion. I think it was around \$558 billion or thereabouts. Again, the numbers were conflicting when I was getting information from the Library this morning.

• (1645)

The fact is that the debt grew under the Liberals and now they have managed to bring it down to about the level that it was in 1993 when they were first in power. Now we are back, after 12 years of Liberal government, to where it was when it took over and yet it is saying that in nine years of Conservative government we should have tackled the deficit then. It was a huge debt that was foisted on us by the Liberals.

However let us look at this honestly. Debt reduction should be a high priority. It is for Canadians and it should be for the government. We should stop wasting taxpayer money without accountability, as the government is so prone to do. Canadians and taxpayers are outraged when they hear the reports of the various abuses of their money by the Liberals, their agents and their friends who are appointed to various patronage appointments, and the way they use it. That is an affront to them and I think it is shameful.

The next topic is with respect to tax reduction. I would like to point out that the member for Okanagan—Coquihalla gave a little speech and talked about the Laffer curve.

Government Orders

I was a math physics major and I did not know a great deal about economics until I was put on the finance committee. I was told that I was a numbers guy and that maybe I could do some good there. I really enjoyed my work on the finance committee. I did a little bit of reading on economics. I stand here, not as an expert in economics. I took one course at university but it had been so many years ago that I did not remember much but I do remember the Laffer curve. It is an absolutely fabulous concept and one I think we ought to use more, especially because inadvertently the finance minister in his speech this morning talked about it.

The finance minister indicated that although the tax rates for businesses had gone down, the revenue the government receives from business taxation has gone up. That is a very important point. We do not build the economy by overtaxing people. We receive a certain amount of revenue from a high tax rate but if the tax rate is lowered the economy flourishes. Businesses, entrepreneurs and investors can do so much better with the money than just send it to Ottawa and hope some bureaucratic process will send some of it back to some of the people, be they dead people or people in prison when it comes to a rebate, such as the one that is being planned now. We are very anxious to see how that will work out.

However if we were to leave that money in the hands of the taxpayers, the entrepreneurs, the businesses, the investors, private individuals and families, it would be used much more efficiently and would have a much more positive impact on the economy. We could actually reduce the tax rates and increase tax revenue and thereby have more money available for the government programs Canadians would like to have or demand in some cases.

It is very important that there be good solid fiscal management in this way and it ought to be done on good financial forecasting and on good economic principles. Those things have been missing, in my view, in terms of what the government has done.

The third thing in the bill concerns government spending. The government says that it will use one-third of the surplus for government spending. I fail to understand that. When the Minister of Finance reads his budget every year he should be projecting the expenditures. The government already has a \$3 billion contingency fund in case something happens, some tragedy or national emergency. I have no problem with that but it should be able to project very accurately the total expenditures.

I do not understand how the government can say that if there is an unexpected surplus, one-third of it will be just a free for all. It will be like a big lottery win for the Liberal Party to be hauled out at the next election. To me that is very wrong.

Hon. Joe Fontana: No, it's tax reduction and debt reduction.

Mr. Ken Epp: One-third is debt reduction, one-third is supposed to be tax reduction and one-third is government spending. The government will now have to work real hard to see where it will be able to spend the extra money. I think that should be covered by the contingency fund. I think we should have very orderly and planned tax and debt reductions. The government should be headed in that direction, which is certainly the direction in which we will be going when we are over on that side, and we hope it is soon.

● (1650)

Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, as a young person growing up, Sunday nights I would sit in front of the television and watch *The Wonderful World of Disney*. One of my favourites was *Davy Crockett* from Adventureland. Another part that I really enjoyed was Fantasyland. Every now and then they would have a feature on Fantasyland. I was sitting here thinking back to those days and when I listened to the comments from the member for Edmonton—Sherwood Park, I thought that it was fantasyland all over again.

He talked about the Laffer curve and I am not sure if that is spelled l-a-u-g-h-e-r, but if we take that argument to its logical extreme, then no taxes is the best solution. Of course everyone would like no taxes, but the reality is that if we did not have any taxes, we would not be able to fund the many programs that are so valuable to Canadians. The market does not solve everything.

In fact this is what happened in the province of Ontario and under Reaganomics, the trickle down theory. Mike Harris tried it and said all he had to do was cut taxes, the world would unfold and all this revenue would be generated, but the reality is he cut some health services and education programs to the bone and now the province is having to rebuild them. We know about those theories.

The part that I found really comical was when the member tried to argue that the Conservative government actually paved the way to deal with the deficit and reduce the debt. We know in fact that Brian Mulroney or his finance minister set targets. His finance minister, Michael Wilson, did not actually have much of a mandate because his prime minister kept pulling the rug out from under him, as we all know. The finance minister set targets to reduce the deficit but he never did. In fact, he built bigger deficits. During the Mulroney era the Conservatives had a chance.

The argument that the member puts forward that the Conservatives could have done better is like saying that the Liberal hockey team won 80 games this year, the Conservatives won 20, but we could have done better and maybe we could have won 85 games.

It is well acknowledged that the current finance minister and ones beyond him have really taken on this job and eliminated the deficit. We are paying down the debt and that is what Canadians expect us to do.

Mr. Ken Epp: Mr. Speaker, I just love it when the member asks me questions because he opens so many doors.

Government Orders

First of all, the Laffer curve is spelled L-a-f-f-e-r, after Professor Laffer, an economist who invented that particular theory. It is very simple. Sometimes when I am talking to students in classes I give this example. If a professional hockey team charged zero dollars per ticket, the arena would be full and the team's income would be zero. If the team charged \$1 million per ticket, the arena would be empty and the team's revenue would be zero. I wish we could use graphics here because I am used to teaching and in the old days I liked to use a chalkboard. If I had that I would draw something that looked like an inverted parabola. Obviously there is someplace over there where the revenue for the government is maximized. That is the rate. There could be a lower rate, usually at two places, and then the tax rate is reduced, the revenue goes up to a certain point and then it goes down again.

The member's statement that with zero taxes there would be no revenue was absolutely right, but what a simplistic way of looking at it. I invite him to buy a book, or to borrow one from the library, and read about the Laffer theory. It is a very good one and it is one to which the Liberals should pay attention.

The member talked about Prime Minister Mulroney pulling the rug out from under the finance minister of the day. That pales in significance when compared to the present Prime Minister pulling the rug out from under the feet of the finance minister when, unprecedented in Canadian history, there was a budget presented by the Minister of Finance that turned out to mean nothing. Prior to now, budgets had to be kept secret. There could not be a single leak from the budget documents. If there were, we would demand the resignation of the finance minister.

This time around, the finance minister gave his speech, and it is supposed to be that those are the rules that govern Canada from the day of that speech. Lo and behold, a week later the budget meant nothing because the Prime Minister had made a deal with the NDP changing the budget by some \$6 billion, which means that the budget speech really is meaningless.

The finance minister, the Prime Minister and the whole Liberal government through that exercise alone have lost a great deal of credibility among Canadian people and certainly among those in the economic and financial fields.

• (1655)

Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.): Mr. Speaker, I have difficulty understanding the logic of some of the arguments presented by the member.

If we look at an unanticipated surplus and say we will pay one-third toward the deficit, I do not think there is a problem with that. If we return one-third to Canadians, I do not think anybody has a problem with that. Where the member has a problem is if we consider one-third would go to program spending, investments in the needs of Canadians.

Every day in the House during question period or in the committees, I hear from the opposition members about all sorts of areas where they think we should have increased investments. Any time there is an industry in trouble, they say that we should assist it. We agree, and we are always there to assist.

How does the member expect us to make those investments or to have those programs that are talked about all the time or that are required or that are asked for from government if we do not have the revenues to do it?

If we have an unanticipated surplus and we are able to direct one-third of it toward improving program spending in strategic areas, why would the member find that to be such a problem? I think it is laudable and I would expect that he would support it.

Mr. Ken Epp: Mr. Speaker, what the member opposite has said sounds so reasonable, but we should just stop to think about what he has said. He said, "We have programs here and we want to fund them". I will simply say that if it is a program that is defensible and is necessary, it should be in the budget. That is exactly what I said with the NDP deal. If every one of the things which the government put into its second budget to replace the first one were viable programs that should have been there, that are important to Canadians, why were they not in the budget in the first place so we could plan on it?

The idea of planning on not to spend money that is needed on behalf of Canadians but to use it as a little goodie bag at Halloween or Christmas or during elections is wrong. It is called fly-by-night economics, which I think is the worst kind there could be, and the kind that the Liberal government is guilty of.

I would like to see all those programs very rationally planned so that Canadians know what they can expect. Whether they are farmers or other business people or ordinary taxpayers, Canadians should know what they are getting.

It is time that we had things like income trusts. I wish the government would put to rest all the uncertainty on that issue and say that it will not touch them. In the last years, the Liberals have been musing about changing the rules. It is too late for Canadians who depend on those income trusts to make changes. They are really concerned. That type of thing should not be done. There should be a long term definite plan that Canadians can count on.

Frankly, the idea of using one-third of the surplus for program spending is just another example of lack of planning. The government should be able to plan for what is needed. If there is an additional surplus, as I said before, I agree it should be used for tax reductions, thereby probably increasing government revenue, get rid of the debt, thereby increasing the amount of money that is available for programs by reducing the debt servicing charges. But to have a slush fund that is not defensible at budget time should not be there at taxpayers' expense.

