



House of Commons  
CANADA

## Standing Committee on Finance

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FINA • NUMBER 074 • 1st SESSION • 38th PARLIAMENT

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EVIDENCE

**Monday, June 13, 2005**

—  
**Chair**

**Mr. Massimo Pacetti**

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Monday, June 13, 2005

• (1950)

[English]

**The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)):** Shall the bill carry?

Can we begin? I'm going to try this every five minutes. Shall the bill carry?

I just want to make sure everybody has received two packs, a big pack and a small pack. What we're going to do is go slowly, as we did the last time, to make sure we're on the same amendment.

So we're going to start right away with clause 1.

[Translation]

(On clause 1—*Payments for fiscal year 2005-2006*)

I have here the Bloc Québécois's amendment, reference number 1924076. We have a legal opinion declaring it inadmissible because it goes against the royal recommendation.

[English]

So we're going to go directly to CPC-0.1, reference 1911938. This is a proposal by Mr. Pallister.

Mr. Pallister, would you like to speak to that?

**Mr. Brian Pallister (Portage—Lisgar, CPC):** To my colleagues, the intention of this is to raise what is essentially a cap on debt repayment that's imposed by the agreement the NDP forced on the Liberal government, according to the secretary, I believe—which they were forced to comply with because of political realities they were forced to face—which effectively reduces the amount of debt repayment to \$2 billion and to begin spending what happens thereafter according to the menu that was arrived at in the hotel where the deal was struck.

What this will do, in combination with subsequent amendments, is increase the amount of debt that would be retired to \$4 billion. This I would hope the government members would be interested in supporting. I'll quote from our finance minister, who said this in his speech made just a few short weeks prior to this agreement, on page 5 of the copy of his speech. You might like to refer to it. It says:

Debt reduction is not something we do to please economists. It is something we do to benefit ordinary Canadians. Reducing debt in a reasonable and measured way

—and I would insert here that I believe this is a reasonable and measured way—

relieves a big burden on future generations. It saves billions of dollars in servicing charges. It facilitates a triple-A credit rating, lower interest rates and rising living

standards. It enables Canada to prepare for the inevitable pressures of an aging population.

Most importantly, debt reduction is something that the vast majority of Canadians believe is...the right thing to do.

I think if we want to do what Canadians want us to do here, according to the finance minister—and I would agree with him on this—we'd best vote yes to raising the amount of debt retirement to \$4 billion from its present proposed level of \$2 billion.

Thank you.

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** On a point of order, we're on CPC-0.1, which I believe has to do with the words “up to 50% of the amount”. It has nothing to do with \$4 billion.

**Mr. Brian Pallister:** It's in combination with the other amendments I alluded to earlier. I was referring to CPC-1.1 under the mistaken impression that we were dealing with it first, for some reason.

But the combination of the two would have this effect. The amendment we're referring to at present then, CPC-0.1, inserts “solidated Revenue Fund up to 50% of the amount that is”. So I'm glad I gave you the preamble, because the combination of the two things would have this effect. Rather than retiring \$2 billion of debt first and then spending from the menu list, we would instead retire \$4 billion first and then 50% thereafter would be allocated to spending.

**The Chair:** Mr. McKay.

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance):** This amendment substantially changes, in our view, the scope of the bill from its position at second reading. At second reading, the contemplation was that the access to this \$4.5 billion would begin after a \$2-billion debt retirement, subject to funds that might be available beyond that amount. Now you put that in the context of the Conservative amendments, which up the threshold to \$3 billion, then up the threshold to \$4 billion, and then up the threshold to \$5 billion, and depending on which threshold the committee decides upon, then 50% of the moneys beyond those thresholds would then be available to address the concerns of this bill.

In our view, Mr. Chair, that is far beyond the scope of the bill, far beyond the intention of second reading, and inappropriate for consideration. We would appreciate a reading as to whether in fact this is actually within the scope of the bill, in the opinion of the clerk.

•(1955)

[Translation]

**The Chair:** Mr. Côté.

**Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ):** Mr. Chairman, I shall ask you to excuse my lack of experience, but this is rather new to me. I have some difficulty understanding why our earlier amendment, which had a financial impact, was declared inadmissible when this other amendment, which clearly has a major financial impact, is in order. I shall not discuss the merit of this idea, but I would like you to explain why our amendment was not admissible earlier when this one is.

I have some difficulty understanding the logic behind all this, Mr. Chairman.

[English]

**The Chair:** I want to address amendment CPC-0.1. The admissibility is the fact that we're looking to reduce the amount that's in the bill. We're not addressing amendment CPC-1.1, Mr. McKay. Is that correct? We're dealing with amendment CPC-0.1.

**Hon. John McKay:** We're dealing with amendment CPC-0.1—consolidated revenue fund of 50%. That's the one we're dealing with, isn't it?

**The Chair:** That's right.

Mr. Penson.

**Mr. Charlie Penson (Peace River, CPC):** I think it would be helpful if we could deal with the reference number. That's tangible. That would help.

**The Chair:** It is reference number 1911938.

**Mr. Brian Pallister:** Could I clarify something for John's advantage?

**The Chair:** Yes.

**Mr. Brian Pallister:** John, I think our intention is to withdraw the \$3 billion and \$5 billion amendments, just for your edification.

The second thing is that I was trying to make sure I didn't create a partial picture, but rather, the full intent of this and the subsequent amendments, so that's why I was going over the issue. For transparency purposes, I also wanted to put it on the record that we're talking about increasing the amount of debt retirement in combination with this measure, so that everybody gets a full picture and not just a—

**Hon. John McKay:** So for the purposes of argument, I can ignore \$3 billion, \$4 billion, and \$5 billion? Are those all withdrawn?

**Mr. Brian Pallister:** The \$3 billion and \$5 billion are, and the \$4 billion is on. We're still talking about it.

**Hon. John McKay:** Oh, the \$4 billion is still on.

**Mr. Brian Pallister:** Yes.

**Hon. John McKay:** If I understand the way this would work, you would first of all insist on \$4 billion being applied to debt, and then 50% of any moneys beyond that would be available for Bill C-48, and the balance would be applied to that.

My question to you is, what's the balance?

**Mr. Brian Pallister:** The balance isn't addressed here. If I address the balance, I think I'm getting outside the scope of the bill, am I not?

**Hon. John McKay:** I don't know.

**Mr. Brian Pallister:** Well, that's the advice we have, so I'm trying to deal as well as I can with the issue of debt repayment in a parliamentary way, within the context of the bill, and allocate money for spending—as is the wish, I think, of everyone here.

**Hon. John McKay:** Basically it's twofold; you double the threshold and you have the surplus available.

**Mr. Brian Pallister:** If I may, let's understand something here. The money doesn't disappear. The other half that isn't spent doesn't disappear.

**Hon. John McKay:** No, but I'm just trying to—

**Mr. Brian Pallister:** It can be allocated to tax reduction. It can be allocated to debt retirement. That is not specified in this amendment. The money is still going to a public purpose.

What we're trying to do is to make money available—granted, at a later level and with a reduced rapidity, in the interests of prudent fiscal management. I believe you would support it, though you're in a difficult position to support my amendment. I understand that. But I think this is more in keeping with the original intent of the budget document itself.

That's the purpose of this amendment and subsequent amendments as they are drafted.

**Hon. John McKay:** So the surplus would effectively have to be \$8.6 billion before we could meet the first year's commitment of \$2.3 billion.

**Mr. Brian Pallister:** That isn't necessarily true, as you know, because in reading this more than half a page—

**Hon. John McKay:** I know we can move it back and forth, but I'm just—

**Mr. Brian Pallister:** No, because if you read the bill, John, as I'm sure you have, you understand that it doesn't commit the government to spending this money. It simply permits the government the commitment to spend this money.

•(2000)

**Hon. John McKay:** If there's money available.

**Mr. Brian Pallister:** It doesn't say the government will spend the money at all. In fact, it says “up to” certain amounts, but it doesn't say it couldn't be less. It also doesn't say the government couldn't take the money out of another envelope, reduce spending in that envelope, and move the money over into this envelope to satisfy this agreement.

So no, I don't accept your logic that it would necessarily require a surplus of more than \$8 billion. That's not at all true.

**Hon. John McKay:** It's contingent spending. The whole bill is contingent spending. So effectively, if you were just to take above \$4 billion....

You started your threshold at \$4 billion. So the bill says maybe the first year there's nothing beyond \$4 billion and nothing will get spent. Right?

The next year, there may be a \$10-billion surplus, and for that \$4.6 billion, which would really have to be \$9.2 billion plus \$4 billion, you'd have to have a surplus of more than \$13 billion in order to be able to meet the commitments of Bill C-48.

**Mr. Brian Pallister:** No, again, I've already pointed out—I think rather clearly, to an objective listener—the fallacy of the argument you're making yet again, because this bill does not commit the government to spending the money it purports to be committed to spending, as you well know. In fact, the government could again move envelopes of spending from other previously announced programs, underspend there, transfer the money over into these categories, and spend the money in these categories.

**Hon. John McKay:** We can't. We don't have any appropriations. This is our only appropriation.

**Mr. Brian Pallister:** The bill, in any case, does not obligate you to spend this amount that you have put in this bill. The bill says—and I can quote you sections of it, if you want—“up to” certain amounts, which could mean anything less than that. So your argument that there has to be a surplus of  $x$  number of billions of dollars before spending is done also applies to the bill, frankly.

**Hon. John McKay:** We agree. It is contingent spending. So all I'm doing is sketching a scenario for you, and contingent spending may mean zero in the first year. Is that right?

**Mr. Brian Pallister:** So it all depends on the surplus amount.

**Hon. John McKay:** So we agree.

Effectively, then, I—meaning the government—am going to have to come up with \$4.5 billion times two, because you're limiting it to 50%. So that's \$9 billion, plus the \$4 billion that's the threshold. So I have to have \$13 billion in order to be able to meet the commitments of Bill C-48, if I spend nothing in the first year.

**Mr. Brian Pallister:** But you only have to have \$4 billion to meet the commitment of paying down debt, which according to the finance minister was a major commitment your government was making, and according to the finance minister was a top priority for Canadians and something that Canadians would all support. So I think we're in keeping with what Canadians' priorities are with this amendment.

**The Chair:** Okay.

Monsieur Paquette, Ms. Wasylycia-Leis, Mr. Penson, and Mr. Solberg.

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** I just want to explain that we will oppose this amendment because we think that too much money has already been allocated to debt repayment in the last few years. We have now the lowest debt-GDP ratio among the G-7 countries and we must invest in social infrastructures. We believe that amendments are required to fill the gaps in Bill C-48, particularly as concerns employment insurance, the Program for Older Worker Adjustment and post-secondary education, for which a \$1.6 billion amount is not high enough. So, we cannot support this amendment.

[*English*]

**The Chair:** Ms. Wasylycia-Leis.

**Ms. Judy Wasylycia-Leis:** Thank you, Mr. Chairperson. I too want to speak against this amendment, the logic of which I don't

think is clear to anyone in this room or to anyone listening across Canada. I think this is simply an attempt to obstruct the committee's work and it's not genuine in its intentions.

For example, Mr. Chairperson, let me pursue—

**Mr. Brian Pallister:** On a point of order, Mr. Chairman—

**The Chair:** Yes, Mr. Pallister.

**Mr. Brian Pallister:** —I haven't attacked the integrity of my colleague on this committee, and I would really appreciate it if that remark was withdrawn and an apology offered right now—

**Ms. Judy Wasylycia-Leis:** Which remark?

**Mr. Brian Pallister:** —because when you start saying that an amendment like I'm proposing to increase the amount of debt repayment for Canadians is not genuine in its origin—

**Ms. Judy Wasylycia-Leis:** Call him out of order, Mr. Chairperson.

**Mr. Brian Pallister:** —I take strong exception to that, and I don't think there's any place for that kind of conduct in this committee.

**The Chair:** Okay, Mr. Pallister.

Ms. Wasylycia-Leis, can you just stick to the amendment and not make any comments as to what the rest of the world is thinking?

**Ms. Judy Wasylycia-Leis:** Mr. Chairperson, I am certainly sticking to the amendment, and I did not make any derogatory remarks about the member. I said there appeared to be no substance or factual basis for this amendment, and I'm about to explain that. So, Mr. Chairperson, I will do so.

First of all, I was about to suggest that it's very disingenuous for the member to suggest the bill we are dealing with, in terms of its wording and how money will be spent, is out of the ordinary. The member and other members on the Conservative bench keep insisting there is something untoward about the fact that this bill talks about money that “may” be spent, up to a certain amount.

May I point out, Mr. Chairperson, so that we don't have to keep dealing with this, that it is common language for all bills pertaining to the budget? I didn't hear one peep out of the Conservatives on Bill C-43 when we dealt with sections dealing with money set aside for cities and municipalities that refer to money that “may” be spent, up to a certain amount. I didn't hear a word from the Conservatives in last year's budget implementation debate when it came to a clause like clause 7 in Bill C-30, that the government “may” make direct payments in an aggregate amount of not more than \$400 million to a trust, and so on.

Mr. Chairperson, I think it's only appropriate that we set the facts straight so that we don't have to continue to hear nonsensical arguments in this important debate.

Now, Mr. Chairperson, I want to get on to the specific amendment at hand. It has to do with the question of this amendment being tied to an amount being set aside as a contingency. You will see, Mr. Chairperson, that we've heard now, from the Conservatives, three different versions. We have before us \$3 billion, \$4 billion, and \$5 billion as suggested amounts.

● (2005)

**The Chair:** No, we're not there yet. We're at the amendment with reference number 1911938.

**Ms. Judy Wasylycia-Leis:** Right, and I'm referring—in the same way as my colleague, the member who proposed this amendment, Mr. Pallister—to the fact that these are linked and that one cannot separate this 50% of the amount from the fact that he's setting a different limit for the contingency and the prudence.

I want to suggest, Mr. Chairperson, that if the Conservatives have made a final policy decision about what's an appropriate amount to be set aside for contingency and prudence, let us hear it. Let us see their rationale and let us have their evidence.

It so happens that in the absence of any other initiative or suggestion, the New Democratic Party made a suggestion to the government, which was accepted, that we set as a minimum \$2 billion. That money, then, if not used on contingency, automatically goes against the debt.

I point out, Mr. Chairperson, that over the course of these last few months it has been the Conservatives who were very strong and very forceful about the fact that some \$80 billion has gone against the debt, because there was no plan before Parliament and no set amount for contingency and prudence. Mr. Chairperson, if they are so concerned about having a transparent, accountable system in place, then surely they would want to find the appropriate time to raise the issue.

We have before us today, right now, the amount of \$2 billion, with the rest being set aside for investments. I think that is something Canadians want, and it is certainly within the framework of proper accounting and budgeting.

So, Mr. Chairperson, I hope we can get on with this bill.

**The Chair:** Thank you, Ms. Wasylycia-Leis.

Mr. Penson.

**Mr. Charlie Penson:** Mr. Chairman, Mr. McKay questioned my colleague about what amount we'd have to have for surplus before it would allow Bill C-48 to take effect. If I recall, the day the minister brought down the budget he forecast the 2004-05 surplus at \$3 billion. Subsequent to that, we had our own fiscal forecasters come into committee and tell us they thought it would be at least \$6 billion. For 2005-06, the amount was \$4 billion estimated in the budget for surplus, and the fiscal forecasters suggested it would be at least \$8 billion.

My understanding is that a *Fiscal Monitor* has come out. I'd like to ask the Department of Finance officials here today if they can give us the numbers they have projected in the *Fiscal Monitor* so we have a better idea about what Mr. Pallister is suggesting is achievable when he's being questioned by Mr. McKay.

**The Chair:** Do you have those numbers available?

**Mr. Peter DeVries (Special Advisor, Deputy Minister's Office, Department of Finance):** I'll let Mr. Rochon answer the question with respect to the *Fiscal Monitor*. He's the director of the fiscal policy division, so he'd be best placed to answer that question, Mr. Chair.

● (2010)

**Mr. Paul Rochon (Director, Economic and Fiscal Policy Branch, Department of Finance):** The *Fiscal Monitor* results for March reported a surplus for the 12 months of April to March of \$9.8 billion. That does not include, however, the spending outlined in Bill C-43 and then a number of other year-end adjustments. As indicated in the *Monitor*, the surplus projection number of \$3 billion for 2004-05 is still a reasonable projection.

**Mr. Charlie Penson:** The fact remains, and I think my colleague was making a suggestion that there's lots of room, and we've seen that happen in the last fiscal year, 2004-05. Those kinds of adjustments have been made. More spending has been put in. As we've seen, we had bigger surpluses developing. So I think my colleague has made a good point that nobody knows what that end number is going to be, but there is room for some movement. Within the government we see it every year, especially in the last quarter.

**The Chair:** Thank you.

Mr. Solberg.

**Mr. Monte Solberg (Medicine Hat, CPC):** Thank you very much, Mr. Chairman.

First of all, this amendment is very much in line with the government's own plans in the past on how to divvy up surpluses, where the government proposed at various times to divide surpluses equally between spending increases and debt repayment. I think members will remember that. So this is not something new. It's very consistent with the government's own plans in the past.

The second point I'd like to make is that debt repayment is so important. We need to remember that for every billion dollars that we pay down in debt, we free up money in perpetuity. Say, for instance, Mr. Chairman, on \$1 billion at a 5% interest rate, you would free up \$50 million in perpetuity. Over 10 years, that's half a billion dollars. Obviously in this case, if we had another billion dollars going beyond the NDP-Liberal budget deal, that would be basically \$100 million a year in perpetuity, and you'd recover \$1 billion in 10 years.

This is critically important, Mr. Chairman, when you consider we are facing a demographic crunch down the road, where we will see the number of seniors in Canada double by the year 2030. We will see all kinds of new draws on our social programs, particularly on health care and the pension system. It can't be overstated how important this is. If people really care about our social safety net, the debt repayment should not be sacrificed to pay for things today, for something that was cooked up in a hotel room in Toronto simply to save the government's political skin.

The final point I would like to make is this. And I would just like to correct my friend Judy. In Bill C-30 she talks about the fact that we didn't complain when there was \$400 million going to a trust. That's right, because we know what a trust is. When you look at this bill, Bill C-48, and it says things like there will be money going for the environment, including for public transit and for an energy-efficient retrofit program for low-income housing, we have no idea what that program is. We know what a trust is, but we don't know what that program is. How do we know if it will work?

The same thing applies to supporting training programs and access to post-secondary education. We have no idea what form those will take. The same thing applies for affordable housing, etc. We don't know what the government is intending. We know what a trust is. We know what some of these other programs are that she made reference to, because they already existed. In this case, these things don't exist, except maybe in someone's mind somewhere, but they haven't told us. It's an important distinction that I think the committee should take into account.

**The Chair:** Thank you, Mr. Solberg.

Okay, is everyone ready for the question on reference number 1911938?

(Amendment negated [See *Minutes of Proceedings*])

**The Chair:** We're going to use reference numbers again. It's reference number 1911962.

Mr. Pallister, are you pulling this one, the \$4 billion? We're at \$4 billion right now. We're at reference number 1911962.

**Mr. Brian Pallister:** We're pulling the \$5 billion one.

• (2015)

**The Chair:** Okay.

**Ms. Judy Wasylcia-Leis:** Up or down, \$3 billion or \$5 billion?

**The Chair:** Mr. Pallister, I have two with the same reference number 1911962.

**Mr. Brian Pallister:** I'm sorry, Mr. Chairman, I couldn't hear you, as the member from Winnipeg North was talking.

**The Chair:** Thank you, Mr. Pallister.

I have two amendments with the same reference number 1911962. One amendment has \$4 billion and the other amendment has \$5 billion.

Are you keeping the one for \$5 billion?

**Mr. Brian Pallister:** No, the \$4 billion, or the 1911962 that says \$4 billion.

**The Chair:** Okay.

So we're again discussing reference 1911962 or CPC-1.1, replacing line 13 on page 1 with "\$4 billion". *Tout le monde est d'accord?*

*Monsieur Pallister:*

**Mr. Brian Pallister:** I think this has the same gist as the other.

The purpose of this amendment is for fiscal year.... The first was for the fiscal year 2005-06, and the second for 2006-07. I'll repeat the argument that we believe it would be prudent and responsible management of the taxpayers' dollars that we reduce our debt more significantly than the \$2-billion agreement would have us do. It would make excellent sense.

I'm sure that some members on the government side would certainly agree today, if they didn't have their hands tied by the "Heartbreak Hotel" deal, that paying down debt to the tune of \$4 billion would be preferable before launching into the rather cavalier spending proposed by the NDP to the Liberal government—who subsequently agreed to it on the basis that they'd rather stay in power

and make decisions, even if they're wrong, and who acquiesced to the proposal put to them in that bedroom suite.

**The Chair:** Thank you, Mr. Pallister.

Mr. McKay.

**Hon. John McKay:** I have no questions.

**The Chair:** Again, we have reference 1911962.

(Amendment negated [See *Minutes of Proceedings*])

**The Chair:** We are now on CPC-2, reference 1924380, by Mr. Solberg.

**Mr. Monte Solberg:** Mr. Chairman, I think the arguments are essentially the same, except they are for a smaller amount. The amendment is certainly in line with where the government in the past has proposed that debt repayment should be. I would simply like to urge members to consider that, and to support this.

**The Chair:** Mr. McKay.

**Hon. John McKay:** I thought that Mr. Pallister, on behalf of the Conservative Party, withdrew the amendments for \$3 billion and \$5 billion.

Am I wrong about that?

**The Chair:** You're wrong about that. He withdrew the one for \$5 billion. We voted on the \$4 billion.

We're voting on reference 1924380.

(Amendment negated [See *Minutes of Proceedings*])

**The Chair:** We are now at CPC-3, reference 1911944. This is by Mr. Pallister.

**Mr. Brian Pallister:** Again, Mr. Chairman, this was actually designed to go in combination with the previous motion, which was sadly defeated. We will make sure the members who voted against it will live to regret it.

Thank you, Mr. Chairman.

• (2020)

**The Chair:** We're voting on CPC-3, reference 1911944.

(Amendment negated [See *Minutes of Proceedings*])

**The Chair:** We are now on CPC-4.1, replacing the amount in the bill with \$4 billion. So we're looking at reference number 1911977.

Mr. Pallister.

**Mr. Brian Pallister:** I don't see it. I thought I already took it out.

We already discussed that one, no?

**The Chair:** This is in regard to the second \$2 billion in subclause 1(2), instead of subclause 1(1).

**Mr. Brian Pallister:** I already agreed to withdraw the \$5 billion, if this is the one that references \$5 billion.

**The Chair:** This is for substituting \$4 billion in subclause 1(2).

**Mr. Brian Pallister:** Yes, and I referred to that. It's for the second fiscal year, and I spoke to it, and it's my recollection that we voted on it.

**The Chair:** That's right. Okay. It was defeated.

We're now on CPC-5, reference number 1924392. It's by Mr. Solberg, for \$3 billion.

**Mr. Monte Solberg:** Does anybody hear "3"?

**An hon. member:** Oh, oh!

**Mr. Monte Solberg:** This is in reference, Mr. Chairman, to the deal made with the NDP in the no-tell motel in Toronto, and I'm urging members to support it.

(Amendment negatived [See *Minutes of Proceedings*])

**The Chair:** Shall the bill carry?

We're now looking at CPC-6, reference number 1926840, by Mr. Solberg.

**Mr. Monte Solberg:** Mr. Chairman, this is simply to ensure that there's transparency with respect to the issue of a trust, so that we have a report on the trust and know exactly how this money is being spent. This is completely in keeping with what we all believe in, which of course is transparency and accountability.

I'll leave it at that.

[*Translation*]

**The Chair:** Mr. Paquette.

**Mr. Pierre Paquette:** I just want to explain that we will vote against this amendment, not because the intent is bad, but because we are against the use of trusts to implement the programs provided for in this bill. To be coherent, we shall vote against the transparency of these trusts that we do not want.

**The Chair:** Thank you, Mr. Paquette.

[*English*]

Mr. Hubbard, and then Mr. McKay.

**Mr. Charles Hubbard (Miramichi, Lib.):** Mr. Chair, there's been no reference to a trust in clause 1, and I question if this is in order. It proposes adding subclause 1(4), but there's been no mention of a trust. It refers to "If...a trust", but there's been no mention of a trust.

**The Chair:** It's just how the money is going to be allocated, but—

**Mr. Charles Hubbard:** It says "If...a trust".

**An hon. member:** Yes, there's no mention in the bill....

**Mr. Charlie Penson:** Well, if they're involved in a honeymoon suite in the no-tell motel.

**An hon. member:** Oh, oh!

**The Chair:** It's just how the money is going to be allocated.

(Amendment negatived [See *Minutes of Proceedings*])

(Clause 1 negatived: nays 6; yeas 5)

● (2025)

**The Chair:** So we have no clause 1. All right.

(On clause 2—*Allocation*)

**The Chair:** Next is BQ-2, reference number 1924087.

[*Translation*]

**Mr. Pierre Paquette:** It is only to ensure that Quebec and provincial jurisdictions will be respected because it is far from being guaranteed in Bill C-48. If you don't have a problem with it, this amendment could be easily carried.

[*English*]

**The Chair:** Anybody else?

Mr. McKay.

**Hon. John McKay:** It's always the intention of the government to respect provincial jurisdiction. We are opposed, however, to this amendment, because it does have a potential to intrude. It has a potential to raise questions with respect to what is or what is not provincial jurisdiction, what is or is not federal jurisdiction.

All these matters are well within federal jurisdiction, and we respect provincial jurisdiction, of course. In our view, the amendment is unnecessary, and it has a subtlety to it that raises legal questions that may or may not be intended by the mover.

[*Translation*]

**The Chair:** Mr. Côté.

**Mr. Guy Côté:** With this amendment, we give to all parties at the table the opportunity to follow up on their promises. All parties are promising to respect Quebec' jurisdiction and provincial areas of jurisdiction. A little earlier, the Honourable Joe Fontana said that it was important to respect the provincial jurisdiction in the area of social housing and that it would be done.

This is an excellent opportunity for the Liberal Party, the Conservative Party and the NDP to prove their desire to respect provincial jurisdictions. I hope that they will vote according to the nice speeches they gave to us about Quebec's jurisdiction and provincial areas of jurisdiction.

[*English*]

**The Chair:** Mr. Penson.

**Mr. Charlie Penson:** Mr. Chair, I think this is a good amendment. I think it's very important to recognize that this bill is largely trying to spend money in provincial areas of jurisdiction.

I would just remind the committee that in 1995, for example, in the matter of social housing, the federal government had been involved in social housing and made massive cutbacks to the provinces and to areas that they were funding. It left the provinces holding the bag.

So I think what this does, Mr. Chairman, is that when they don't respect provincial jurisdiction, and they sort of bully their way into areas of provincial jurisdiction, they start to spend. One day they find they can't keep it up, and all of sudden they've left a very bad situation, as they did in 1995. I remember walking by housing co-ops, just down the street here, and seeing big signs that said, "Mr. Chrétien, you have to reverse what you've done here".



So this is the kind of thing that gets them in trouble. If we honour and respect the way the Constitution is written, and let those who are closest to that particular situation and who are given authority for it exercise their jurisdiction, I think there's less chance of this happening.

**The Chair:** Are we ready for the question on BQ-2, reference number 1924087?

All in favour?