• (1700)

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Mr. Speaker, while the Liberals may be lost in the wonderful world of Disney, I would bet that the Americans certainly do not let their federal prisoners, the child predators, out on day passes to visit Disneyland.

I ask the hon. member, as a responsible government, what would the Conservative Party's policy be in terms of surpluses?

Government Orders

Mr. Ken Epp: Mr. Speaker, I think we have made this clear over the last number of years, and it is very similar. We are saying that the money left in the hands of the taxpayer, the entrepreneur, the businessperson, the investor, would generate more economic activity and actually make Canadians on all economic levels better off. There is no doubt about that. It would probably increase government revenue so that we could do things like reduce the EI premiums to the place where they actually are fair, vis-à-vis the benefits that are paid out, and not use the fund as a huge cash cow.

I think also that besides those reductions in taxes, we would find a very rapid reduction of our debt. That debt is still over \$500 billion. It is a huge load on Canadian taxpayers. Even though it is now less than it was, it is still a huge load. I would like to see some substantial tax reductions and substantial debt reduction from those surpluses.

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, before I speak to Bill C-67, I would like to respond to my colleague from Edmonton—Sherwood Park when he used the hockey team analogy. He was very right in his response to a question from the parliamentary secretary when he said that if a hockey team charged \$1 million for a seat in a hockey arena, the arena would be empty and there would be zero revenue. He is absolutely right, but that is if \$1 million is charged. That is the key. If a reasonable fee is charged that hockey arena will be filled. That is what the National Hockey League did recently. It came to that realization.

From 1993 until this very day the Liberal team realizes that we have to use a balanced approach. We have to come to grips with what is going on in this country and tell people the truth, basically deal with it and say what the problem is and what we have to do. That is what we did in 1993.

Today we are discussing Bill C-67, the unanticipated surpluses act. Earlier on the gentleman from Abbotsford was a bit confused about the summary of the bill. I want to take this opportunity to read the summary of the bill so that members opposite understand:

The enactment authorizes the Minister of Finance to make, in respect of fiscal years 2005-2006 and 2006-2007, certain payments out of the annual surplus that is in excess of the sum of \$3 billion and the amount paid in respect of that fiscal year under An Act to authorize the Minister of Finance to make certain payments, being chapter 36 of the Statutes of Canada, 2005. It also authorizes the Minister of Finance to make, in respect of fiscal years 2007-2008 to 2009-2010, certain payments out of the annual surplus that is in excess of \$3 billion. The enactment allocates the amounts authorized to be paid as follows: one third to tax relief, one third to spending priorities and the remainder to reduce the accumulated deficit for the fiscal year.

The enactment also provides a mechanism for increases to the basic personal amounts under the Income Tax Act for taxation years 2007 to 2010 in addition to those implemented in the Budget Implementation Act, 2005, so long as the increases are considered to be fiscally sustainable.

For the benefit of my Conservative Party colleague from Abbotsford, that is what the bill is all about.

I came to participate in this debate with set comments with respect to the bill and other issues related around why the Minister of Finance in his wisdom and through consultation with his cabinet colleagues and us as a party is presenting this bill. However, as I sat in this honourable chamber listening to the debate, all of a sudden certain comments triggered me to say to my hon. colleague from Edmonton—Sherwood Park, thank God for immunity in this chamber because a couple of times he contradicted himself. He talked about the debt being over \$500 billion and then about it being

lower than \$500 billion. In a minute I will point out exactly what the debt is.

Certain comments were made. The member for Cambridge talked about fiction. Let me tell him and his party about fiction. In the 2000 budget, as was mentioned earlier by one of my colleagues, a \$100 billion tax relief program was rolled out over five years. If he thinks that is fiction, maybe he should look at his T-4 slips for the last five years. I know that each and every Canadian looks at his or her T-4 slip and those Canadians will answer whether it is fiction or not.

• (1705)

The member for Edmonton—Sherwood Park talked about pennies, and I am glad he used the words “EI premium”. In the past members of his party would say it was a tax. I cannot thank him enough. As a former employer, that is really what it is. It is an employment insurance premium.

Mr. Gary Goodyear: It's a tax.

Mr. John Cannis: There we go. Those members even contradict each other. They cannot even agree on that side. One says that is a premium and the other says that it is a tax. It shows us what their policy is all about.

I want to touch upon the word “premium”. What has happened again is another reduction in the EI premium.

Back in 1993 our unemployment rate was 11.2% and 11.3%. The corporate world said to the government that it wanted to create employment, but it wanted the government to address EI and lower the rates. For so many consecutive years EI premiums have been reduced, and most recently again, with tens of billions of dollars less being paid by the employer and the employee.

If that is another fiction, then I challenge the member for Cambridge or anyone else across the way to talk to their constituents. Ask them if they were paying more then and less now. Members will get the answer. If they think it is peanuts, that is fine.

Members over there have the tendency to only complete half the sentence. The member talked about the GST. I state here and now that I am willing to take up the challenge with the member. In the 1993 red book we said that we would replace the GST with an equally revenue generating tax. He knows very well that unless we have revenue coming in, we cannot address areas such as Bill C-67, or Bill C-43, or Bill C-48, or \$41 billion for health care, or money for post-secondary education, or money to address the concerns with respect to our environment or the close to \$13 billion for our military. If this money is not generated, from where is that revenue going to come?

As I close my remarks, I first challenge the member to come and see me. I will show him the quote in the newspaper and the quote in the red book. Canadians until this very day are asking us why did we not get rid of the GST. We did not promise to get rid of the GST. We promised to replace it with an equally revenue generating tax, and that is in writing.

Government Orders

Second, the proof is in the pudding. Certain provinces have already harmonized. If other provinces were to pick up on that lead, it would be indeed a savings to the provincial governments.

Some hon. members: Did you forget to give John Nunziata his talking points?

Mr. John Cannis: Mr. Nunziata did not resign on that and the member knows that very well.

The member also said “squandered the money and nothing to show for it”. As I said earlier, thank God for immunity in this chamber. The member is known to be one of the greatest story tellers in this chamber.

Let me also tell him where we have indeed squandered this money. The national debt then was \$562.9 billion. Today it is \$499.9 billion. The debt to GDP ratio was 68.4%. Today it is 38.7%. Our foreign debt to GDP ratio was 43% in 1993. Today it is at 15%. The debt charges to revenues were then at 37.6% in 1995-96. Today they are at 17.2%. Unemployment, as I said, was 11.2%. Today it is at 6.7%. Over 3 million jobs have been created.

•(1710)

That is squandering? Take the almost \$43 billion, the debt the government inherited from the true Progressive Conservative Party, and eliminate it. If the government takes almost 60-odd billion dollars that the debt has been retired by, that is over \$100 billion. If that is fiction, then I must look that word up in their new dictionary. If we add over the past five years the \$100 billion of tax relief to Canadians as a whole, that is almost \$200 billion. Then add the various other investments in seniors with respect to GIS most recently, in housing, in health care, in Sports Canada, the offshore accord and the list goes on. These are not only hundreds of millions of dollars. These are billions of dollars.

We have the cities agenda, the GST rebates. The Federation of Canadian Municipalities has applauded the Liberal government continuously for the support it has been getting.

Then there is national defence. I happen to be the chair of the national defence committee. Almost \$13 billion has been invested in national defence. We need to do more because now our obligations internationally have changed. If there ever were a time to support our men and women in uniform, this is the time to do it. I do not want to get off topic there.

Crimes rates, which were also very important, back then were about 7.5% to 7.8%. Today crime rates are hovering around 3%. What does this do? This allows our economy to move very positively. This allows young couples, for example, to buy homes. That quarter of a per cent or 1% makes a big difference in their monthly income.

For a moment, I want to talk about the EI situation discussed earlier. That is a very important issue for people to understand. I know I have heard comments from Bloc members who have said that we took money that did not belong to us.

I tend to look at the government or the country as one big family. I know when I was growing up and the revenue was coming into the household, my mother did not say that this was her share. Nor did

my father. They did not say that this was her bank account and that was his account.

My parents said that it was one account because it was family. They looked at their expenses such as shopping, paying the mortgage and paying other expenses, et cetera. If there were money left over at the end of the year, they had the opportunity to go to the bank and pay down the mortgage in an accelerated way. This allowed the debt to be reduced as quickly as possible. Then whatever money would be left over would allow them to address other needs, whether it be in post-secondary education or a car for the household, or a vacation or whatever.

Why did I point that out? Because part of Bill C-67 would do exactly that. I was pleased when the Prime Minister, the then minister of finance, brought forward this program with the support of all of us as colleagues at that time, the contingency initiative of \$3 billion. He said that we would go down the list of expenses. In addition, we had the contingency fund for a rainy day. That is good money management and proper thinking.

If the government does not use that money for unexpected expenditures, it then can take and pay down that mortgage or pay down that debt, which is what we have done year after year.

•(1715)

The government could not have done that. We could not have been in the position to do that if we had not made those tough decisions back in 1993, 1994 and 1995, to streamline government, to change the way things operated around here. Doing that has provided us with eight consecutive balanced budgets. It provided us with surpluses never heard of before in the history of our country. I do not think another country could say the same thing.

What have we done year after year? We have taken a good initiative toward retiring the debt. If the contingency fund is not utilized, that too will go toward addressing debt retirement.

Bill C-67 would go beyond that. It would let Canadians know that we have heard them. Constituents on my streets in Scarborough Centre repeatedly ask for a fair deal. They want a balanced approach. Meaning what? They want some tax relief. They want the government to invest in programs that they want. Some were addressed, and I mentioned them earlier. Canadians want us to look at debt retirement. That is exactly what Bill C-67 would do. In addition, a \$3 billion contingency has been set aside. This is planning for a rainy day.

I am quite proud to stand here today almost 12 years later. I appreciate the comments from the member for Edmonton—Sherwood Park who pointed out that time flies. We both were elected some 12 years ago in 1993. We have enjoyed some good moments together and some heated debates.

I like all my colleagues feel very proud that we have put ourselves in the position where we can give the Minister of Finance the ability to bring forward something such as Bill C-67. This tells Canadians once again that we are listening to them, that the balanced approach we talked about in 1993 has continued.

Government Orders

This initiative is not revolutionary. This initiative is simply one of common sense. It makes a lot of decent sense. I do not want to hit below the belt, but I am compelled at this point in time to respond to my colleagues.

One reason I decided to seek political office in 1993 was this. I was tired of seeing good revenue come into the country, yet a Conservative government could not meet its budgets. In the late eighties and earlier nineties I was an independent businessman who did not mind paying taxes. I felt that if I were paying taxes, it meant thank God, I was doing okay. The Conservative government at that time was following this Reaganomics agenda. It did not meet one budget target in the nine years it was in government. I challenge those members to tell me that is not true.

The Parliamentary Secretary to the Minister of Finance quite eloquently pointed out how the Minister of Finance at that time, Mr. Wilson, wanted to do the right thing. Unfortunately, he kept having the rug pulled out from under his feet all the time and was not allowed to implement some of his proposals. Things might have been different. Why could that government not meet one budget target?

Bill C-67 is an add on to what we have been doing. It is showing accountability to Canadians. It is making things more transparent. We are judged on what we did yesterday. The \$100 billion tax relief of 2005 is reflective of what we are doing here now. Canadians can rest assured that this proposal will come to fruition. It will show them the fruits of their consideration for us over the years. We will keep our word.

• (1720)

Mr. Stockwell Day (Okanagan—Coquihalla, CPC): Mr. Speaker, this morning I suggested some tax approaches that I wish the finance minister would give some consideration to that would alleviate the burden on Canadians, but also produce, at the very minimum, the same flow of revenue to the government as it is getting with its present regime of excessively high taxation.

I would like to propose something else to the finance minister and ask him at the very least to consider whether he would accept this idea or reject it. This has to do with the whole issue of the so-called surpluses and how they are so incredibly underestimated or overestimated. The famous dyslexic budget surplus projection from over a year ago where we were told was going to be \$1.9 billion turned out to be \$9.1 billion.

I understand the vagaries of trying to predict what a surplus is going to be. Yes, the items on which a budget is predicated can change during the year, but a surplus of that order of magnitude is inexcusable.

There are two problems that arise. First of all, throughout the year the government can see when an excessive surplus is coming its way. What the government does is madly and wildly spends through the year as it sees that wave of overtaxed dollars coming at it. It can wildly spend it and yet still wind up in a surplus. In fact, it looks as if it has had good management, but in fact it has been terrible management and it has blown away the windfall that was coming its way.

The way to avoid that, and I would ask the finance minister to give this consideration, is through incisive quarterly reports from each department, from the revenue generating departments and from the spending departments. At the start of each year departments produce budgets showing how much they are going to spend or receive in revenue, but if they have to market quarterly and show how they are approaching their targets, there can be sufficient advance warning that the government could see.

For instance, after the first quarter the government could see that revenues are coming in at a little higher rate. More importantly, the transparency that will result from that is that all Canadians and we in Parliament would see that revenues are coming in at a higher rate. By the second quarter, if that wave of surplus was continuing, it would be visible.

At the end of the year that would avoid the wild spending because the budget year is approaching. There is money in the till and it has to be spent. To avoid that March madness, we would see this coming in quarterly reports. The adjustments could be made, but it also has to be reported to the people. Then we would have a real sense of what the true surplus is, how much was unplanned spending because it would be marked every quarter and how much was in fact based on unpredictable events.

The price of oil and gas can change, there can be a SARS crisis, and I appreciate that, but it would put the government on notice that the development of the increased or decreased revenues was going to be known to everybody and known incrementally as it was happening throughout the year. It would produce far better management, far better spending, and the possibility of some true tax reductions which would still result in a surplus.

Would the minister consider that process of transparent, incisive quarterly reports from each department, so that we would know what was coming at us as we move throughout the year?

• (1725)

Mr. John Cannis: Mr. Speaker, I listened very carefully to what the member said. He is a very experienced politician now on the federal side. He was also a member of the provincial government of Alberta. I too have a question about his question. Did he have the same procedure when he was treasurer in Alberta? I do not know. I just simply ask.

Inasmuch as what he was saying, I see the merit from a private business point of view. However, he must appreciate, as I am sure all members and Canadians do, that sometimes unexpected things happen, things beyond our control. Who was to know that we were going to have a Katrina, for example? Who was to know we were going to have an Afghanistan? Who was to know we were going to have a crisis in Kosovo? There are so many expected things that occur.

At the same time, given what has happened, I do not see the necessity of it. When the report card comes out, Canadians will say the government is not perfect, but it has certainly managed the economy well. What I am hearing on the street is that people are now in a position to compare almost a decade of a Progressive Conservative school of thought under the Brian Mulroney regime to what the Liberals have done in almost decade.

Private Members' Business

Indeed, the report card will be put out very shortly, in eight or nine months, or a year, whenever that may be. We should let Canadians judge whether they are happy with our approach or not.

[*Translation*]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, I find it a bit ironic to hear my colleague speak to this bill, which deals with the allocation of surpluses, and to hear him talk about paying down the debt because, in the final analysis, the Liberal Party has been in office for 49 of the last 60 years.

The Liberal Party created the debt. I agree with the member that the Conservatives increased it, but it had been created by the Liberal Party. How was the deficit eliminated? Since 1993, it has been done at the expense of the provinces. When the Prime Minister was Minister of Finance, he decided to eliminate the deficit and to reduce the debt at the expense of the provinces.

Today, the federal government is no longer willing to give money to the provinces. Let us not forget that, in 1993, it started to reduce reinvestments. In 1997-98, investments in the health care system reached their lowest level in Canadian history, thanks to the Liberal Party. We are clawing our way back up in terms of investments, but in the meantime the provinces have become poorer. Now that we have money, we are being told that it is going to be used to pay down the debt and that the provinces will not see a penny of that money.

An hon. member: That is just awful.

Mr. Mario Laframboise: That is what the Liberal Party is telling us. We are told that the money is going to go to the municipalities. I was president of the Union des municipalités and we paid the price for what this Liberal government did to the provinces, which then turned to the municipalities to get money. The municipalities are simply given back the money that had been taken from them since 1993. This is not a gift.

All the Bloc Québécois is asking is that the provinces be given back the money that was taken from them, that the unemployed be given back the money that has been taken from them since 1993, when the Prime Minister was Minister of Finance.

• (1730)

[*English*]

Mr. John Cannis: Mr. Speaker, first, the member is being intellectually dishonest when he says this debt was created by the Liberals. It was created by governments of this country, including Liberals. Second, when he talks about municipalities, he is absolutely wrong, simply because the municipalities are the offspring of the provinces. We did not take from them; the provinces did.

Never before in the history of this country has there been a greater investment returned to the municipalities. We not only met the Romanow report, we exceeded it. Yes, there were adjustments that needed to be made in the early nineties, when we took office, and I addressed those in my presentation. Canadians agreed with that.

The moment we turned the economy around with the help of Canadians, with the cooperation of Canadians as a whole, we turned around and reinvested in this country like it has never been done before. I am quite proud to stand on that record.

[*Translation*]

The Acting Speaker (Mr. Marcel Proulx): It being 5:30 p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

PRIVATE MEMBERS' BUSINESS

[*Translation*]

OFFICIAL LANGUAGES ACT

The House proceeded to the consideration of Bill S-3, An Act to amend the Official Languages Act (promotion of English and French), as reported (with amendments) from the committee.

Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.) moved that the bill be concurred in at report stage.

The Acting Speaker (Mr. Marcel Proulx): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: On division.

(Motion agreed to)

The Acting Speaker (Mr. Marcel Proulx): When shall the bill be read a third time?

Some hon. members: Now.

Hon. Don Boudria moved that the bill be read the third time and passed.

He said: Mr. Speaker, I do not know if you realize how glad I am to speak to this bill today. Without predicting the future, I can see it being adopted very soon.

Then I will declare that it was a kind of gift for me before leaving the House. Indeed, in a few months—or less, but I hope not—my duties in this place will come to an end. Before leaving, I would like to be able to say that I contributed to the protection of minority groups in our country. That is the object of the bill.

Of course, I am not the original author of the bill. All the credit for that goes to Senator Jean-Robert Gauthier, who, during so many years defended so well the interests not only of the French and English minorities, but also those of civil servants and many other groups. He also specialized in parliamentary law and he taught me a lot about procedure, besides what he taught me about minority rights advocacy.

All the credit then must be given to him.

[*English*]

I would also like to take this opportunity to thank the member for Scarborough Southwest, who gave me the opportunity to use his slot of time to debate this bill.