**An hon. member:** Hold it. Wait.

**The Chair:** What do you want to wait for? All in favour? *En faveur?* One, two.

Opposed? One, two, three, four, five.

That's two in favour, five opposed. The amendment is defeated.

Next is CPC—

**The Chair:** Mr. Penson, on a point of order.

• (2030)

**Mr. Charlie Penson:** I don't think you recognized the number of us who had our hands up in favour, Mr. Chairman.

**The Chair:** That's right.

**Mr. Charlie Penson:** I'd like you to call that again. You said two. I had my hand up.

**The Chair:** Those two right there.

**Mr. Charlie Penson:** I had my hand up.

**The Chair:** No.

**Mr. Charlie Penson:** Yes, I did.

**The Chair:** No, no.

**Mr. Charlie Penson:** Are you telling me that I'm not in favour of this motion?

**The Chair:** No, I'm telling that you didn't have...when I called for hands in favour, you said to wait. I waited, and the only two hands I saw were right there.

**Mr. Charlie Penson:** Oh well, you didn't look very well. You need to look better. You need to look again.

**Mr. Monte Solberg:** Mr. Chair, on a point of order, if you don't want to be generous with how you do these things, I guess there's not much we can do about it. Well, maybe there are some things we can do about it, but it just makes it much less pleasant if you proceed in that manner.

**Mr. Charlie Penson:** Some member of the other side may have to go to the washroom.

**The Chair:** Okay, let's go over the rules.

When I say, "In favour", we put up our hands. If you're not in favour, you don't put up your hand, if you're against...okay?

If you go to the washroom, it's the chance you take. I would recommend.... How was I supposed to know he was in the washroom? That's not what I asked. There were still only two people who had their hands up.

Okay?

**Mr. Monte Solberg:** Well, all right. Fine.

**The Chair:** *Nous recommençons.*

On the amendment, reference number 1924087, all in favour?

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

**The Chair:** Okay, you know what, I'll count to three, okay? One, two, three.

All in favour? One, two, three, four, five, six.

All opposed? One, two, three, four, five.

(Amendment agreed to: yeas 6; nays 5 [See *Minutes of Proceedings*])

**The Chair:** Okay, we're on amendment CPC-12.

It's not in order in your package, so you're going to have to go to the bottom number, which is 24, and on the left-hand side it says reference number 1928282.

Okay, let me make it easy on everybody. It's ruled inadmissible because it's overspending from what the intent of the bill is. If you look at paragraph (b), it's looking for \$4 billion instead of....

**A voice:** \$1.5 billion.

**The Chair:** Thank you.

**Mr. Monte Solberg:** Oh I see, right.

**Mr. Charlie Penson:** Mr. Chairman.

**The Chair:** Yes.

**Mr. Charlie Penson:** Just so I understand this correctly, this committee working here can't set any amount, but if you have a honeymoon suite in a no-tell motel, you can set any amount you want, is that it?

**The Chair:** We're on amendment CPC-6.1, on the top right, reference number 1929990. This is by Mr. Pallister.

**Mr. Brian Pallister:** I'll make just a brief comment, Mr. Chairman, on the intent here.

If you look at your copy of the bill, you'll see it does not reference in any way reduced student costs. My intention here is to make sure that is in fact a legislated priority.

Despite our strong disagreement to the way in which the bill came to be before us, which I don't agree with—nor, I believe, do a number of members opposite—I am doing my best to try to put makeup on a pig. So what this will do...because I think it is clear it's a concern to many of us. Certainly, in my case in particular, I am very concerned about the circumstances facing rural students and those for whom barriers to education are growing all the time, in particular those who are from rural and isolated communities, where costs are exceptionally high and escalating rapidly—transportation costs and room and board being not the least of those costs. I want to make sure through this amendment that whatever resources we allocate do have as a central purpose of their allocation a reduction of student costs and that they do not necessarily go to other categories that may satisfy the bill in the absence of this amendment.

I'll invite Madam Ambrose, if she would like to make some comments, to do so, if that's all right, Mr. Chairman.

● (2035)

**Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC):** Thank you, Mr. Chair.

I'd add that the intent of this amendment is very important. It's trying to legislate a priority, which is to make sure we're actually targeting tuition, targeting the needs of students, getting the money to those who need it most. This is the crux of the debate about post-secondary-education funding.

I also wanted to bring to the attention of the members who sat on the fiscal imbalance committee that all of the opposition parties—NDP, Bloc, and the Conservative Party—supported in our reports the notion of creating a targeted transfer fund for post-secondary education. While this doesn't go that far, it has the same spirit. The intention is to target funds for student costs and tuition, making sure they get the money they need.

**Hon. Maria Minna (Beaches—East York, Lib.):** I have difficulty with this. When we listened to the young people who presented to us, they were talking about restoring core funding to post-secondary education. Putting this clause in means the funds, the transfer, cannot be used for, say, improving labs, which could be a priority for a university. In some provinces tuition is lower than in others. If you target it strictly in this way, core funding is not possible for university education. How do you make sure it goes directly to that student in every province across the country? We're setting the priority for them, as opposed to letting them identify the priorities they need in the educational system.

The core funding is what almost everybody today was talking about. It would allow the universities to address the shortage of funding they've had. This is targeting it in a way that removes that choice.

**Mr. Brian Pallister:** For Ms. Minna's edification, she may recall that the Canadian Federation of Students' representatives suggested, in answer to a question I had about the threshold and the lack of specificity in the bill, that through amendment we might improve it. So my office contacted the Canadian Federation and asked them for suggestions on an amendment. This is their suggestion.

I hope you don't think it doesn't address some of their concerns. No amendment is going to address all the concerns we heard this morning. However, this responds to the suggestions from the Canadian Federation of Students for an amendment to improve the bill.

So I would ask for your support for it on that basis.

**Ms. Judy Wasylycia-Leis:** I want to suggest to my honourable colleagues that these additional words, "reduce student costs", are redundant. The clause already emphasizes enhancing access to post-secondary education. This could be reduced student costs, lower tuition, or special access programs for aboriginal students. It could be a variety of things. I think it's covered, and I think it allows for the flexibility the Conservatives have asked for all along.

**Hon. John McKay:** My remarks are similar to those of Ms. Wasylycia-Leis. It's our view that this is beyond the scope of the bill. Reducing student costs may or may not have anything to do with

supporting training programs. Access to post-secondary education may or may not have something to do with reduced student costs. Programs for aboriginal Canadians may or may not have anything to do with students costs. Student costs are assumed, but are not necessarily the only thing that would be contemplated under the \$1.5 billion.

I think the intention of the mover is to restrict rather than expand access to post-secondary education, training programs, or aboriginal issues.

● (2040)

**Mr. Brian Pallister:** Nothing could be further from the truth. The reality is that, left unamended, this \$1.5-billion bedroom commitment could actually be used to increase course availability, for example, which would enhance access. It could be used to increase service personnel. It could be used to increase salaries for professors. It could be used to hire additional academic staff. It could be dedicated to additional research.

All of those things enhance access to post-secondary education, and absolutely none of them address the major concern that I have and our party has, which is the growing barrier to post-secondary education and training, from a financial standpoint, that is imposed on young people in this country.

Quite contrary to the comments of the sometime member of committee, I would argue that if one reads the amended version of this particular bill, at this point it does say "enhancing access". It certainly allows that to remain, but it gives greater clarity to it by saying "and reduce student costs". It is enhancing access to post-secondary education to benefit aboriginal Canadians, among others, and reducing student costs.

We're adding a criterion that will allow for the major concern we have to be addressed. In its absence, quite the contrary could happen. The money could be dedicated totally to other categories and really have no impact on students whatsoever, from a class standpoint, for a favourable reduction of costs or a maintenance of costs.

**The Chair:** I don't see a problem with it. There's no problem with it. It's just a limitation, but it is within the scope of the bill.

Okay. I'll call the question on amendment C-6.1.

[Translation]

The reference number is 1929990.

[English]

(Amendment negated [See *Minutes of Proceedings*])

**The Chair:** Amendment BQ-3, which is reference number 1924468, is also

[Translation]

inadmissible because the proposed amount exceeds the amount provided for in the bill.

[English]

On amendment CPC-6.2, reference number 1929900, Mr. Pallister.

**Mr. Brian Pallister:** I'm sorry, Mr. Chairman, I apologize. Which number were you referencing?

**The Chair:** It's amendment CPC-6.2.

**Mr. Brian Pallister:** Oh, this is in regard to the post-secondary education issue. This will require a little background, Mr. Chairman, because we have some major concerns about this one.

Just for background, you have to go back to the Auditor General's report of last year, of November. For some of my colleagues who haven't read it, I'll give a synopsis of what it says.

What it says is that the number of first nations people who have post-secondary certificates, diplomas, or degrees continues to grow, but the policy and program objectives for post-secondary student support programs are being reviewed. However, what the AG's report said is that significant weaknesses exist in the department's management and accountability framework for this program. To introduce my concerns here, I'm strongly recommending that we not allocate funds to a program the Auditor General's office has noted has serious and significant weaknesses in terms of its management and accountability. This would be a waste, a squandering of taxpayers' resources.

What the AG's report found was that the department had not clearly defined and documented its roles and responsibilities, that its way of allocating funds to first nations does not ensure equitable access to as many students as possible, and that it does not know whether the funds allocated have been used for the purpose intended.

This is a damning audit, and I know some of my colleagues will recall this one. Moreover, the information—and these are the Auditor General's findings—available on the performance of the program is inadequate. As a result, the department doesn't know whether the program funds are sufficient to support all eligible students and it has no assurance that only eligible students taking eligible courses are in fact receiving the funding.

There were also findings of discrepancies in the information the Department of Indian Affairs provided to the Treasury Board about the way the program operates. In addition, the department's reporting to Parliament didn't present a complete picture of the program. For example, it didn't explain why the number of students receiving support over the past number of years has been declining, nor does it provide information on how effective the program has been in narrowing the gap in post-secondary education between first nations and Canada as a whole. It would be an act of sheer foolishness for us to further advance the cause of an unaccountable program, and that is what we would be doing if we were to provide \$1.5 billion in advance of an unqualified favourable response.

I should add that although Indian and Northern Affairs Canada has carried out many studies and many new initiatives on education over the years, it still does not know whether funding to first nations is sufficient to meet the education standards that it set. What we have here is a case of a lack of accountability—a lack of responsiveness to our inquiries as parliamentarians and to the Auditor General's office's inquiries as to how money is managed. The department hasn't clarified what its roles and responsibilities are. The way that it has allocated funding doesn't ensure equitable access to students.

The Auditor General's remarks did not originate in November of last year. In fact, the Auditor General first made these same observations back in the year 2000 and then, subsequently, did a

further review in November of last year. I'll just quote from the report. This is from section 521 of the Auditor General's report of November 2004:

In April 2000, we reported that Indian and Northern Affairs Canada could not demonstrate whether it was meeting its stated objective to assist first nations living on reserves and achieving their education needs and aspirations. We noted that the progress in closing the education gap between First Nations people living on reserves and the overall Canadian population had been unacceptably slow and that immediate action needed to be taken to close this gap. The audit found that the department needed to articulate its role in education, take action to resolve outstanding issues, develop and use appropriate performance measures, and improve its operational performance.

That was back in April 2000.

• (2045)

However, the Auditor General's office noted that there was a lack of meaningful action—and this is now four years later—a lack of meaningful action to address the findings of these remarks, these studies and others. Program terms and conditions, funding allocations, and reporting requirements have remained mainly unchanged. So there has not been a responsiveness on the part of the department to these observations.

The department hasn't used a consistent methodology to monitor this gap. It can't explain the decreases in the rate of improvement of first nations students living on reserves. It has not yet defined its own roles. It has not yet defined its own responsibilities. We all should have an interest in forwarding the cause of aboriginal education on and off reserve. But to throw money at a program like this when we know it is not being managed well or properly, that these flaws exist, I think would be a major mistake.

With all respect to the intentions of the New Democratic Party in cutting this deal with the government to include this commitment, this clearly is a good example, to my mind anyway, of a case where we have to spend smartly and not just spend. The people who will suffer most as a consequence of throwing money at this problem are the same people who have been suffering for too long already, and those are the young aboriginal people who need to be advantaged by the dollars we commit and who have not been, by any demonstrable measure, advantaged.

I believe sincerely that every member of this House of Commons that we are in wants to see something done to enhance the opportunities for aboriginal education, but I should point out that according to our Auditor General no positive steps...I shouldn't say "no", but most of the positive steps they recommended years ago to Indian and Northern Affairs Canada have not been acted on. I would elaborate that the cost comparison information that the department was told to develop back in 2000 hasn't happened. No significant changes have been made, and the lack of reliable and consistent information on education costs limit the department's ability to manage the program effectively. And if the department can't manage the program effectively, why would we vote billions of dollars to that same program? The fact that the department should have systems and practices in place, including a sound management and accountability framework, has obviously escaped the department for whatever reason. The framework, the Auditor General found just November of last year, I remind my colleagues, was deficient. That's the word the Auditor General used. This program is deficient in its management and its operation.

This post-secondary student support program is an important program, and the way it operates—and it's important that my colleagues understand this—is that the department transfers a fixed sum of money to first nations and then the first nations are allowed to reallocate the funds. This, the department thought years ago, would emphasize achieving defined results or program outputs, but it doesn't appear to have happened that way.

What has happened instead is that the department is not able to respond to the rapid growth in program demands, and with few exceptions, the department no longer provides financial assistance to individual post-secondary students. Instead, it transfers the money to the first nations to supposedly support post-secondary programs and post-secondary education.

● (2050)

The funding arrangements simply define the amount of money and how it should be used, but they do not define the delivery mechanisms effectively, and the accountability mechanisms are deficient.

Here's what happens.