Private Members' Business

•(1735)

[*Translation*]

Later, the hon. member for Gatineau also wanted to contribute to speeding up the process by giving me the time that was allocated to her. That is why I can now begin the debate at third reading of Bill S-3. I thank the hon. member very much. I had the opportunity to thank her a few days ago, but I wanted to thank her again today.

I also thank the hon. member for Ottawa—Orléans, who supported the bill at second reading and who, today, wanted to support it yet again at the report stages and now at third reading. I truly appreciate his support.

[*English*]

I also want to thank the hon. members who sat on the official languages committee for several months dealing with this issue, members on all sides of the House. I extend my congratulations and thanks to all of them because I know that they all worked very hard on this bill.

I did not agree with the points of view of all of them, but that is okay. We are not here to always agree and of course even when we disagree, if our point of view prevails, then presumably it is that much stronger because it eventually triumphs over other points of view. In that respect, I want to thank even those who did not initially like the bill as much, but who, through the amendment process and otherwise, sought to improve the bill that is before us today.

[*Translation*]

In the next few minutes, I want to talk about the bill before us as amended. It certainly is quite different now. The purpose of the bill was to amend part VII of the Act, in other words, sections 41, 42 and 43. Two of these sections were to be amended by this bill, namely sections 41 and 43. However the bill as amended will change only section 41 of the Official Languages Act.

In the beginning there was concern about whether the bill set out to guarantee a process over a result. The committee discussed this at length with help from the Commissioner of Official Languages and her staff, who are not far from us right now—we are not allowed to refer to the presence of others in the House. They helped us a great deal in improving the wording of the bill in section 41.

As far as section 43 of the Official Languages Act is concerned, our colleagues from the Bloc, and perhaps others as well, made sure the bill did not interfere with provincial jurisdictions. The Commissioner of Official Languages thought it did not. This is what she said about the amendment to improve section 43:

Although I do not agree that this amendment could contradict the Canadian Constitution and thereby allow the federal government to act in areas that fall exclusively under provincial jurisdiction, if this amendment becomes an obstacle to passage of the Bill, I do not believe that it is essential and vital to preserve it.

The committee followed the recommendation made by the Commissioner of Official Languages and withdrew the amendment. As a result, section 43 of the Official Languages Act is no longer being amended. To those who were concerned that section 43 may interfere with provincial powers, even if this concern is unfounded, I am announcing that this amendment no longer exists. Now, only section 41 is being amended. This section refers solely to the powers

of the federal government. This section is being improved, so we are also improving the section on government powers and nothing else, since nothing else is specified in either the initial section or in the amendment. So, the status remains unchanged, meaning that the obligations, even if there are more of them, remain those of the Government of Canada, as stated in the initial proposal. We all agree that it is the Commissioner of Official Languages, who has this role, along with her staff and all the experts. We must all recognize this.

I hope that, in the next few minutes—and I have the right to hope, even if I am not certain of the result—that my colleagues on all sides of the House will finally be able to unanimously support the bill as amended. By so doing, all the parties in the House would be unanimously confirming their desire to improve the rights of minorities in this country.

I grew up before section 23 of the Charter existed. At that time in Ontario, attending a French high school was not easy. It was almost impossible. That was my experience. Thanks to the adoption of this section, my children attended elementary, secondary and university in Ontario—my son even got a master's degree—without ever attending an English school. They did all their studies in Ontario. They had this right; I did not. I want to be able to tell my grandchildren that they have more rights than their parents did, just as my children had more rights than I did.

•(1740)

That is the way rights in Canada evolve.

I think that we will improve things in a few days. I want to tell my colleagues: if we are to do this, let us make it unanimous. That is what I want.

Ms. Paule Brunelle (Trois-Rivières, BQ): Mr. Speaker, as the member for Glengarry—Prescott—Russell said so eloquently, Bill S-3 will certainly bring about greater obligations.

What does he think about the power of complaint that would be provided to French and English speaking communities, to minority communities, combined with the wording of section 43? How can he justify that the government would still be required to take measures to advance the equality of both official languages and, if it does not, it might be prosecuted by the courts and would have to comply with their rulings in provincial jurisdictions? What does he think about this?

Hon. Don Boudria: Mr. Speaker, with due respect, the member is wrong: she is talking about the obligations under section 43. In the bill, as it came back from committee, section 43 is gone. The amendment to section 43 has disappeared. Now, we are only amending section 41. The bill, at second reading stage, amended sections 41 and 43 of part VII. That part is deleted in the committee's report on the bill we concurred in 10 minutes ago.

We are now talking only about section 41 dealing with federal institutions. We are no longer talking about section 43, because it was deleted in committee, as my colleague may remember. So it is now section 41. Of course, she may get back to this with a supplementary question, but we are no longer talking about section 43. Indeed, we are no longer amending it, since it was deleted from the bill. The member can ask her colleague about this.

Private Members' Business

Ms. Paule Brunelle: Mr. Speaker, I will tell my colleague that I know perfectly well that we are finally going back to section 43 of the Official Languages Act. However, the fact remains that that section says “The Minister of Canadian Heritage shall take such measures as that Minister considers appropriate to advance the equality of status and use of English and French”.

Moreover, I have noted that combined with the possibility of using the courts, the fact remains that French is in danger in Quebec.

● (1745)

Hon. Don Boudria: Mr. Speaker, I am doing my best.

Section 41 and 43 were declaratory. The bill makes section 41 enforceable while section 43 remains declaratory. This being said, the enforceable part—which means that it can be taken to the courts, etc.—will become an amendment to section 41 and not to section 43. This is not a fact. The member is incorrect. I am sorry but this is not what this is all about.

Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ): Mr. Speaker, maybe I am the one who does not understand the bill in front of us correctly. Let me read the proposed section 77(1), which seems very clear:

Any person who has made a complaint to the Commissioner in respect of a right or duty under sections 4 to 7, sections 10 to 13 or Part IV, V or VII—

The hon. member will correct me if I am wrong but section 43 of the Act is now included in part VII of the Official Languages Act. The section continues:

— or in respect of section 91, may apply to the Court for a remedy under this Part.

It seems very clear that all of part VII of the Official Languages Act has now become enforceable. Unless I am mistaken, section 43, in its present form, is included in part VII of the Official Languages Act.

Hon. Don Boudria: Mr. Speaker, I think it is simply a wrong interpretation. I am convinced that there is no bad faith on anyone's part.

I will not give a course on procedure here but, between the time when a bill comes back from the committee and the time it is passed in the House—in the case of a private member's bill—that bill is not reprinted. In other words, the clauses that were removed by the committee still appear in the bill, even if they are no longer debated. Now, we are debating only section 41. The other clause is no longer there, because it was revoked a few minutes ago, when we adopted the committee's report. This is how things are done with private members' bills.

However, after this bill is passed, section 43 will still be the same as it was two, three or five years ago. It is not amended, it remains declaratory. Following the amendment made through this bill, section 41 will become binding. This only goes for section 41.

The fact remains that, currently, people can still try their luck before a court. People can invoke any act passed by the Government of Canada, whether it is an act allowing the use of a pesticide to fight mosquitoes, or other acts such as this one, and be more or less successful, depending on the scope of the legislation. That goes for any act, including a provincial one, or even an order in council. This is not a new condition that we have today.

I hope this helps clarify how things work.

[English]

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Mr. Speaker, it is an honour to rise today to talk about Bill S-3, an act to amend the Official Languages Act. This bill was introduced in each session of the last Parliament. This is the fourth attempt to pass it.

I want to begin by commending now retired Senator Gauthier for his lifelong dedication to official language minority communities in Canada and for his effort to strengthen their protection with Bill S-3.

The main purpose of this bill is to make the commitments set out in part VII of the Official Languages Act binding on the government. The way the act is worded now, the fulfillment of the objectives in part VII is left up to the discretion of the government, with no obligation of results.

It is interesting to note that a senator, a Liberal senator, has had to try four times to get the government to live up to its commitments, and the only way to do that is to make it a law.

● (1750)

[Translation]

Bill S-3 enhances the enforceability of the federal government's obligations. We are no longer talking about the government's intention here, but about taking concrete measures to advance the equality of status of English and French. We all know how much this Liberal government is dragging its feet on proving that it wants to take action in matters of official languages, like in other matters.

I can understand why Senator Gauthier felt such a bill was necessary.

Three sections of the Official Languages Act are affected by this bill: sections 41, 43 and 77.

Section 41 of the Official Languages Act commits the government to:

Enhancing the vitality of the English and French linguistic minority communities in Canada and supporting and assisting their development.

Section 41 also commits the government to:

Fostering the full recognition and use of both English and French in Canadian society.

Section 43 follows suit and more specifically aims at increasing the level of responsibility of the Minister of Canadian Heritage on promoting official languages.

The government has failed miserably on both these accounts.

[English]

The Official Languages Commissioner, Dyane Adam, has criticized the lack of action of the Liberal government with respect to official languages. Indeed, in her last three annual reports she recommended to clarify the legal scope of the commitments set out in section 41 of the Official Languages Act.

Furthermore, in 2004 the Federal Court of Appeal stated that “section 41 is declaratory of a commitment and that it does not create any right or duty that could at this point be enforced by the courts, by any procedure whatsoever”.

In other words, the court ruled that section 41 of the Official Languages Act was a broad statement of principle and not an actual legal obligation. The court went on to say, “the debate over section 41 must be conducted in Parliament, not in the courts”.

Bill S-3 addresses this ruling in two ways. First, it would add subsections requiring all federal institutions to take positive measures for the ongoing and effective advancement and implementation of section 41. Second, it would add part VII of the Official Languages Act to a list of specific sections of the act that is justiciable which is contained in section 77.

[Translation]

When this bill was being considered in committee, the Liberals tried to shirk their responsibilities yet again by proposing amendments that were clearly meant to diminish the scope of this bill.

In May 2005, before the Standing Committee on Official Languages, the Minister of Canadian Heritage proposed replacing this result obligation with a process obligation. Once again, this government is trying in every way to avoid implementing all the provisions of the Official Languages Act. The government wants to consult, but does not want to formally commit to taking concrete measures to improve the situation of linguistic minority communities.

[English]

Clause 77 is also aimed at binding the government to its commitments. Clause 77 reads:

Any person who has made a complaint to the Commissioner in respect of a right or duty under sections 4 to 7, sections 10 to 13 or Part IV, V or VII, or in respect of section 91, may apply to the Court for a remedy under this Part.

As I mentioned earlier, clause 77 would make it clear that if the government does not live up to its obligations under part VII of the Official Languages Act it can be taken to court and forced to fulfil these obligations. It is a shame in this country that we have to go that far to promote our official languages.

Therefore, Bill S-3 would strengthen the Official Languages Act making explicit the federal government's legal responsibilities to our communities' vitality. It also clarifies our right to use the courts under part VII of the act to enforce the government's legal duties to our communities.

As a general principle, I am very supportive of legislation that removes wiggle room for ministers and holds them to their commitments.

• (1755)

[Translation]

Participants in the public debate on Bill S-3 have suggested that the proposed legislative measures would encroach on areas of provincial jurisdiction and have a prejudicial effect on the balance of power which is at the heart of the Canadian federal system.

Private Members' Business

It is clear that many of these issues directly related to community development fall under either shared jurisdiction or exclusive provincial jurisdiction. That is why the Conservative Party has fought to have this bill amended to specify that this commitment of the government is to be fulfilled “in compliance with the jurisdictions and powers of the provinces”. We know full well that this Liberal government jumps at any opportunity that comes by to encroach on the provinces' areas of jurisdiction.

With this amendment, the Conservative Party is proud to remind the Liberal government that Bill S-3 is not a new way of interfering in provincial jurisdictions. The Conservative Party's amendment is designed instead to ensure that the government will finally assume its responsibilities in official languages, and do so in compliance with the powers delegated to the provinces under the Canadian Constitution.

In conclusion, I would like to remind my hon. colleagues that the Conservative Party supports any measure to force this government to fulfil its official languages obligations.

The Conservative Party believes that Parliament should draft legislation that is clear and enforceable for everyone involved, instead of passing vague laws and leaving it up to non-elected judges to provide details about measures that the government has to take to meet its official languages commitments.

The Conservative Party respects provincial jurisdictions. It has worked on that, to ensure that this Liberal government will not be able to jump at the opportunity to once again invade areas of provincial jurisdiction.

[English]

With the Conservative Party's amendment that seeks to protect provincial powers, the Bloc's exclusionary policy is no longer relevant. The Conservative Party values bilingualism in Canada, while the Liberal government is clearly trying to use all possible ways to divert attention from the failure of its own action plan on official languages.

The poor track record on official languages will not change until the government is replaced by an effective government. Just last evening, during the minister's own mid-term report on the action plan, speaker after speaker stressed that leadership was sadly missing.

The Liberal government has been leading this file for two and a half years and our minority communities are still looking for leadership. Seven-five per cent of them report it is totally ineffective. The language commissioner herself says that it is ineffective. After two and a half years, only 20% of the \$750 million in funds have been released to the communities that so desperately need it. This will only change when a Conservative government takes power.

[Translation]

Ms. Paule Brunelle (Trois-Rivières, BQ): Mr. Speaker, there are three points I want to talk about.

Private Members' Business

First, I would like to explain why we are still opposing Bill S-3. I am talking about the importance of the French language as the common language in Quebec. I also want to say that we regret not being able to support our French speaking colleagues from Acadia, Ontario and western Canada. Finally, I wish to reaffirm the Bloc Québécois' commitment to and solidarity with the francophones of North America who do not live in Quebec.

Part VII of the Official Languages Act says:

The Government of Canada is committed to (a) enhancing the vitality of the English and French linguistic minority communities in Canada and supporting and assisting their development; and (b) fostering the full recognition and use of both English and French in Canadian society.

This section clearly allows the federal government to fulfill its constitutional commitments to advance the equality of status and use of English and French in Canadian society.

The promoters of Bill S-3 believed that subsection 77(1) of the same act had to be replaced by the following:

Any person who has made a complaint to the Commissioner in respect of a right or duty under sections 4 to 7, sections 10 to 13 or Part IV, V or VII, or in respect of section 91, may apply to the Court for a remedy under this Part.

Contrary to what was said just now by the hon. member for Glengarry—Prescott—Russell, section 41, which is worded as follows:

Within the scope of their functions, duties and powers, federal institutions shall ensure that positive measures are taken for the ongoing and effective advancement and implementation of the Government of Canada's commitments under subsection (1).

It is understood that this implementation shall take place in compliance with the fields of jurisdiction and powers of the provinces—as amended. We agree that section 41 assigns the government an obligation of result and, combined with section 77, this application to the courts for remedy could lead us into major difficulties, in this desire to ensure the equal status of French and English. So this is a particular issue in Quebec.

It is above all this possibility of applying to the courts that concerns us.

The Bloc Québécois considers that the absence of specific criteria as to the results to be achieved by the federal government, for the promotion of French and English, leaves room for the possibility of abusive application to the courts for remedy by certain persons or certain groups. And let us be frank, such exaggerated application would perhaps occur too often, unfortunately, in Quebec.

Furthermore, the federal government too frequently uses its spending power to invade fields of provincial jurisdiction. It has already done so in the field of health. For example, it has concluded a \$11.5 million, five-year agreement with the government of Quebec with the aim of increasing access to health care for anglophones. This agreement has been criticized because it imposes bilingualism on the Info-Santé workers in contravention of the right to work in French in Quebec, something clearly laid out in our Charter of the French Language.

In the Action Plan for Official Languages tabled in March 2003 by Minister Stéphane Dion, we read in Axis 2, which deals with community development, and I quote:

The measures considered will enhance the communities' access to public services in both official languages, mainly in the areas of health, early childhood development and justice.

Need I point out that health and early childhood development are within provincial jurisdiction? It is not surprising that the hon. members on the Standing Committee on Official Languages felt themselves obliged to include in the bill a reminder to the federal government to respect the jurisdiction and powers of the provinces.

It is sad to see the Liberal government in Ottawa pushing its arrogance to the point of thinking itself superior to all those with whom it should, in fact, be collaborating in good faith.

Mrs. Linda Cardinal, holder of the chair of research on francophonie and political studies at the University of Ottawa, testified before the Standing Committee on Official Languages on September 29. She said she was choosing the political and administrative route, which was reinforced through providing new official language coordination responsibilities to Privy Council.

We, in the Bloc Québécois, agree with Mrs. Cardinal.

• (1800)

This has not always been the case and it is very difficult to take these measures at a time when we have to enact laws to try to correct the situation. Court action may weaken the status and use of French in Quebec.

Another witness who appeared before the Standing Committee on Official Languages, Mr. Jean-Paul Perreault, summarized nicely the problems with Bill S-3. He said:

This policy would not only go against the general objectives of the Charter of the French Language, which is to ensure that French becomes the common language used in Quebec, but it would also cause a further weakening of the language.

French is still unable to attract the majority of speakers, these Quebec immigrants who adopt a new language spoken in Quebec. Consequently, we fear that the new policy will increase the current imbalance in Canada's language situation, always in favour of English. language. The asymmetry of the official language situation in Canada must be recognized, especially in Quebec.

I worked many years in Mauricie and in Quebec promoting the French language before coming to the House of Commons as the member for Trois-Rivières in 2004.

I continue to work for the recognition of French and to promote quality French. Is this some sort of passing craze? I do not think so. On the contrary it is because language is important for the development of individuals, communities and their culture.

Dr. Camille Laurin, the father of Bill 101, remains an authority and a model for those of us who have the general wellbeing of Quebec society at heart. Dr. Laurin explained the importance of one's language in a speech he delivered on September 12, 1998. He said:

All my life, I have been passionate about building Quebec, to make it a country able to help its citizens to realize their full potential. I tried to do this in a number of areas, including language, because I became aware of the situation language was in at that time.

Private Members' Business

In fact, this is a psychological issue. We lacked self-esteem and self-confidence because our language had been belittled and despised. The only way to overcome these kinds of obstacles to development was to adopt an act or a charter that would allow Quebecers not only to live in their own language but also to develop in that language.

This shows how important the Charter of the French Language is to us. We know how sad the situation of aboriginals is in this country, because when we lose our language and culture, it creates a void, a loss of identity that triggers some very serious social problems.

Language is the connection between thought and concrete action. While we are open to the learning of a second and even a third language, we believe that a strong first language, a common language, promotes better relations between the various classes in our society. In Quebec, French, as a common language, helps children and hard working classes, and also contributes, to a point, to avoiding isolation and ghettoization.

A language that allows people to express themselves clearly is an asset in school, and definitely later on in adult life. It helps develop an independent spirit and also pride because of this sense of belonging to a people that has a common will to live.