When the Auditor General examined the program implementation and accountability under this framework, she found significant weaknesses in a number of key areas: ambiguity in terms of the department's roles and responsibilities; inequities in how the funds are allocated; a lack of clearly defined, expected results; limited program and performance information; and discrepancies in the information provided to Treasury Board.

**I'm going to quote from the 2004 Auditor General's report again. Paragraph 5.69 says:**

*We found considerable uncertainty in the Department on the interpretation of the nature and extent of First Nations' flexibility in managing the program. ... The Department developed a list of eligible institutions in the late 1980s. The list has not been updated since then and its use is not clear.*

The representative from the Assembly of First Nations today alluded to that fact in his presentation to us, but basically his thesis seemed to be that it's better we throw money at it than not. I would hope the members of this committee have a greater ability to discern the advantages and disadvantages of that. If we throw money at a problem, as we continue to do, without consideration of the consequence or proper use of the money, I think it's a dereliction of our responsibilities, frankly.

The other key aspect of this that concerns me is this. Equitable access to this program is important, but the way the department addresses this is to allocate the money based on historical funding levels, without reference to the actual number of eligible students in a particular region or first nation. The consequence of that should be clear to members. There are differential birth rates, differential demographic factors, that exist in the various regions Indian Affairs deals with, and they are not taken into account in the allocation of funds under this program. What that means is that some first nations get more money than they need under the program, and some don't get enough.

The first nations who have a surplus of funds can transfer the money out to other programs. What that means is, if we vote for this unamended, we aren't necessarily sending money to post-secondary education for aboriginal young people; we could well be simply

sending money out that is then used for other programs entirely, and that should certainly concern all of us.

With the flexibility that's allowed right now, first nations are allowed to deny funding to eligible students, they are allowed to transfer money out of another program into this, or they're allowed to transfer this money out. Currently the department does not know whether the funds earmarked for the program are sufficient to support the post-secondary education of eligible students, and the Assembly of First Nations, as far back as five years ago, has said that that lack of federal funding is preventing close to 10,000 young people from pursuing their post-secondary educations. If we don't amend this bill, we're simply supporting a continuation of the status quo in that regard and we're not addressing the changing needs of young aboriginal people that have emerged in this country.

Because of the lack of information and analysis of the information available, the department does not know how first nations spend the money they get for post-secondary education. How could we possibly send more when we don't know how the money we're sending now is being allocated?

The measurement data the department uses is not useful for determining how many or what proportion of first nations students in the program have completed their studies. It is not useful for evaluating at what cost those studies were completed. Certainly in the view of the Conservative Party, we need a definition of expected outputs, results, and performance in order to measure that performance. The department needs to agree on what its role is, who's eligible to access the program, and what level of financial support they should receive. None of this has been defined and documented.

In closing, Parliament doesn't have a complete picture of where this money is going; the Auditor General has said so. The review of the estimates document says the department doesn't provide specific targets. It doesn't supply timelines that would allow us as parliamentarians to even begin to judge the performance of this program. This program is too important for us to allow a handing out of this amount of money—or any other amount of money—with veils between us and what the money is actually being used for, or what it's doing.

● (2055)

We have anecdotal evidence that a declining number of young aboriginal Canadians are able to access this money and that those numbers have been declining for some time. Again, for us to propose spending more on a program the quality and effectiveness of which we are not capable of evaluating is to me.... I don't understand why the government would have even agreed to this particular provision of the bill, frankly.

However, I would conclude by saying that I would urge all my colleagues who care about aboriginal young people and their future and who want to close the gap that exists between the opportunities for aboriginal young people and those for the rest of Canadians to pursue their post-secondary education to support this amendment, because the department and the Assembly of First Nations have agreed to exactly this—as I am amending. They have agreed to come up with a solution to the very problems the Auditor General's office has recognized. They have agreed to do that. But until they do that, and until they have finalized a statement that outlines the roles and responsibilities of the department, and until they have finalized performance indicators and reporting requirements based on the first nation education policy framework, there is no way on God's green earth that we should be sending money to a program that is so clearly deficient.

The government has clearly acknowledged that in its signing of these agreements with the Assembly of First Nations. That program the NDP proposes to spend on is deficient. The government has acknowledged that through the signing of these agreements and the making of these commitments. I would urge my government colleagues in particular to support this amendment. It allows them to say in good faith they are upholding the nature of the agreement they made with the NDP, but at the same time it will allow them to hold their heads up and say they're looking out for the taxpayers of this country and, most importantly, the young aboriginal Canadians who are counting on us to do something to get the money to them for a change instead of having it spent who knows where.

• (2100)

**The Chair:** Thank you, Mr. Pallister.

Ms. Minna, go ahead, please, and then I have Mr. Hubbard, Mr. Côté, and Mr. Penson.

**Hon. Maria Minna:** After that long speech, Mr. Chair—

**Mr. Brian Pallister:** It's \$1.5 billion.

**Hon. Maria Minna:** There's no question about that, but the money isn't for just the aboriginal community, for starters. So by trying to amend only one clause.... While I'm not quibbling with the Auditor General's report, it is an administrative issue that the government should address quite separately and not within a legislative bill such as this one. I presume by now the department is already looking into implementing, as they normally do when they evaluate and analyze Auditor General's reports. If we were to draw out our legislation on every piece of legislation and demand reports and performance reports and preplanning presentations to the House of Commons before any amount is ever spent, we would never be able to administer anything.

It seems to me here that the \$1.5 billion isn't just for aboriginals, it's for post-secondary education for all students across Canada, among which are the aboriginal communities. While I understand what Mr. Pallister is saying with respect to the Auditor General's report, I don't see the need to fetter this bill and put this in the bill when we're talking about an administrative process that needs to be dealt with within the department, where it can be dealt with and is probably being dealt with. It just seems to me that we're trying to pin down something that is—

**The Chair:** Thank you, Ms. Minna.

Could we have Mr. Hubbard, Mr. Côté, and Mr. Penson.

**Mr. Charles Hubbard:** Thank you, Mr. Chair.

I won't take as much time as Mr. Pallister did in terms of trying to look at what he thinks is a problem, which the Auditor General considers to be an issue.

We have to remember that across this country we have over 600 first nation communities. All of them are governed by chief and council and many of them have education officers. The people I meet out there don't complain about the fact that money is being mismanaged in terms of the educational amounts, but more importantly and significantly, they say there's never enough money to send their students and their children to universities and post-secondary schools. There's always a shortage, and education officers on reserve and chiefs and councils often tell me they don't have enough money to send everyone who wants to go off to those colleges.

I know it might be very simple to have a very structured program and to make many demands, but we have to recognize that we're dealing in good faith; we're dealing with some degree of confidence. I don't think Mr. Pallister, as a member of Parliament, would be very happy in terms of his budget if somebody had definite guidelines and he had to report annually to somebody saying how he spent my money and how he managed his office.

**Mr. Brian Pallister:** I do. I'm married.

**Mr. Charles Hubbard:** It may be within your party, but generally speaking, we do have a good deal of liberty in how we conduct our own programs within our offices.

I know his points probably have some legitimacy, but overall, to try to impose this upon first nations is just more than I think any of us could accept. I certainly want to vote against it.

Mr. Pallister, I'm disappointed that you made such a long speech, trying to say what is wrong rather than trying to say what could be done. I think our party would like to look at this idea of what could be done to improve the situation and to offer post-secondary education to more first nations people, both on and off reserve.

Thank you, Mr. Chair.

• (2105)

**The Chair:** Thank you, Mr. Hubbard.

Mr. Penson.

**Mr. Charlie Penson:** Mr. Chairman, to me this is really just an example of what happens when you have the type of agreement that was reached between the Liberal government and the NDP in a very short timeframe. I don't think due diligence was done.

On this particular clause, I think Mr. Pallister has made a very strong case of why there needs to be an amendment, why there need to be conditions. I hear both Ms. Minna and Mr. Hubbard say the government is going to correct this. Well, the Auditor General said that in five years they've done nothing. Therefore, it seems it's necessary to put some conditions on, and I don't think they're unreasonable conditions.

Mr. Pallister made a strong case, again, that not only is this due diligence for taxpayers who are working very hard.... I know a lot of young couples who are working very hard to pay the bills these days. They pay their share of taxes; they want their money spent wisely. When the Auditor General comes down with this kind of damning report and says the government has not cleaned up this problem in over five years, I think it is incumbent upon this committee, if the government is going to bring this kind of legislation forward, to put conditions on it to react to the Auditor General. I think she's made very good recommendations.

Quite frankly, Mr. Chairman, as I said, the problem is that if there had been more time for the government to think this out, if there hadn't been a hastily arranged meeting in order to bring in support for the government with the NDP and their 19 members to ensure legislation got passed, maybe we would have had better legislation from the government. I think this is our opportunity to clean it up and to make it better.

I would hope the government members and others in this committee would be voting in favour of these amendments.

**The Chair:** Thank you, Mr. Penson.

Ms. Wasylycia-Leis, and then I have Mr. McKay.

**Ms. Judy Wasylycia-Leis:** Thank you, Mr. Chairperson.

I'm quite surprised at the Conservatives for introducing this amendment and at the arguments behind it. It seems to me my colleague from Portage—Lisgar is making very selective use of the Auditor General's reports. We could probably point to any number of Auditor General recommendations in any area we're dealing with in both Bill C-48 and Bill C-43 and make that same kind of argument. I'm sure we could in fact find reports dealing with the problems of expenditure within the Canadian armed forces, yet I don't hear the Conservatives suggesting they curtail or cut back on their—what were you asking for—\$1.3 billion additional expenditure in that area.

I didn't hear any comments from the Conservatives when we were dealing with Bill C-43 and the health expenditures and the fact that we're now trying to make up for the huge scandal that happened in Health Canada with respect to the Sagkeeng treatment centre and the abuses that happened at the highest levels of the department. These were committed not by the aboriginal community but by the administrators of Health Canada who chose to treat the public purse as their personal piggy bank and walked off with hundreds of thousands of dollars in terms of hockey tickets and condos and cars and cruises. I didn't hear a word from my colleague from Portage—Lisgar about curtailing the funding for Health Canada because of this scandal he's very familiar with. I find it quite interesting that he's only making these kinds of concerns known with respect to Bill C-48. His argument is, I think, disingenuous and must be treated as such.

I would also point out, Mr. Chairperson, that money in the past for aboriginal education has gone to some very important programs, programs I'm sure the member for Portage—Lisgar is familiar with, like the access program at the University of Manitoba. Without it there would be hundreds of aboriginal students in Manitoba who would not be doctors and lawyers and engineers and historians and

librarians and teachers and nurses and child care professionals. It is through that program that in fact the aboriginal community has received enormous benefit.

What they're simply saying is that we need to see more investment in programs so our young people can access education and use their talents to the fullest. In fact, these aren't people without talent, without abilities, without determination, or without courage. These are people who want a fair shake at things.

And you know what? We have a chance to do that through this bill. We have a chance to put some money that was otherwise going to another corporate tax cut and instead put that into programs where aboriginal people can get access to education that wouldn't otherwise be available so they can contribute to the economy and make sure this country is able to offer the very best to all future generations.

So I urge all members here to vote against this amendment.

• (2110)

**The Chair:** Thank you, Ms. Wasylycia-Leis.

Mr. McKay.

**Hon. John McKay:** Thank you, Chair.

We are of course opposed to this amendment. I want to give some substantive reasons why we think this is not a particularly good amendment.

First of all, it sets up two classes of students. It sets up a class of students who are aboriginals, and it sets up a class of students who are not. If you're an aboriginal student, apparently any funding you might receive from any source will be subject to the release of a finalized statement from the Department of Indian Affairs and Northern Development regarding education and a finalization of performance indicators and reporting requirements, etc., for the first nations education policy and framework. This looks like an additional barrier for aboriginal students, may even be an additional barrier for aboriginal students, and makes a distinction between aboriginal students and non-aboriginal students in the clause itself.

It then goes on to assume the program will be run through the Department of Indian and Northern Affairs, which again flies in the face of previous discussions to the effect that there may be opportunities where you could directly benefit students or support training programs. You may be an aboriginal person and go directly into a training program that would not of course be run through Indian Affairs and Northern Development.

This seems to me, Mr. Chair, to run contrary to a lot of the stated intentions, which are to reduce barriers, increase access, and make it far more simple for aboriginal students to access training and programs related to their particular needs.

**The Chair:** Thank you, Mr. McKay.

Mr. Solberg.

**Mr. Monte Solberg:** Mr. Chairman, I just have to pick up on a couple of things, first of all, that Mr. McKay said. He talks about this setting up of two classes of students. Of course, we're talking here about the first nations education policy framework.

Well, Mr. Chairman, it's not us who's setting up two classes of students; there's already a program that's dedicated just to natives. And of course the problem is, as my friend has pointed out, that the department is setting up barriers to natives because it refuses to deal with the problem of money not going where it's supposed to go. The department refuses to deal with the problem of not being able to explain whether or not this program is actually producing results.

So this is a way of helping people. Any time there's a problem with money not going where it's supposed to go or with improper reporting, we have an obligation to raise it. It's not an attack on the people who are going to get that money; frankly, it's an attack—an appropriate attack—on department officials who refuse to do their job. I think that is appropriate. Those are the people we should be going after, Mr. Chairman.

Secondly, I want to take up something that my friend from the NDP raised a minute ago. She raised this crazy argument that she didn't hear us talking about the Auditor General's report that had attacked somebody in the military. I have to say to her that if we found a case where there was some major program in the Department of National Defence that had refused to cooperate with the Auditor General for five years, I'd be the first person standing in line to say that it shouldn't get any more money until the problems were straightened out. But of course, very often what happens is that the Auditor General does call on departments to straighten things out and they respond.

That's what we're looking for here, a response. Unfortunately, we have parliamentary secretaries stonewalling. We have, surprisingly, NDP members stonewalling in a situation where money is not getting to native young people, and that's reprehensible.