The Bloc Québécois has always been committed to Canada's francophone and Acadian communities. It was over 10 years ago that it solemnly pledged its support to all francophone and Acadian communities in Canada. Since then, the Bloc Québécois was the first party in Ottawa to raise the major issues affecting the Canadian francophonie.

It is the Bloc Québécois that urged the federal government to acknowledge the specific realities confronting French-speaking minorities. We were among those who supported francophones in Ontario when they were asking that Ottawa be given the status of bilingual city. We also encouraged Quebecers to provide financial support to the campaign led by S.O.S. Montfort, to maintain the only francophone hospital west of the Ottawa River.

Recently, we condemned the use of automated translations by the federal government, because it was a blatant lack of respect. I want to express our regret to our fellow francophones outside Quebec, namely in Acadia, Ontario and western Canada, for not being able to support them.

• (1805)

But we know—

The Acting Speaker (Mr. Marcel Proulx): I am sorry to interrupt the hon. member, but her time has expired.

The hon. member for Sault Ste. Marie.

• (1810)

[*English*]

Mr. Tony Martin (Sault Ste. Marie, NDP): Mr. Speaker, it is a pleasure to speak in the House today to Bill S-3, an act to amend the Official Languages Act. Before commenting on the bill, it would be a privilege to make a few comments about the author of the legislation, the retired senator, Jean-Robert Gauthier.

The hon. Senator Gauthier has worked tirelessly as a defender on behalf of the francophone cause in order to permanently eliminate injustices and ensure a high level of equality between the two official languages in our country. On behalf of the House, I sincerely thank Senator Gauthier and wish him many more years of happiness and health in his retirement.

In reference to Bill S-3, it has two important components. One is the unconditional commitment of the federal government to enhance the expansion of francophone and English minorities and endorse their evolution. It is also to promote full recognition of the usage of French and English in our society by respecting the jurisdiction and powers of the provinces.

Second, clause 77 reads:

Any person who has made a complaint to the Commissioner in respect of a right or duty under sections 4 to 7, sections 10 to 13 or Part IV, V or VII, or in respect of section 91, may apply to the Court for a remedy under this Part.

The essence of the bill is to reinforce its executory character and non-declamatory obligations that lie with the Canadian government in reference to part VII of the act on official languages.

For several years, the Government of Canada has had an act on official languages in order to rectify injustices affecting the French and English communities. However the problem has always been, and continues to be, that the government does not recognize the executory character of its obligations concerning section 41 of the act on official languages. We have to ensure that once and for all the government is accountable to its obligations in this matter.

The Commissioner of Official Languages has requested that we address part VII and clarify its imperative character and the federal government's commitment.

The problems that are encountered by federal institutions are that bilingual services in the public service are lacking when serving the Canadian population and francophone organizations have to deal with federal public servants.

The development of minority communities has taken a step backward. Bill S-3 is the fourth bill after Bill S-4 in 2004, Bill S-32 in 2001 and Bill S-11 in 2003. In order to give more substance to the official languages bill, Bill S-3 must be adopted once and for all.

The following is a good example of why the House should support the bill. The Supreme Court agreed on February 17, 2005, to hear an appeal launched by the Forum des maires de la péninsule acadienne and la Société des Acadiens et Acadiennes du Nouveau-Brunswick.

I am speaking here today particularly on behalf of our caucus member from New Brunswick who is not able to be here but feels very passionately about the bill.

Private Members' Business

The appeal has to do with the transfer of the four inspectors of the Canadian Food Inspection Agency from Shippagan, New Brunswick to Shediac, New Brunswick. In 2003 the Federal Court in the final analysis ruled to cancel the agency decision and ordered the reinstatement of the four positions of inspectors to the Shippagan office with services in French. However, CFIA appealed that decision to the Federal Court of Appeal which reversed the decision of the Federal Court concerning part VII of the Official Languages Act. The Court of Appeal adopted a restrictive interpretation concerning part VII of the Official Languages Act.

Once more, francophones living in a minority situation were forced to go to the courts to have their rights recognized.

The bill would give more stability to the act in the long term and would eliminate court challenges. It goes on to say that not only services must be offered in both official languages in the region, but also that there is an obligation to promote both official languages by the federal government and this cannot be just an empty promise.

The Liberal government has always maintained to recognize the executory character of the law on official languages which would bring forth too many cases in front of the court and it wants to avoid this. There is a need for political willingness. The Senate has understood the urgency of the bill and that is the reason it adopted Bill S-3 on October 26, 2004. It is now the turn of the House of Commons to do the same.

The Standing Committee on Official Languages is mindful of the fact that the implementation of the bill shall be carried out while respecting the jurisdiction and powers of the provinces.

The intent of the bill is not to convey the impression of converting French people to English or English to French.

I can understand that one of the opposition parties, the Bloc Québécois, does not endorse the bill. However, this is a matter of federal jurisdiction as it has to do with federal institutions. The Bloc Québécois has to respect the federal jurisdiction in the manner in which the federal government has to respect provincial jurisdiction.

All the minorities are to be treated with equality and with the same dignity.

The NDP favours linguistic diversity and the development of minority communities concerning official languages. The NDP strongly encourages members of the House to support Bill S-3 with the amendments proposed by the Standing Committee on Official Languages in order that minorities be able to benefit and enjoy the same linguistic opportunities as the rest of Canada.

I thank the work of the House, the Standing Committee on Official Languages and Senator Gauthier on Bill S-3.

• (1815)

[Translation]

Mr. Marc Godbout (Ottawa—Orléans, Lib.): Mr. Speaker, it is certainly a pleasure, but even more a privilege and an honour for me to speak to this important bill, Bill S-3, an act to amend the Official Languages Act.

I would also like to give credit where credit is due and say a few words about Senator Gauthier. He has spent his whole life defending

the French fact in Ontario. It would certainly be an achievement for him to see his bill, coming from the Senate, being adopted in the House of Commons and sent back to the Senate for royal assent.

I also want to say a few words about the sponsor of the bill, the member for Glengarry—Prescott—Russell. We know that it is thanks to his hard work and conviction that this important bill for the official languages communities has made it so far, to third reading at this point.

I would also like to thank the parliamentary secretary, the member for Saint Boniface. We were in a cold sweat more than once during the discussions held at the Standing Committee on Official Languages. At one time, we wondered if the bill would make it to the House. The parliamentary secretary was very patient with his colleague and I thank him from the bottom of my heart.

Much has been said about section 41 and section 43, which was not amended in the end. On the other hand, the most important point in Bill S-3 is certainly the amendment to section 77 of the Official Languages Act. It ensures the justiciability of part VII of that act. Hon. members must keep in mind that parts of the legislation already are justiciable. The set of obligations of federal institutions, that is ministers and Crown corporations, were declaratory rather than justiciable, as the hon. member for Glengarry—Prescott—Russell has said.

Some may wonder, if the government was that keen on doing this for the official language communities, why the legislation had to be changed. It is because, in another 30, 40 or 50 years, the party currently in power might not form the government. Another party might be in power. The official language communities wanted a guarantee, wanted assurances, and that is what Bill S-3 is about.

Like the Official Languages Act, the bill has been a long time in coming. First of all, in 1995, there was a government policy statement giving the Privy Council, among others, the responsibility for creating provisions for application of the former section 77. Then of course came the official languages action plan, which we are familiar with mostly by the author's name of Dion. A few hours ago, the interim progress report required by the Official Languages Act was tabled. It was positive, and very well received by the communities.

What we are doing at this time is moving on to the ultimate step: making the government's obligation justiciable. For the official language communities, this will be cause for almost as great a celebration as the promulgation of the Official Languages Act back in 1968 or so.

It is also important to keep in mind that the official languages communities have had some success already, thanks to a Supreme Court ruling on the interpretation of section 23.

• (1820)

This is why this issue is important. During debate members often asked why we needed this court element. Without section 23 of the Official Languages Act, we would probably not have our French school boards across the country. Of course, the provinces had to get on board but the charter guaranteed that. This is exactly what the bill is doing about the amendment proposed to the Official Languages Act.

Private Members' Business

For over 30 years the Government of Canada has strived to promote official languages across the country with a vision of openness, a vision that ensures that French- and English-speaking Canadians can feel at home wherever they live and wherever they may be. We are able to appreciate the huge benefits of this.

I have always said that there is no such thing as a second-class francophone. Whether it is in Quebec, in Acadia, in Ontario or in British Columbia, the use of French is not a privilege, but a right. French-speaking Canadians are entitled to the services and commitment of their government wherever they are in the country. That is Canada. Perhaps some parties have trouble understanding this.

Barely 20 years ago, let us not forget, many of the provinces—as I mentioned earlier—did not have any French schools. In 1990, with the exception of New Brunswick and a few francophone communities in Ontario, not a single French minority community managed its own schools. Today, in every province and territory, all of these communities manage their schools.

The obligations of the federal institutions could nonetheless be spelled out in a regulation, which is obviously the purpose of Bill S-3.

This regulatory power will be exercised in close collaboration with all the key stakeholders, particularly with the francophone and anglophone linguistic minority communities. When the time comes to determine the methods all these federal institutions will be asked to use to develop the communities, the federal government would indeed like to ensure that the institutions have the opportunity to make their points of view clearly known and that their needs are duly taken into consideration. It is very important that the implementation of this legislation is not done in a vacuum.