• (2115)

**The Chair:** Okay.

Mr. Pallister, do you have a question?

**Mr. Brian Pallister:** Mr. Chairman, I could respond to some of these comments. May I have the opportunity to do so?

**The Chair:** I think so, briefly.

**Mr. Brian Pallister:** The member for Winnipeg North speaks to her own irrelevance. She actually makes several points in support of my argument that she's unaware of. I think I'll leave that to the objective listener or viewer to ascertain for themselves.

I will simply close and urge colleagues to use some common sense here. The Auditor General found serious flaws in the delivery of this program five years ago. Last November the Auditor General repeated that those flaws continued to exist in spite of those observations made to the department. If the members do not support this amendment, they are supporting the throwing of significant sums of taxpayer resources into a program that they know does not deliver on its intended purpose.

The department itself has acknowledged its own problems and failures. The department itself has committed to addressing them.

I'm quoting now from the document that the Department of Indian and Northern Affairs has issued in response to the Auditor General's report, where it says it “continues to work on defining its roles in education”, that “it is complex because of the number of

stakeholders and their diverging views”, and so on. It goes on to say that “the department expects to have a finalized statement”—as my amendment is worded—“of its roles and responsibilities regarding education prepared in the future”.

Until the department, at least, takes that interim step of outlining what it's trying to do with these taxpayer resources, it would be nothing short of foolhardy for us, despite the warning signals given to us by the Auditor General's office and by others, including, by the way, numerous aboriginal people who contacted my office when I acted as the Indian affairs critic. They made entreaties that we do something to address the effective use of these dollars. Aboriginal women who have not been able to obtain support for their children to go on to post-secondary education had serious questions about the way in which this program is being delivered. Aboriginal leaders were asking how decisions were being made in terms of allocation; they could not get answers from the department on that.

Aboriginal people across Canada aren't as easily bought off as some of my colleagues seem to think. They understand that there are serious flaws in this specific program and that it is shortchanging them and it's shortchanging their children.

For my colleagues to act naively as if aboriginal people would be able to be convinced that they somehow care about them, or that they care about their children by voting for a bill, by supporting a clause in a bill that simply throws more money after the money that has been mismanaged and mishandled, as the Auditor General has told us, I think, is an insult to the intelligence of aboriginal Canadians and all Canadian taxpayers, frankly.

What I am asking in this amendment is clear. I'm asking for simple accountability, guidelines to be met by the department before we forward additional money, willy-nilly, good money after bad, which will not go to the people it's designed to go to. And aboriginal people know that above all other Canadians.

**The Chair:** Thank you, Mr. Pallister.

Mr. Bell, do you want to speak?

• (2120)

**Mr. Don Bell (North Vancouver, Lib.):** First of all, with respect to the issue that's been raised by the member by the member for Portage—Lisgar... In committee, do we refer by name or do we refer by riding? I'm asking procedurally. My understanding is that the department is responding to the concerns that were raised in the Auditor General's report.

The argument here is that we should put this in the bill rather than wait for those changes to come. The concern I have, as I've had on a couple of these amendments—and this one is particularly bad, in my opinion—is that the grammatical placing or the structure of the amendment is poor.

If you read this amendment the way it is, it is in effect suggesting that “an amount not exceeding \$1.5 billion”, contained in paragraph 2(1)(b), which is “for supporting training programs and enhancing access to post-secondary education to benefit, among others, aboriginal Canadians”...and then the amendment, which says the \$1.5 billion should be subject to these two issues relating to the Department of Indian Affairs and Northern Development and the first nation education policy. If you read it literally or directly, I suggest it means that none of that \$1.5 billion, whether it's for aboriginal programs or not, can be spent until the release of the statement of those things. That holds it up.

I think the amendment is structurally flawed, so I can't support it on that basis.

I also feel the department is moving on this, and what we're going to see are unnecessary amendments to something that I think is reasonably clear in the bill.

**The Chair:** Is everybody ready for the question?

[*Translation*]

**Mr. Guy Côté:** I would not like to prevent my colleague from speaking on an issue so important to him, but we have spent almost one hour on his amendment. If we could set to the vote, everyone would appreciate it. I know that this amendment is very important to you and I certainly do not intend to cut you off.

[*English*]

**Mr. Brian Pallister:** I'm just going to make a point, Mr. Chairman, with regard to Don's comments on the structuring of the amendment itself. If he would like to make one, I would be quite open to a friendly amendment to clean up the grammar, and then we can make those changes. I'm quite open to that suggestion.

The second thing is that he seems satisfied that the department is working on this, but the department said it has been working on this each year for the last five years, too, and that didn't happen. I'd urge him not to be too easily persuaded on that front. Words aren't enough; we need some action on this one.

So I would be quite open to a friendly amendment. If the member would like to advance that to tighten it up somewhat, that would be fine.

**The Chair:** Ms. Wasylycia-Leis.

**Ms. Judy Wasylycia-Leis:** On a point of order, when there are calls for the question to be put, would our rules provide for you to test the floor and if there is a majority to then put the question, to have the vote?

**The Chair:** No, we haven't established those rules.

Mr. Bell, do you want to provide—

**Mr. Don Bell:** I appreciate the offer, but I tried to sit here earlier and think about it, and at this stage, at this hour, I'm not in a position to suggest easy changes.

**The Chair:** Question. Reference 1929900.

**Mr. Monte Solberg:** May we have a recorded division on this?

**The Chair:** Yes, you may.

(Amendment negated: nays 7; yeas 4 [See *Minutes of Proceedings*])

• (2125)

**The Chair:** We're now at CPC-6.3. It's reference number 1929783.

Mr. Pallister.

**Mr. Brian Pallister:** Thank you, Mr. Chairman.

Despite the entreaties of my colleagues, who have their other priorities, my priority is this bill. So I will tell them that I am going to speak to this particular amendment at length, because I believe it to be critically important.

It's a great opportunity for us as a committee to make a powerful statement in favour of aboriginal women's equality in this country. I believe it to be one of the most important opportunities this committee has been presented with to potentially dress up this pig in a little bit more appealing attire. This bill has a number of flaws in it, but none greater than the attempt to appease by throwing money at problems that it makes worse. This is perhaps the best example of that.

Aboriginal home ownership, for the most part in this country, is a myth. The fact of the matter is that matrimonial property rules do not apply on aboriginal reserves, with very few exceptions, across Canada. We have the opportunity in this amendment...and I invite members to refer to clause 2. I'm suggesting we amend it by replacing line 7 on page 2, so it would read as follows: “for affordable housing, including housing for aboriginal Canadians where a first nation matrimonial code applies, an amount not exceeding \$1.5 billion”.

I'll explain why I believe that to be of great importance. On-reserve aboriginal women do not have access to an equitable division of assets upon their marriages breaking down. This is a long-standing issue, not just to aboriginal women, but to all of us who are concerned about equality for aboriginal women in Canada. It is an issue that the government's Bill C-7, proposed by Bob Nault a year or two ago, refused to address. It refused to address it on the basis that it was complex.

There is no disputing that, but the fact remains that we have to make inroads where we can. This bill provides us with an opportunity to do just that—to send a message that we will direct resources where fairness applies to aboriginal women and men. Rules need to be in place on reserve for the distribution of matrimonial assets, and they are not in place in this country. What happens all too often is that aboriginal women in particular, in a very patriarchal structure as it exists presently, are the ones who suffer.

The relevance of this is important for people to understand, and I have to go into the background on this to explain that. Regarding on-reserve property on marriage breakdown, the court is governed not by provincial family law on reserves, but by the federal Indian Act. This archaic piece of legislation contains no provisions whatsoever for the distribution of matrimonial property on a marriage breakdown.



To give further clarification to this issue, aboriginal bands can change their codes and pass resolutions on this issue. Some have done that, to their credit, but others can be encouraged to do so by our acting on this particular provision of our act. It's that lever we have to work creatively to encourage the right things to happen that I want to address today.

• (2130)

I will reference to some degree the work of our Senate. The Senate released a study a year ago November called *A Hard Bed to Lie In: Matrimonial Real Property on Reserve*. I want to read a quote from that study. I found it to be great work on the part of the Senate. There is a section that I want to put on the record:

I believe that one of the basic rights we should be able to enjoy is the right to call a place, a community or a structure "home". Home is a place where we are safe and protected by family and friends. It is our private spot, where we can lock out the cares of the world and enjoy one another. It is also the place where, as a couple, when we plan a family, we know that this is the place where they will be safe, protected and loved. As a couple, you take a structure, and with personal touches from each of you, you make this your private world. You open your private world to family and friends, making them feel welcome when they visit you. However, make no mistake, this place is your private world.

Imagine the stress on a woman who knows that, if this loving relationship ends, then her world will crumble. Imagine the stress when this woman has children, and she knows, that not only she but also her children will soon have to leave the place she and they call home, and in some cases, must leave the community. It is not an easy choice to decide that a relationship is not working and that the relationship must end. Normally, while there is a certain degree of animosity, most couples know that they must work out a mutually agreed upon arrangement for the disposition of property, including the home.

This would not appear to be the case for on-reserve women, as they hold no interest in the family home. There is no choice as to who has to move. It is the woman and, in most cases, it is the woman and her children. What a choice—

**Mr. Charles Hubbard:** Mr. Chairman, on a point of order, this is a very lengthy Senate report. It was written in good faith, but I'm not sure why we have to listen to the whole report again tonight. It's already on the public record and available. I just have difficulty with why the honourable member wants to read all the senators' reports in our meeting tonight.

**The Chair:** Mr. Pallister, if you can make it relevant to your amendment—

**Mr. Brian Pallister:** Oh, I am making it relevant, sir. Are you questioning the relevance of what I'm saying?

**The Chair:** Well, I'd like you to relate it to your amendment.

**Mr. Brian Pallister:** You don't feel that my amendment is related to what I'm saying, sir?

**The Chair:** Not particularly, if you're going to cite some report that's already public, as Mr. Hubbard just indicated.

**Mr. Brian Pallister:** Well, I'll just reread my amendment, if you like, Mr. Chairman, and perhaps you can then discern the relevance of what I'm saying.

The amendment says to replace line 7 on page 2 with the following:

for aboriginal Canadians where a first nation matrimonial code applies, an amount not

I'm trying to make the case that a matrimonial code should apply, and where it does, the allocation of the hundreds of millions of dollars we're talking about would be available, and where it doesn't apply they wouldn't. That's why I'm emphasizing the contents of this

report. I'll continue to do so, with your permission, sir, unless you'd like to dispute the relevance of what I'm saying again.

**The Chair:** No, but you don't have to reread the whole—

**Mr. Brian Pallister:** No, I'm not. I'm reading one page from it, sir.

I guess what puzzles me, too, sir, is that after a decade, this government has done nothing to address this issue, but I'll just continue here:

What a choice: be homeless or be in a loveless relationship, maybe an abusive relationship. Is that what Aboriginal women deserve? No, it is not. Is it humane? It is definitely not.

That's what the Senate committee says about this particular circumstance.

But I think we have to go back for a second and understand the background of this, and I'm not convinced that every member of this committee does, so I will make sure they do before I'm done speaking tonight.

Aboriginal women living on reserves do not have the same rights as other women in Canada. And although some members of this committee might like to hurry this up and get out of here because they have higher priorities, I don't. This is an issue we need to address, and I'd ask them to be a little less selfish in their deliberations this evening and consider this, because we have an opportunity to make a statement today and we should make it.

Aboriginal women face unconstitutional discrimination in the exercise of a right that has profound effects on everyday life, and that's a right to a fair share of matrimonial property on the breakup of a marriage or a common law relationship.

You should understand that it is very difficult for an aboriginal woman to get a court order enforced on a reserve. And I don't know that many members are familiar with Indian reserves or have travelled the country. I've visited now over 125 Indian reserves across Canada and I've talked to the people who live on them, and I can tell you this: aboriginal women, for the most part—thank God, not exclusively, but for the most part—have lost any ability to influence politics on reserve.

What you have across Canada, far too often, is a population of women who've been excluded from governance. They've been excluded from decision-making, they've been excluded from voting for governance and decision-making, and that is not a system we should be encouraging to continue. We should be doing everything we can to change that system. Some have tried to contest the discriminatory effects of the Indian Act, but their financial resources have run out long before their case was ever heard. And we, in our privileged position here, have the opportunity to do something about that.

Even if they could appeal to the courts to obtain their shares of matrimonial real property, legal aid is not generally available to them for questions involving property. Too often—and this is from Pam Paul, who is director of NAWA, the National Aboriginal Women's Association—for older aboriginal women who have been in abusive situations with addicted spouses and so on, the spouse holds lawful possession of the family home. These women fear for their physical safety and they're often advised to leave their homes.

Now imagine an older aboriginal woman who's living in an abusive relationship being forced to flee her home at that stage of her life. She doesn't normally have the option of getting into an acrimonious court battle for compensation, whether it's because her health is deteriorating or because her financial resources are not adequate. So all too often, leaving the home isn't even an option for a woman in that situation.

Also, because of the housing availability on some reserves, it is not an option in any case. The isolation of aboriginal communities makes it less appealing as well. Many aboriginal Canadians live in rural and isolated communities. I know that Mr. Hubbard is quite aware of this situation in New Brunswick as well, as I am in Manitoba, and that's true across the country.

For these women in those relationships in those circumstances, it is particularly important that we make every effort to see some fairness prevail.

There are a wide variety of aboriginal communities, and I don't wish to generalize. The members know there are over 600 first nation reserves across the country—an incredible variety—and I should mention that some first nations, of course, have measures in place to address issues such as divorce or the breakup of a common law relationship. Those communities that have those rules in place are to be applauded and encouraged in their efforts, and others also need to be encouraged in theirs.

The absence of these situations is what we would all hope to have, but the fact is, in the absence of these rights or measures, women across Canada are faced with a situation where in some communities there is total ignorance of women's rights in the event of a divorce. In some other situations there is an absolute lack of a support network for the women who are in these situations. It is a deplorable situation.

• (2135)

I should also say, for clarity, that property and civil rights in a province, which is a heading that encompasses the bulk of family law matters, including mat property, comes under provincial jurisdiction, under section 92 of the Constitution Act. As a result, some people believe that the division of family assets on reserves is regulated by provincial law, but the fact is it is not. Because of the legal status of Indian reserves, a distinction has to be made, and it is. Theoretically, provincial laws apply to the division of person property in the event of a marriage breakdown on a reserve—that's to say assets like furniture, cars, personal effects and so on—but in fact there are two levels of difficulty with applying provincial law on reserve.

The first one is chief power. Every aspect of the lives of people on most reserves in Canada, and the lives of Indian women in particular, is governed by the chief and council. This includes social assistance. This includes education as we talked about earlier. It includes housing. Chiefs govern access to any program on reserve. I have had women call me trying to protest that circumstance, but the fact of the matter is that this is the reality on most reserves across Canada. Even if a woman succeeded in getting a court order following a marital breakup, she may well have difficulty getting it executed, because even though provincial laws are technically applicable to the

division of personal property in the event of a marriage breakdown on reserve, in practice they're of little help.

A woman from the reserve just south of my community, Portage la Prairie, comes to mind. She called my office. She was in an abusive situation. She left, and she wanted to go back to get some furniture and personal possessions. The chief happened to be her husband in that particular case. She was unable to have a court order enforced, and she lost everything. Aboriginal women find themselves in a position where they have no rule of law to support them. We can, with the adoption of this amendment, address this important issue.

The Indian Act is an obstacle. It doesn't need to be an obstacle forever, just because it's an obstacle today. Aboriginal women living on reserves deserve the protections that every other Canadian woman takes for granted in this country, and they do not deserve to be deprived of the legal means to stay in the family home with their children. There's no legal reason why women shouldn't hold certificates of possession. Some reserves use certificates of possession for the holding of property, but historically, certificates of possession have not been allocated to women on the vast majority of reserves. Joint possession by spouses is something that is sometimes in place, but it doesn't assist in family disputes, because the court cannot order forced partition due to the lack of provisions for this remedy under the Indian Act.

Provincial councils of women and women's associations across Canada have addressed this. I'm going to quote Theresa Nahani now, who says this about custom land allotment, which is the most common way that land is allocated on reserves:

If a chief and council wants your custom land allotment, he has merely to pass a band council resolution to give it to themselves. If the chief wants your custom land, he just has to describe your land and pass a band council resolution, register it with the minister and the minister will recognize his title. There are many native people who are fighting their own chief and council who have taken away their custom land allotments. Because the chief and council is a delegated government they know that your custom land allotment is worth nothing in court. If it is worth nothing in court, it is not worth anything anywhere.

That is some of what Theresa Nahani from the British Columbia Native Women's Association has to say about this issue.

• (2140)

I'll close, and I know some of my colleagues will be pleased that I'm closing, but I'll strongly urge them to support this amendment.

The absence of legislative provisions protecting the rights of aboriginal women living on reserves to their share of family assets is inconsistent with Canada's international obligations, according to the United Nations committees on human rights, economic, social and cultural rights, the elimination of racial discrimination, and the elimination of discrimination against women. Canada is a party to the International Covenant on Civil and Political Rights. It therefore has a duty to guarantee the equal rights of men and women to enjoy all the civil and political rights set out in the covenant.

**The covenant says:** 4. States parties are responsible for ensuring the equal enjoyment of rights without any discrimination. Articles 2 and 3 mandate States parties to take all steps necessary, including the prohibition of discrimination on the ground of sex, to put an end to discriminatory actions, both in the public and the private sector, which impair the equal enjoyment of rights.

This particular government is advancing Bill C-38 under the guise that it is a rights issue and that it has to be advanced in the name of tolerance. In the name of tolerance, I would ask those same members who appear to have such strong support for that bill to consider that aboriginal women's rights matter too.

**The covenant goes on to say:** States should review their legislation to ensure that married women have equal rights in regard to the ownership and administration of such property, where necessary.

**Moreover:** States must also ensure equality in regard to the dissolution of marriage, which excludes the possibility of repudiation. The grounds for divorce and annulment should be the same for men and women, as well as decisions with regard to property distribution, alimony and the custody of children.

The lack of these provisions to protect the rights of on-reserve aboriginal women, should their marriages or their common law relationships break down, is inconsistent with Canada's obligations under the International Covenant on Civil and Political Rights.

I'm concerned about the continued discrimination faced by aboriginal women in this country. I will criticize the government for its lack of action in not dealing with this question before. The government did not deal with the question of matrimonial property in Bill C-7, which it introduced a couple of years ago. It failed to address the issue, despite the Prime Minister's professed commitment and the smudging ceremony he participated in with an elder from Sagkeeng First Nation. Despite all the effort at optics, nothing has happened since to address this or the other serious issues that affect aboriginal women on reserves.

I urge the committee to step up to the plate. Eliminate all forms of discrimination against aboriginal women. Consider the children. What about the children affected by the breakdown of a marriage? Are these children afraid? Are they stressed? With regard to the children, there are difficult decisions to be made when a marriage or a common law relationship breaks down. What happens to those children? Who has to leave the family home? Who has to leave the only community they've ever known? Do children understand how their lives are going to be affected by the breakdown of their parents relationship?

Aboriginal children are as smart as any other children in this country. They're more aware than most of the life situations they face. They're also very sensitive. Early in their lives they understand what's going on around them and they understand the consequences of their lives. If, for no other reason than to address the fears, concerns, and anxieties of aboriginal children who live on reserve in this country, support this amendment. Take a positive step to address the substantial fears that aboriginal children have to face in this country every day.

Thank you.

• (2145)

**The Chair:** Mr. Pallister, Mr. Hubbard, and Mr. Bell.

**Mr. Charles Hubbard:** Mr. Chair, I wouldn't want to take an equal amount of time, but I want to at least briefly reply to the concerns Mr. Pallister has raised.

I know, Mr. Chair, and you know from your own experience, that a few years back we looked at the Indian Act—it's about 130 years old now—and as you recall, it was probably the longest year some of

us had put in in our lives, trying to look at the Indian Act and how to change it, and how to bring forward a new so-called Bill C-7.

I would say, Mr. Chair, in terms of Mr. Pallister's objectives here tonight, we probably have as many as 10 different departments to look at with respect to these moneys. If we are going to look as members at what may be wrong or could be improved in each department, we'd probably be here until this time next year looking at all the governments and all the departments affected by this particular piece of legislation.

I see that his next amendment goes into the idea of housing. I think it's very clear that in most first nations communities, housing and the ownership of houses rests with the chief and council. Most first nations people are using those houses through the good graces and through the fact that the chief and council have given them those houses to use. There's no personal property involving houses on most reserves.

I guess, Brian, that's the next amendment you're going to bring forward, and we could spend probably a week or two on that.

But we'd like to point out, Mr. Chair, that we are looking at a concept here involving marriage. With this concept of marriage and matrimonial ownership, I believe the member is simply talking about so-called "personal property" or movable assets. In most marriages that break down, in our so-called "white" or other communities, they look at total ownership of property by the couple who are married.

But for us tonight to try to correct all the problems that exist in this country and all the problems there might be in 10 different departments will certainly make a long evening.

I remember that the last time we dealt with Bill C-7, in the room next door, we worked for 27 consecutive hours, as chair, and with that, we eventually did get the committee to agree that Bill C-7 should go back to Parliament. I'm not sure tonight how many people are ready for another 27-hour marathon, but if we were to go that long... I think the 27 hours of that committee are probably in the *Guinness Book of Records*. I don't know if Mr. Pallister is trying to do that tonight, but we started early this morning, we've been working most of the day on this, and I would hope he would forbear and not get us involved in every little intricacy that's wrong someplace among those 10 departments.

I'll leave it with that, and hopefully, Mr. Pallister, we'll deal this one, and on the next one we won't read all the Senate report.

Thank you.

• (2150)

**The Chair:** Thank you, Mr. Hubbard. If I recall, we were in this room here, Mr. Hubbard, were we not?

Mr. Bell.

**Mr. Don Bell:** Thank you.

I happen to agree that many of the first nations issues Mr. Pallister referred to are important. As background, I have two first nations in my riding. Before being a member of Parliament, I served for seven years on the Lower Mainland Treaty Advisory Committee, for one year as vice-chair and for three years as chair, as we developed our policy on behalf of municipalities and first nations negotiations. I've also served at the main table of negotiations with the T'Sleil'wauthuth First Nation and I have been vice-chair of the aboriginal committee for the Federation of the Canadian Municipalities. So I understand aboriginal issues very well and I've spoken to people. I've also appeared in my former role as mayor and on behalf of LMTAC, the Lower Mainland Treaty Advisory Committee, before the Senate subcommittee looking into a number of the issues; one of the related ones was partially the issue you referred to now.

However, from what I'm learning in my first year in Parliament and as I learned as well in my 30 years in local government, I've got to say that there's a time and a place to deal with particular issues. It seems to me that the bill before us is not the time and the place. It would seem to me that the appropriate place would be the committee that deals with aboriginal issues. I say that because, as I see it, you're attempting to tag something on here that is beyond the purpose of this bill. This bill is relating to a number of initiatives, and in the case of the references to aboriginal Canadians, in the previous paragraph and in this paragraph, the references are among others. It says "including housing for aboriginal Canadians". It's for "affordable housing, including housing for aboriginal Canadians, an amount not exceeding \$1.6 billion".

I think trying to put in additional restrictions or clauses beyond that at this point is starting to get to a depth or level of involvement or restriction that goes beyond the concept of adding to an existing program. Existing money from the federal government going through the aboriginal budget puts money into aboriginal housing. If there need to be changes made to the rules and regulations relating to that, I'm suggesting that those should end up coming to the House—to the appropriate committee of Parliament, and ultimately to the House—and can be discussed at that time.

I think that as we go into this area here, what we're really talking about in paragraph 2(1)(c) is a portion of \$1.6 billion that would be in addition to existing programs. I think it is not the time and place to try to work it backwards to bring in additional restrictions. Therefore, I'm not in support of this particular amendment.

• (2155)

**The Chair:** Thank you, Mr. Bell.

Ms. Ambrose is next.

**Ms. Rona Ambrose:** Thank you, Mr. Chair.

I would like to suggest to Mr. Bell that there is always a time and a place to deal with issues of women's rights.

I want to congratulate my colleague Mr. Pallister for bringing this amendment forward, because I think it's very important. I think some of my colleagues on the other side of the committee aren't necessarily seeing one of the important points in this amendment. You touched on it a bit, and Mr. Pallister touched on it a bit. It speaks to the issue that many aboriginal women find themselves in, as do many non-aboriginal women who are dealing with abusive relation-

ships or are part of violent relationships. This amendment speaks to one of the large factors in the dynamic in dealing with violent relationships.

I worked with a women's shelter for years, and for years the practice was to remove the women and children from the home and allow the men to stay. Recent statistics in all of the programs have shown that what produces the best results, in terms of dealing with the children and the consequences and issues they deal with, is to leave the women and children in the home and remove the offender, if it's the man, and put him in custody. This is the practice most women's shelters are now engaging in, and it is what most violence against women programs use. I think that's one of the factors this amendment speaks to, and I think it's very important. The difference is that non-aboriginal women are not protected by the charter; they're not protected by the criminal law that applies to the non-aboriginal women we used to work with in the shelters.

So I think this is important because, as my colleague Mr. Pallister said, it speaks to equality for non-aboriginal and aboriginal women. I want to commend him on his work.

**The Chair:** Thank you, Ms. Ambrose.

Ms. Wasylycia-Leis.

**Ms. Judy Wasylycia-Leis:** Thank you, Mr. Chairperson.

I want to acknowledge the importance of the issue that is encapsulated here, pertaining to the property rights of aboriginal women on reserves. However, I think the amendment does not do that concern justice. It is rather, I think, if you permit me, Mr. Chairperson, a disingenuous suggestion based on the fact that this Conservative Party has not at any other point, in all of the discussions on Bill C-43 and Bill C-48, ever mentioned this as a burning issue.

It's interesting that, in fact, this is a party that said they were going to vote against Bill C-48, no matter what, and here we are spending time on motions and amendments that this party, which is proposing them, has no intention on voting for, in the final analysis.

I would suggest to the members that if the Conservatives were serious about this as an issue, then we would have seen this as an amendment wherever applicable in Bill C-43 and Bill C-48.

I would point to one clause in Bill C-43 where one would have thought the Conservatives would have made an amendment. That is on page 53, part 11, "Payments for Infrastructure", which allocates money to "provinces, territories and first nations for the purpose of providing funding...for environmentally sustainable infrastructure projects."

Since the essence of the amendment we're dealing with is about tying money to first nation communities if those first nation communities actually apply the matrimonial code, then one would think, if it was so important, it would have been actually suggested in other parts of Bill C-43 or Bill C-48—certainly this clause that I just referenced in Bill C-43. So excuse me if I question the intentions of the Conservatives in this regard, but it hardly seems to be based on determination to effect change in this regard when it's pulled out of a hat on the spot, and only when it comes to stalling and filibustering on Bill C-48, a bill that happened because the NDP was determined to make a difference and fought for and got those changes, while the Conservatives sat back and gave their support for Bill C-43 in the last budget. Now all they're doing is whining and complaining and crying big crocodile tears because they didn't bother to forward any such amendments at the time, when it was opportune to do so.

So I wish we could just get on with the job of at least making some difference for Canadians and ensuring that these investments for housing, education, and the environment are approved and Canadians can see some results from this Parliament.