That is why more consultations were held last night. The government submitted a report and the communities gave their view on the progress of the action plan. We want to work with the communities, whether they are in Quebec or outside the province, but most importantly the Official Languages Act has to apply throughout Canada.

In this same spirit, I want to reassure those in the House who fear that adopting this bill may weaken the status of French in Quebec. Jurisprudence, particularly that from the Supreme Court of Canada on matters concerning Quebec, is unequivocal: linguistic rights must be interpreted according to the context and linguistic dynamism in each province.

In conclusion, numerous francophone and anglophone communities in Canada have been waiting and hoping for a very long time for this increased commitment from the federal government and for this insurance policy. I invite all the members of this House to make their dream come true. The vitality of official languages communities is at stake. We will be following in the footsteps of Jean-Robert Gauthier, Gisèle Lalonde and, I dare say, Arthur Godbout, who sacrificed everything to ensure the survival of the French language throughout Canada.

• (1825)

[*English*]

Mr. Gary Goodyear (Cambridge, CPC): Mr. Speaker, I realize that my time has just been cut in half so that will give me half the time to praise the good work of this committee.

Like my colleagues, I am pleased to speak tonight in the House on Bill S-3, an act to amend the Official Languages Act. Its main purpose is to ensure that the commitments set out in part VII of the Official Languages Act are binding on the government. The bill will also ensure that the Department of Canadian Heritage takes the necessary measures to carry on through the commitments set out in part VII of the Official Language Act.

Just this morning, in fact, the commissioner did not have very good things to say about how the government is handling the commitment it says it has. The Conservative Party has succeeded in forcing the government to modify Bill S-3, amending the Official Languages Act so that respect for provincial areas of jurisdiction will be safeguarded when the act is applied.

The amendments proposed by our party stipulate that Bill S-3 will not undermine or interfere with provincial jurisdiction. Respect for provincial jurisdiction is a priority for this party and is embedded in all of our policies. It is a principle that is dear to the Conservative Party.

The work done on the committee by the Conservative team in considering and finalizing the bill to amend the Official Languages Act clearly demonstrates the Conservative Party's commitment to defending and promoting both Canada's official languages and provincial jurisdiction. Canada's linguistic duality is one of our country's greatest assets.

I was new to the committee. I was asked to join the committee after the first few weeks of this session. As many will know, I am from Cambridge, where there are a number of great minority groups. There are Portuguese, Italian, Croatian, Punjabi and Chinese communities, but I can tell members that our French community is extremely strong and very vital. In Cambridge, there is a beautiful mosaic of these different cultures.

I am pleased to say that we on the committee, including me, took this job very seriously when preparing for a clause by clause study of this bill while it was in front of the committee. Upon joining this committee, I was surprised when we spent the entire first committee meeting arguing about late Liberal amendments. In fact, I understand that there was ample warning for all parties to submit their amendments. I have in front of me the agenda for that first meeting and there are no Liberal amendments on it, just Conservative and Bloc amendments. I notice as well that there are no NDP amendments.

I bring that up simply because the Liberals continue to say that they and only they care about this, but they could not even take the time to meet the deadline and get their amendments in place. It was a Liberal senator who brought this before the House in the first place. There were four attempts to get this passed and still the government is not taking this issue seriously.

Adjournment Proceedings

Many of the amendments that we proposed were in order to clarify the government's responsibilities in this piece of legislation. We needed to firm that up and make it more clear. We wanted to protect the rights and jurisdictions of the promises and it was of utmost importance that we do that. However, it is also extremely important that legislation is kept to by the government. Unfortunately, the only motivator, and perhaps not even a good motivator, is a lawsuit. I certainly hope that we do not sue the government as a result of firming this up and forcing them to keep their commitments.

My four minutes are up, Mr. Speaker. I know that you would have liked the other half of my remarks.

● (1830)

[*Translation*]

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

ADJOURNMENT PROCEEDINGS

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

[*English*]

CAMPAIGN FINANCING

Mr. Scott Reid (Lanark—Frontenac—Lennox and Addington, CPC): Mr. Speaker, in July last year, the multiculturalism minister joined the cabinet and was advised by the Ethics Commissioner to divest himself of Grand Canadian Academy, the school that he owned at that time in China. The divestiture did not take place until December. Fair enough, these things can take time, and in the interim there is nothing wrong if the minister tried to seek out the highest possible sale price for his school.

What is illegitimate is to engage in any action that puts the minister into a conflict of interest. Let me quote from section 8 of the House of Commons Conflict of Interest Code:

When performing parliamentary duties and functions, a Member shall not act in any way to further his or her private interests...or to improperly further another person's private interests.

Therefore it is a conflict of interest to do what the minister did in January. Specifically, the minister went on a team Canada trade mission to China with Michael Lo and Queenie Tin, the partners to whom he had sold Grand Canadian Academy only a month earlier. While in China, performing his ministerial and parliamentary duties, he signed a contract that had the effect of boosting the school's value.

When I raised this issue twice in question period, the minister refused to deny that this is what he did. In fact, he refused to stand at all and answer questions on this subject, and I can see why he was reticent. The only rational explanation for what he did while on the team Canada mission is that he was using an official trade mission either to enrich his partners, by ensuring a boost in the value of the company he had just sold to them, or that he had used the trip to enrich himself.

This latter scenario could easily have been the case if, as seems plausible, the purchasers had known in December that in January the minister would be facilitating a new contract for the school that he was selling to them. This knowledge would have increased the value of the school to them, and hence would have increased the price that they would be willing to pay to the minister, which constitutes a conflict under the section that I cited. Both the actions of course are in fact prohibited under the provisions of the Conflict of Interest Code.

Up until now, the only defence that has been presented on behalf of the minister is that he complied with the Ethics Commissioner's instructions to divest himself of Grand Canadian Academy, but this is not a fact that is really in dispute here. What is significant is the manner of the divestiture.

I pause at this point to point out that this is almost a perfect parallel to what happened to Bill Vander Zalm. When Bill Vander Zalm was premier of British Columbia in 1990, he was caught using official hospitality as a way of securing a potential buyer for Fantasy Gardens, his company. Specifically, Mr. Vander Zalm was forced to resign after he had caused the Taiwanese buyer of Fantasy Gardens, Mr. Tan Yu, to be provided with VIP treatment and a lunch with the lieutenant-governor prior to the sale. The matter went to court and the court ruled that in providing this access, Mr. Vander Zalm had been using his position as premier to promote his own business transactions by providing access to cabinet ministers for Tan Yu.

The question I have today is this. Why is it that the action which cost Bill Vander Zalm his job as premier of British Columbia is just business as usual in the eyes of the government, when the same thing is being done by the Minister of State for Multiculturalism from British Columbia?

● (1835)

Hon. Mauril Bélanger (Minister for Internal Trade, Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Associate Minister of National Defence, Lib.): Mr. Speaker, the allegations the member for Lanark—Frontenac—Lennox and Addington has been making are essentially ridiculous. I am rather surprised that he is at it again. He has asked questions during question period on this twice and I gave precise answers on behalf of the government.

The Minister of State for Multiculturalism has acted in an open, transparent and most appropriate manner. As I said during question period, I indicated that the minister upon being invited by the Prime Minister to join the cabinet, did as all ministers do, consulted the Ethics Commissioner within the timeframes allowed to seek advice.

The advice given was that the minister dispose of the shares that he may have had in the school in China. In December 2004, within the timelines that ministers had to settle their affairs in order to comply with the guidelines, the minister did exactly what was suggested of him.

By the time the trip to China occurred, the trip to which the member across refers, he had fully divested himself of the shares and, therefore, of any interest in this company.

We have a minister who did exactly what the Ethics Commissioner suggested he do. The member essentially is complaining that the minister followed the law. He followed the advice given to him by the Ethics Commissioner.

It is not good enough it seems for the member opposite. He keeps casting about innuendoes and suppositions of profiteering and so forth. I am rather surprised at the member because he has never, as far as I can recall, engaged in that kind of tactics before. I do not know what has become of him, for him to engage in this kind of behaviour.

We have a situation that is clear-cut. The minister was invited into cabinet and he sought advice from an independent Ethics Commissioner. Incidentally, it is rather ironic that the member who makes these allegations is on the record as having supported the establishment of an independent ethics commissioner. Now that we have one and the minister has followed the advice of the independent Ethics Commissioner, exactly as was suggested and did what he was told to do, it is still not good enough.

I find this rather bothersome that we in the House would engage in this kind of behaviour. We have codes that were followed and adhered to, and the advice given was followed. There is no conflict because the minister divested himself of all his interests. Yet a member goes about pointing the finger and saying that there is a conflict. They are created when they do not exist. I am really disappointed with the member for pursuing this line. I thought he had managed to rise above that, but obviously I was wrong.

I am sorry that the member persists in trying to slur the reputation of hon. members of the House. That is not a behaviour that I would encourage him to continue, especially when the facts are clear.

We have a situation where a minister sought advice, advice was provided, advice was followed and acted upon in due course, as per all the codes that exist. There is no conflict, yet the member across the way keeps trying to paint the picture of a minister in conflict of interest, when the truth and facts paint the exact opposite picture.

I would invite the member across to cease and desist these tactics that are beneath his reputation.

Mr. Scott Reid: Mr. Speaker, I appreciate the fact the minister was restrained today. When I brought this issue up last time, he said

Adjournment Proceedings

that my comments were verging on the despicable. I thank him for his self-restraint.

The problem is not that the minister divested himself of Grand Canadian Academy. We all agree that that occurred within a reasonable timeline and there is no dispute there.

The question is whether the value of Grand Canadian Academy at the time of its divestiture had been increased by the foreknowledge that the minister would be accompanying the future owners of that company to China and assisting them in signing a contract. If that were the case and it raised the price, then he was enriching himself at taxpayer expense. Canadians paid for that trip and that is a very serious conflict.

Alternatively, he may simply have caused the price to go up for the benefit of those partners, in which case they were being enriched.

As I cited under section 8 of the Conflict of Interest Code, both of those are conflicts of interest and are inappropriate in his position.

● (1840)

Hon. Mauril Bélanger: Mr. Speaker, repeating allegations, suppositions and innuendo does not make it fact. Again, I would invite the member to be more careful in his approach of treating other members of the House, from whatever party they may be, or ministers of the government. It behooves us all to rise above petty partisanship.

There is no conflict here. The minister followed the advice given to him by the independent Ethics Commissioner to the letter. The Ethics Commissioner has a role to play. The minister followed his advice and divested himself of any and all interest he may have had, therefore ending any possibility of conflict.

To keep supposing that there is conflict is irresponsible, not to use that other word. I would really invite the member opposite to—

[*Translation*]

The Acting Speaker (Mr. Marcel Proulx): The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until Monday October 31, 2005, at 11 a.m. pursuant to the order adopted on September 29, 2005, and to Standing Order 24(1).

(The House adjourned at 6:41 p.m.)

CONTENTS

Thursday, October 27, 2005

ROUTINE PROCEEDINGS

Supplementary Estimates (A), 2005–06

Official Languages

Mr. Bélanger 9147

Order in Council Appointments

Mr. Bains 9147

Agricultural Marketing Programs Act

Mr. Goodale (for the Minister of Agriculture and Agri-Food) 9147

Bill C-69. Introduction and first reading 9147

(Motions deemed adopted, bill read the first time and printed) 9147

Criminal Code

Mr. Cotler 9147

Bill C-70. Introduction and first reading 9147

(Motions deemed adopted, bill read the first time and printed) 9147

Interparliamentary Delegations

Mr. Patry 9147

Petitions

CN Rail

Mrs. Skelton 9148

The Environment

Mr. Thompson (New Brunswick Southwest) 9148

Questions on the Order Paper

Mr. Bains 9148

GOVERNMENT ORDERS

Unanticipated Surpluses Act

Mr. Goodale 9148

Bill C-67. Second reading 9148

Mr. Solberg 9150

Ms. Thibault (Rimouski-Neigette—Témiscouata—Les Basques) 9151

Ms. McDonough 9151

Mr. Thompson (Wild Rose) 9152

Mr. Solberg 9153

Mr. Goodale 9155

Mr. Szabo 9156

Mr. Asselin 9156

Mr. Loubier 9157

Mr. Jean 9159

Mr. Loubier 9160

Mr. Szabo 9160

Ms. Wasylycia-Leis 9161

Mr. McKay 9164

Mr. Jean 9164

Mr. Asselin 9165

Mr. Anderson (Victoria) 9165

Mr. Keddy 9168

Mr. Jean 9169

Mr. McKay 9169

Mr. Komarnicki 9170

Mr. Bell 9172

Mr. Asselin 9173

Mr. Szabo 9173

Mr. Tweed 9176

Mr. Côté 9176

Mr. Day 9177

STATEMENTS BY MEMBERS

CKTB Radio

Mr. Lastewka 9178

Chalk River Laboratories

Mrs. Gallant 9178

Year of the Veteran

Mr. Holland 9178

Gisèle Bergeron

Mr. Bellavance 9178

Lakeshore General Hospital

Mr. Scarpaleggia 9178

Year of the Veteran

Mr. Hearn 9179

Immigrants

Mr. Rodriguez 9179

Richard Lamontagne

Ms. Bonsant 9179

Saint-Joseph-de-Madawaska Fire Brigade

Mr. D'Amours 9179

Canada-U.S. Relations

Mr. Hiebert 9179

New Canadian Program

Mr. Telegdi 9180

Literacy

Ms. McDonough 9180

The Environment

Mr. Mills 9180

Literacy

Ms. Brunelle 9180

Aboriginal Veterans

Mr. Harrison 9181

Women's History Month

Ms. Boivin 9181

Philippe Bonneau

Ms. Poirier-Rivard 9181

ORAL QUESTIONS

Sponsorship Program

Mr. Harper	9181
Mr. Martin (LaSalle—Émard)	9181

Justice

Mr. Harper	9181
Mr. Martin (LaSalle—Émard)	9182

Aboriginal Affairs

Mr. Harper	9182
Mr. Martin (LaSalle—Émard)	9182
Mr. Prentice	9182
Mr. Scott	9182
Mr. Prentice	9182
Mr. Martin (LaSalle—Émard)	9182

The Environment

Mr. Duceppe	9182
Mr. Martin (LaSalle—Émard)	9182
Mr. Duceppe	9183
Mr. Martin (LaSalle—Émard)	9183
Mr. Bigras	9183
Mr. Dion	9183
Mr. Bigras	9183
Mr. Dion	9183

Aboriginal Affairs

Mr. Layton	9183
Mr. Martin (LaSalle—Émard)	9183

Health

Mr. Layton	9183
Mr. Dosanjh	9183

Aboriginal Affairs

Mr. Harrison	9184
Mr. Scott	9184
Mr. Harrison	9184
Mr. Scott	9184
Mr. Chong	9184
Mr. Martin (LaSalle—Émard)	9184
Mr. Chong	9184
Mr. Scott	9184

Softwood Lumber

Mr. Paquette	9184
Mr. Peterson	9184
Mr. Paquette	9184
Mr. Peterson	9184
Mr. Crête	9184
Mr. McCallum (Markham—Unionville)	9185
Mr. Crête	9185
Mr. McCallum (Markham—Unionville)	9185

Border Security

Mr. MacKay	9185
Ms. McLellan	9185
Mr. MacKay	9185
Ms. McLellan	9185

David Dingwall

Mr. Pallister	9185
---------------------	------

Mr. McCallum (Markham—Unionville)	9185
---	------

Technology Partnerships Canada

Mr. Rajotte	9186
Mr. Emerson	9186

Haiti

Mr. Rodriguez	9186
Mr. Pettigrew	9186

Aboriginal Affairs

Mr. Angus	9186
Mr. Scott	9186

Health

Ms. Crowder	9186
Mr. Dosanjh	9186

Justice

Mr. Toews	9186
Mr. Cotler	9187
Mr. Toews	9187
Mr. Cotler	9187
Mr. Kamp	9187
Mr. Dosanjh	9187
Mr. Kramp	9187
Mr. Cotler	9187

Cigarette Taxes

Mr. Desrochers	9187
Mr. McCallum (Markham—Unionville)	9187

Health

Mr. Ménard (Hochelaga)	9187
Mr. Dosanjh	9187

Cigarette Taxes

Mr. Poilievre	9188
Mr. McCallum (Markham—Unionville)	9188
Mr. Poilievre	9188
Mr. McCallum (Markham—Unionville)	9188

Literacy

Mr. Silva	9188
Ms. Bradshaw	9188

Canadian Wheat Board

Mr. Anderson (Cypress Hills—Grasslands)	9188
Mr. Goodale	9188

Agriculture

Mr. Nicholson	9188
Mr. Mitchell	9188

Aboriginal Affairs

Mr. Cleary	9189
Mr. Scott	9189

Citizenship and Immigration

Ms. Dhalla	9189
Ms. Stronach	9189

Foreign Affairs

Mrs. Parrish	9189
Mr. Pettigrew	9189

Presence in Gallery	
The Speaker	9189
Business of the House	
Mr. Hill	9189
Mr. Valeri	9189
Motion	9190
(Motion agreed to)	9190
Privilege	
Sending of documents by Members of Parliament	
Mr. Coderre	9190
Mr. Gauthier	9191
Ms. Robillard	9192
Mr. Hill	9192
Mr. Dion	9192
Ms. Bakopanos	9193
Business of the House	
Mr. Hill	9193
Motion	9193
(Motion agreed to)	9193

GOVERNMENT ORDERS

Unanticipated Surpluses Act	
Bill C-67, Second reading	9193
Mr. Côté	9193
Mr. McKay	9196
Mr. Tilson	9197
Mr. Perron	9197
Mr. St. Amand	9197
Mr. Tilson	9199
Mr. Godbout	9199

Mr. Epp	9200
Mr. Goodyear	9200
Mr. Carr	9200
Mr. Epp	9200
Mr. Cullen (Etobicoke North)	9203
Mr. Thibault (West Nova)	9204
Mrs. Gallant	9204
Mr. Cannis	9205
Mr. Day	9207
Mr. Laframboise	9208

PRIVATE MEMBERS' BUSINESS

Official Languages Act	
Bill S-3, Report stage	9208
Mr. Boudria	9208
Motion for concurrence	9208
(Motion agreed to)	9208
Third reading	9208
Ms. Brunelle	9209
Mr. Côté	9210
Mr. Lauzon	9210
Ms. Brunelle	9211
Mr. Martin (Sault Ste. Marie)	9213
Mr. Godbout	9214
Mr. Goodyear	9215

ADJOURNMENT PROCEEDINGS

Campaign Financing	
Mr. Reid	9216
Mr. Bélanger	9216

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