• (2200)

**The Chair:** Mr. Pallister.

**Mr. Brian Pallister:** Thank you, Mr. Chairman.

I'm reminded of the adage, "Never wrestle with a pig; you both get all dirty and the pig seems to enjoy it."

I will, however, say that the NDP, if they cared about this particular issue, would have very likely added it to their agreement. But they perhaps didn't think it was that important.

**Ms. Judy Wasylycia-Leis:** On a point of order, Mr. Chairperson, when one talks about the weaknesses of the Conservative policies, one is accused immediately by the member for Portage-Lisgar of being personal. However, it seems to be permissible for him to be as personal as he wants, any time he wants. I would suggest that our patience is wearing thin, and I would hope that the member would kindly withdraw those offensive remarks and start to take this process seriously.

**The Chair:** If we're going to make personal insults, we'll make them directly to the chair. I'm a big boy; I can handle them. Let's keep away from the personal attacks between the members.

I assumed he was referring to me, Ms. Wasylycia-Leis, so I have no problem with it. Okay?

**Mr. Brian Pallister:** Mr. Chair, if I could be allowed to make my comments, I would just like to remind the member from Winnipeg North, who has accused me of being disingenuous in her remarks to each amendment I have made, that I have been working and fighting on this issue for well over a decade. If she cared to do a little bit of homework, she would know that in the debate on Bill C-7 the Conservative Party advanced a package of amendments on this specific issue and that we have been consistent in advocating for aboriginal women's rights for a long, long time.

It is natural, when one is attacked and one has one's integrity attacked repeatedly, to lash out.

Of course, Mr. Chairman, I do disagree with the way in which this bill was arrived at. I can't hide that fact. But I should remind the members that when the minister testified today, he was asked a specific question on how much of this money was going to aboriginal housing, and he said he didn't know. The member suggests and is on record as saying this amount is trivial, but the reality of this amendment is it is not.

**The Chair:** Let me help you with that. He didn't say he didn't know; he said it was a significant amount.

**Mr. Brian Pallister:** He said he didn't know exactly.

The fact of the matter is, if we do not address this issue, more taxpayers' resources, in the billions of dollars, will go to building houses, just as they have over the last 10 or 12 years of this government's mandate, but they will not build homes.

**Mr. Monte Solberg:** Can we have a recorded division on this?

[*Translation*]

**The Chair:** Okay.

The question is on amendment CPC-6.3, reference number 1929783.

[*English*]

(Amendment negated; nays 7; yeas 4 [See *Minutes of Proceedings*])

**The Chair:** We're on CPC-6.4, reference number 1929815.

• (2205)

**Mr. Brian Pallister:** That requires a bit of background for the members. I'd like to speak to this, if I may, Mr. Chairman.

This particular amendment proposes something not all that radical. What it proposes to do is incorporate the inventiveness and ingenuity of about five dozen first nations communities across Canada who have done this. What it proposes to do is encourage our colleagues in their support of programs for individual home ownership but also all first nations communities in their support of similar programs, across the country.

This requires some background, however, because many members may not be aware of the nature of the way homes are held on-reserve across Canada. Most aboriginal Canadians do not own the home they live in, not really. As I said, in some communities they do, and that's because programs such as certificate of possession programs and actual band council resolutions adopting zoning practices to establish personal home ownership have been put into place. Unfortunately, for bands in my province and for the vast majority of the first nations communities across Canada, such is not the case.

Now, let's understand the consequences of this.

Mr. Hubbard has had experience on the Indian affairs committee, I believe, and I think some of the other members may have, and they understand the problem of deteriorating housing stock. When we put money into houses but not homes, what happens is an understandable thing. Anybody across Canada who has rental properties will understand that rental housing stock deteriorates more rapidly than owned housing stock.

Some anecdotal statements I've heard in my work on the Indian affairs committee in the past have been that these houses that are constructed under the government's home-building budget—and it should be noted the government has committed to building a significant number of houses in Bill C-43 but does not address the issue of ownership at all—will actually only last half as long or less than half as long as a non-aboriginal housing unit. There's a serious problem here with the erosion of the housing stock. When money is invested in houses that are then occupied by tenants, as is the case across Canada, the dollars so invested are not managed as well, I would submit, or as effectively as would be the case if they were invested in homes aboriginal families could enjoy the use of with some assurance of continuing residency in them.

Most aboriginal Canadians will tell you they don't own the home; the chief does. I'll give you an example of a situation that happened at the Long Plain First Nation. This is a verifiable anecdote, and it's indicative of what happens in these cases.

A friend of mine is the fire chief in my community, and his department is called out to attend a fire at a local reserve. He goes out and finds that the fire has almost engulfed the house. There's a gentleman who, it turns out, was the occupant. He's sitting—obviously not that close to the house as it's burning, but in proximity—on a couch and he has next to him a colour TV. The fire chief asks him, is this all you could get out? He says, well, I'll own these in a couple more payments.

That's the sad reality here. Aboriginal folks on most reserves don't own their homes, so the maintenance regime is questionable in many cases. The responsibility most of us take for granted in managing our properties is not one most aboriginal people have the good fortune to have to assume. In fact, when I spoke to a local chief about this and talked about the programs that had been adopted by a number of first nations communities in other provinces across Canada, explaining to him this meant the family would be in charge of the house and would also assume major responsibilities for maintenance, management, grounds, etc., his reply to me was, you mean I won't get calls at two in the morning to fix window screens?

● (2210)

The chiefs and councils have an owner's responsibility in property management because they are seen as the owners of most of these homes. They will tell you, if you care to talk to them, that this is a tremendous strain on their resources. They will also tell you that there's a better way. It's just a question of advancing it, of adopting the best practices that a number of bands have already adopted.

I can tell you that there are bands that are serious about this and they have adopted some of these practices. I could cite for you, in the Auditor General's report of April 2003, a reference to a case study. I'll just read from that report if I may, Mr. Chair, the part entitled "Successful housing initiatives in a First Nations community":

Although First Nations housing on reserves is considered to be among the worst in Canada, some First Nations communities have established successful housing programs. One such community, the Mohawks of the Bay of Quinte in Ontario, was identified during the audit. This community has an on-reserve population of about 1,900, occupying about 800 houses (682 are privately owned and 118 are owned by the community and rented to members). The quality of housing is very good. The community's long-standing commitment to housing has resulted in diverse programs and services for members, the promotion of individual responsibility, and the construction of innovative, high-quality housing.

According to community leaders, specific practices contributed to housing success.

It goes on to talk about maintenance, improvements in maintenance, the obligation to assume payments, and so on.

Interestingly, if members may recall—and I promise not to read it to them—the Royal Commission on Aboriginal Peoples report, which some of them may be familiar with, prepared at great expense with extensive consultation, talks about this very issue and suggests that the lack of adequate housing is a problem but also the lack of a functioning housing market and the lack of clarity and agreement on the nature and extent of the responsibilities of homeowners is a serious problem. This is right in the *Gathering Strength* document that the government purports to listen to sometimes but not others.

I would encourage them to listen to it, because it really encourages things like sweat equity, involvement by the owners in the construction of the houses themselves, with the increased likelihood that this would result in better management and better longevity for the housing stock.

Those communities, and there are dozens of them now that have instituted systems of private or family-owned dwelling management on their reserves, have found that there is an increased maintenance regime that results in reduced vandalism and reduced rates of crime on reserve.

Young aboriginal people, who have the assurance that their home is theirs and involve themselves in the maintenance of that home, are increasingly choosing not to vandalize their neighbour's property. Crimes rates are dropping as a consequence.

Property management and the responsibilities for looking after property are something that most Canadians take for granted. Most of us grew up in an environment where private property rights were understood clearly and they were accepted. If you hoe your own garden, you don't go and trash the neighbour's garden; it's just the way it is.

The fact is that aboriginal communities that have done this, that have instituted these programs, are encountering great success, including greater security for their family units. Their families are staying together longer, and this is as a consequence of the knowledge that the chief can't kick them out of the house on 24 hours' notice and take it over himself or give it to his brother.

That's the kind of thing I'd like to see us adopt as a nation, because frankly I think that aboriginal people deserve the same property rights as the rest of us and that the rest of us take for granted every day.

Because the Prime Minister purports to be a disciple of this gentleman, I want to reference the work of Hernando de Soto. Hernando de Soto runs the Institute for Liberty and Democracy in Lima, Peru. I know the Prime Minister met him, I believe at an international conference, and has stayed in touch with him. I've actually had the occasion to speak to the Prime Minister about this particular issue. I know that he believes in what Mr. Hernando de Soto is espousing.

• (2215)

What de Soto is saying is very relevant, not just to third world countries, it's relevant to third world living conditions on Canada's first nations. His institute does research in countries around the world, for example, in Haiti, Peru, Egypt, and the Philippines, to name some specific examples. What he has found is that in the developing world, there are about \$9 trillion in physical assets built on government or private land where there's no clear title. You see the parallel with the reserve lands we have in Canada.

De Soto's insight is that all that property and all that economic activity, which dwarfs all the foreign aid and IMF loans around the world, is essentially dead capital. If you listen to first nations leaders, this is what they'll tell you, because it cannot be traded, mortgaged, insured, or leveraged outside of extra-legal circumstances. It is of little or no use to the developing country, in the case of de Soto's research, or in fact, to the individual aboriginal people who live on the plots of land not designated to them on reserves.

If we could move forward with an individual home ownership program for the aboriginal people of this country, we could begin to develop a national system of land and property registry that could free up the value of that property to use for further investment and redeployment. This is an important first step. I know that members opposite have said there are other ways, better ways, and so on. I hear that all the time. This is a good way to start. I think that old adage "the best time to plant a tree was 30 years ago, the second best time is today" applies quite nicely here.

Mr. de Soto observes that, for example, in Haiti it takes 65 bureaucratic steps and two years to legally lease land—just to lease it, not to buy it. He says that in Egypt it takes 77 bureaucratic procedures, 31 public and private agencies, and five to fourteen years for people to own their own land.

What we have here is an Indian Act, which Yvan addressed, that basically discourages private ownership by aboriginal people and has for 130 years. What we need to do is establish a regime that encourages private ownership and private management of that land in the reserve context.

I want to make it clear to members that I'm not advocating the dissolution or demolition of our reserve system. That is not at all what I am advocating. What I am encouraging, however, is a prudent approach to property management on reserve such as has been adopted by close to, I understand, 60 bands across Canada now.

The AFN has advanced a proposal along these lines to the government, but there is, of course, as for many other proposals, the likelihood that it will remain a discussion document for some decades to come. What I am proposing is concrete action and a concrete step in the right direction. What we will be doing if and when we adopt this particular amendment is saying that we want to encourage individual home ownership programs in first nations communities.

We are not being that innovative here. As I said, there are several dozen bands that do this now. We are simply encouraging others to follow suit. I would hope that members would see this as a positive step forward and I would ask for their support for the amendment.

**The Chair:** Thank you, Mr. Pallister.

Mr. Hubbard.

**Mr. Charles Hubbard:** Thank you, Mr. Chair.

It's somewhat puzzling what we're doing. Mr. Pallister has brought forward three significant amendments and wants to allude to moneys being allocated, but when he turned down clause 1, there was no money on the table. I'm not really sure how he and his party are addressing this. They seem to be voting in favour of different things, but the first clause of the bill, which points out that money will be provided, his party voted against.

Now, Mr. Chair, we also have to recognize that within our nation over the years, we've permitted the establishment of various Indian reserves. Those reserves are held in trust by our federal government. But as Canadians, we certainly have to be somewhat called to account for the fact that we left such a small amount of this great country of ours for our Indian and native people.

I would have difficulty supporting his amendment in terms of ownership, but in terms of what some bands and some first nations have done with certificates of possession, that is an entirely different matter. Most Indian chiefs, in fact all Indian chiefs, and our government too have responsibilities. We do not want to see the small amount of land that Indians have been provided under the Indian Act and with subsequent legislation being taken by other people. We have a duty as a nation to maintain at least the small amount of territory that was given to them.

In terms of the motion, in terms of ownership, which could be transferred to non-Indian people, Brian, there would be difficulties. But I certainly would favour the concept of a certificate of possession, .

Thank you.

• (2220)

**The Chair:** Mr. Solberg, then Mr. McKay.

**Mr. Monte Solberg:** On Mr. Hubbard's first point, of course he could move a motion that the government just withdraw its bill if he's convinced that removing clause 1 all of a sudden makes the bill unnecessary. He could move that motion. He might find that there's some support for that.

I just want to comment, though, on the timidness of some members on this committee. We come here to make a difference on things. These are things that have been staring this government in the face—and these members in the face—for years. We could actually do some small thing here to advance the cause of native people. I don't understand why this is such an issue.

Let's be a little brave for once. What does it hurt to go ahead and move a motion along these lines, vote for it, and maybe send a signal to the government that this is an important issue to Parliament? We're in a minority Parliament; we can make some changes.

So why don't we just forget about what the whip told us and forget about our own limitations? Let's accept this amendment. Maybe it'll finally get adopted in the legislation. Who knows where it will end up? But why apologize off the top for not being able to do anything, for being feckless, for not being able to get anything done? Let's go out on a limb and support something positive for a change.

**The Chair:** Mr. McKay.

**Hon. John McKay:** Even to agree to Mr. Solberg's idea that we should be daring and try to do something special, etc., seems a bit...I hesitate to use the word "disingenuous". It certainly seems strange to have a member be so passionate about three amendments after having eviscerated the bill.

If in fact the honourable members in the Conservative Party are prepared to revisit clause 1 and restore it, then I could understand some of the concerns from Mr. Pallister and would respond to them in a reasonable way. But for people watching here, I think they need to know that the bill has already been eviscerated by the Conservative Party, so to speak to amendments at this stage to a bill that has already been eviscerated seems to me to be a very strange way to go about pursuing a courageous leap of faith, ignoring our whip and all of the other arguments. I find this a very strange way to go about pursuing your passions.

**The Chair:** Thank you, Mr. McKay.

Mr. Solberg.

**Mr. Monte Solberg:** Mr. Chairman, the parliamentary secretary knows very well that if in fact we're successful in defeating this bill—because on principle we don't support the overall intent of it, we don't like the idea of it being a deal that was conceived in the back seat of a 1968 Buick Skylark—

**An hon. member:** You seem to have some familiarity with that.

**Mr. Monte Solberg:** We know that the government has every intention of bringing this back at a different stage if we're successful at doing that. But, Mr. Chairman, if we signalled to the government that we thought, in all parties, that this was an important thing, maybe it would finally do something about this issue, which sits in front of a government that claims to care about these things. This government professes to really care about dealing with the inequities in our country, dealing with matrimonial property rights and ensuring that natives finally climb out of the hole they're in.

Well, we're sending a signal. Why not move forward with this? My goodness, to me it's just ridiculous how the government finds excuse after excuse after excuse to not deal with these things.

• (2225)

**The Chair:** Mr. Pallister.

**Mr. Brian Pallister:** I'd like to comment on something that escaped Mr. McKay's attention. He's usually fairly astute, but this is an exception, I'm afraid.

On the argument that we shouldn't advance amendments subsequent to the defeat of clause 1, I have a tip. If you want our support, listen to what we're saying. If you want our support and the support of Canadians who are thinking and watching and paying attention to these proceedings, if you want their support, pay attention to what they're saying, and not just temporarily in a deal made in a hotel room with the NDP. Don't just pay attention then and draft ill-advised, foolish legislation like this. Don't just pay attention then.

**Hon. John McKay:** We've demonstrated that we're prepared to listen.

**Mr. Brian Pallister:** You're talking. You're not listening. You should listen.

Pay attention afterwards, because there are good ideas coming forward here that your government should do something about, and perhaps you should consider them. That's the purpose of presenting amendments, and I'm using this process the way I believe it was designed to be used.

So I invite and encourage my colleagues to support this, because I think it makes good sense.

Thank you.

**The Chair:** Speak through the chair, please.

Ms. Wasylycia-Leis.

**Ms. Judy Wasylycia-Leis:** Thank you, Mr. Chairperson.

I won't take very long on this one; I won't talk about being disingenuous, either.

I want to clarify for members of the Conservative Party that the short-term alliance between the Liberals and the NDP did not take place at the Heartbreak Hotel, it didn't take place at the Motel Hotel, didn't take place in the back of a 1968 Buick; it took place in the full light of day, and for all the world to see and to know that in fact the NDP had put forward a public proposition to improve the budget, to create a better-balanced budget. It was not hidden from view.

I know the Conservatives are a little green with envy. Maybe they thought there was some steamy affair going on. Maybe they were jealous that they didn't have the courage Monte Solberg is talking about this evening to pursue an agenda, an initiative they thought Canadians would want to see as part of this budget. But I think it's time for the Conservatives to realize that the courageous thing to do now is to support a proposition that happened because the NDP dared to try to influence the federal budget.

I know they're either jealous—suffering, as I said, from NDP envy—or perhaps have trials for the Conservative leadership going on tonight. I know, given how the Conservatives have dropped in the polls, and how they have big worries in terms of their present leader... I see there is a bit of a contest going on between the member for Portage—Lisgar and the member for Medicine Hat.

**The Chair:** Ms. Wasylycia-Leis, how is this relevant?

**Ms. Judy Wasylycia-Leis:** But I would say that in fact the courage they can show is by letting this bill pass and getting on with it.

**The Chair:** Come on.

Charlie, do you want to speak to this? No? Okay.

Question.

**Mr. Brian Pallister:** I would like the vote recorded, please. That will stand up against anything they did in a hotel room.

**The Chair:** This is recorded. We're at CPC-6.4, reference number 1929815. That's what we're voting on.

(Amendment negatived: nays 7; yeas 4 [See *Minutes of Proceedings*])

**The Chair:** Thank you.



We're at CPC-7, reference 1916822.

Mr. Pallister, do you want to speak to this? It's \$500 million, to be spent only as directed by the House of Commons.

• (2230)

**Mr. Brian Pallister:** I think this one is self-explanatory. I'll just invite the committee to recognize the fact that there are so few ways for us to establish accountability in this place, and certainly this particular bill stands in the way of that. It allows for order in council disposition of a significant array of funds, not a trivial amount of funds at all, frankly, by way of an order in council disposition without detail, without planning, at least without evidence of planning being presented to us, as parliamentarians in the House of Commons.

What I'm proposing with this particular amendment is that those detailed plans be presented to us, as parliamentarians, that we be able to review them, that the House and our colleagues in the House be able to know what the intentions of the spending are before the spending is authorized by a small elite group—just a few people—perhaps by one person, for that matter. I think this is in keeping with the Auditor General's observations and concerns as it relates to not just the sponsorship scandal, though certainly to the sponsorship scandal as far as accountability and ethics in government are concerned.

The Auditor General's report alluded to the cause of major problems as being a lack of transparency, a lack of clarity. In fact, she referenced hundreds of millions of dollars going to—what was it—little or no declared purpose or to little effect. I'm not suggesting that this money go to little or no effect. I just don't know. I think it's important that we learn from the mistakes of the past, and the government has certainly given us many opportunities to learn.

This also is an issue that should concern us in terms of the ethical aspects. There has been much talk about ethics lately, including talk by the Prime Minister's main man about manipulating the Ethics Commissioner and perhaps suppressing evaluative studies that he might do or directing them in a certain way. I think it's important that we address the ethical issues up front.

One of the ways we can do that is to make sure the House of Commons has greater power and oversight and greater evaluative ability. If we don't know what the programs are going to be, and we don't by this bill, because it simply gives \$500 million to be spent.... We'd rather have it directed by the House of Commons to ensure ethical management of the funds than have it go into the hands of one minister.

I've seen what happened with Alfonso Gagliano, and I've seen what happened in crown corporations—and you all have—in regard to management when money is concentrated in the hands of one person. I've seen André Ouellet, for example, at Canada Post pay himself and authorize himself to spend and then compensate himself for \$2 million in expenses, never rejecting a single claim. I know what happens when power and decision-making authority are given in too concentrated a manner, and I don't like it. I want us to have the opportunity to oversee the spending commitments that we're making.

If this goes ahead as the government and the NDP certainly want it to, then we need to make sure that proper oversight is there.

I'll close by saying that the ethics issue was addressed as early as the November 2003 report of the Auditor General, and I'll just quickly quote from it where it says in clause 2.4: "The government needs to determine the root causes of major problems in government programs". This is one of the root causes. One of the root causes is the excessive concentration of spending in the hands of very few people.

Parliament has a purpose, just as this committee does, and that purpose is to provide proper oversight to the spending commitments that we're making here today. That oversight won't exist if we adopt this bill as it is proposed.

**The Chair:** Thank you, Mr. Pallister.

I have Ms. Minna, and then Mr. Côté.

**Hon. Maria Minna:** Thank you.

I'm sorry, Mr. Chair, but I really have to comment on this one. I find the comments made by the honourable member to be wide-ranging, accusatory, and over the top.

First of all, you cannot take one problem with one program and dump the whole government down the tube, as was suggested a few minutes ago. If every single program had to come back to the House to be spent as directed, it would mean that the whole budget of Bill C-43 and everything else would have to come back on an per item basis.

Not to mention the fact, Mr. Chair, that having been very closely associated with this as the minister for CIDA, I can tell you that this is one department that does an excellent job on oversight of its programs. Whenever there is any problem whatsoever with any of the programs, because it does constant internal audits, it actually has a 99.9% recovery of any monies that might not have been used appropriately in a project. The programs are audited and shut down if they're not performing. If they can be solved, they are salvaged and changed.

I find this to be totally a micromanagement, if you like, and I find it rather insulting, to be frank with you.

Quite frankly, I don't remember any time when the Prime Minister ever said that he was trying to influence or manipulate the current Ethics Commissioner, who reports to Parliament, and we all know that. He does not report to the Prime Minister. To my knowledge, the Prime Minister has not been trying to manipulate the current Ethics Commissioner. It's not his prerogative, nor would he do that.

I really don't appreciate gratuitous comments about work that is done by our civil service. They do a damn good job, quite frankly.

I can tell you that \$500 million in the foreign aid budget is not a huge amount of money, when you look at the huge poverty in Africa and the need worldwide.

I can assure you that the Canadian International Development Agency, together with its partners, is very accountable and can deliver the program appropriately. They respond to Parliament through the minister. This committee or the Standing Committee on Foreign Affairs and International Trade have the opportunity to look at the estimates, assess the program, and call the minister in front of them at any time. That is their job, and that is what it's about.

It's not up to this committee to try to prescribe every single budget item that comes up, line by line, to try to tell the department exactly how it should or should not plan. Quite frankly, I think that would be wasting a great deal more money than the honourable member is suggesting.

• (2235)

**The Chair:** Thank you, Ms. Minna.

Monsieur Côté, and then Mr. McKay.

[*Translation*]

**Mr. Guy Côté:** Thank you very much, Mr. Chairman.

We certainly believe that the bill as proposed is much too wide open and allows the government to do whatever it wants with the money. Unfortunately, the Conservative amendment, as important as it is, does not solve the problem because the real issue is not so much how foreign aid money will be spent, but rather the lack of money going to foreign aid. It is a little late and I hope that my memory is not playing tricks on me but this increase of \$500 million will not allow us to reach the UN target of 0.07% by 2015 for foreign aid. It will be impossible to reach that target before 2028 or 2035 or there about. Even with the Conservative amendment, we cannot support this clause. For these reasons, Mr. Chairman, we cannot support the Conservative amendment which also misses the goal.

[*English*]

**The Chair:** Mr. McKay.

**Hon. John McKay:** To reiterate Ms. Minna's point, namely that this is a significant intrusion by the legislative branch into the administration of the executive, this is well within the executive's realm of prerogatives. It would therefore be inappropriate to support this amendment.

**The Chair:** Mr. Solberg.

**Mr. Monte Solberg:** Mr. Chairman, it's well within the prerogative of this committee to amend legislation so that we have proper controls when we think the executive doesn't do its job necessarily.

Ms. Minna over here has talked about having committees look at the estimates after the fact. Wouldn't it be better to prevent money being misspent ahead of time than to wait until the horse has already left the barn? I would say so. How many sponsorship programs, firearm registries, or submarines that won't float or won't sink, or whatever the problem is, or that catch on fire...? We have all kinds of problems with spending situations where proper scrutiny was not done ahead of time.

We're talking about some common sense controls. Let's show Canadian taxpayers that we're not going to be profligate, that we're trying to find ways to ensure that spending is done appropriately and that we don't cause another scandal, something this government can ill afford, frankly, something that any government can ill afford right now, after having gone through so many.

• (2240)

**The Chair:** I'll call the question on amendment CPC-7, reference 1916822.

(Amendment negated [See *Minutes of Proceedings*])

**The Chair:** Now we're on amendment BQ-4.

[*Translation*]

It is quite simple: BQ-4 is not admissible.

**Mr. Pierre Paquette:** Are we talking about the same amendment?

**The Chair:** It has no connection with the bill.

**Mr. Guy Côté:** Are you sure that you are talking about a program for older worker adjustment?

**The Chair:** Yes, it has no connection with the bill and it is the same thing for BQ-5.

[*English*]

It's related to amendment BQ-6. Thank you very much, Ms. Ambrose.

Amendment BQ-6 is supposed to be out, but don't ask me why.

[*Translation*]

**Mr. Guy Côté:** Mr. Chairman, I would like to know why. The answer comes before the question.

**The Chair:** Here it is: "... shall pay without condition to a province, upon receiving a request from the province to do so, an amount determined by multiplying any payment made under subsections 1(1) or (2)..." You are multiplying and referring to amounts of money

[*English*]

**Mr. Wayne Cole (Procedural Clerk):** It talks about payments made without condition. It violates the—

[*Translation*]

**The Chair:** These amounts exceed what is provided for in the bill.

[*English*]

We're on amendment CPC-8.

Mr. Solberg.

**Mr. Monte Solberg:** Mr. Chairman, I'm happy to talk about this, but first, I think we need some background.

I'm kidding. I will just briefly say that this again is there to ensure that spending is done properly. I want members to note that what we're calling on is for the Governor in Council to specify. Instead of saying "may", we're saying:

shall specify the particular purposes for which payments referred to in subsection (1) may be made, including the names of the intended recipients, the expenditures by standard object of expenditure, and the amounts of the payments for the relevant fiscal year.

**We go on in subclause (3) to say:** The Governor in Council shall make a report on the purposes described in subsection (2), and the report shall be laid before the House of Commons on any of the first five days on which that House is sitting after each payment referred to in subsection (1) are made or, if the House is not then sitting, on any of the first thirty days next thereafter that the House is sitting.

The idea is to make sure we have a reporting mechanism, that all of this comes back to the House so that everybody can see where this money is being spent and how it's being spent, ensuring that the spending isn't politically motivated or isn't being done in a wasteful way. It's another attempt to protect the taxpayers.

**The Chair:** Shall I put the question?

Before we continue, I want to advise everybody that if CPC-8 is adopted, we cannot vote on CPC-9.

We're voting on CPC-8, reference number 1925470.

(Amendment negatived: nays 7; yeas 4 [See *Minutes of Proceedings*])

• (2245)

**The Chair:** We're on amendment CPC-9.

**Mr. Brian Pallister:** Mr. Chairman, I can only assume the sole reason for defeating an amendment such as amendment CPC-8, which was so well thought out and reasonable, was so that the committee would get to hear what I have to say about amendment CPC-9, which requires some background in order to understand the rationale.

The rationale here is that I have more faith, and our party frankly has more faith, in the House of Commons as a whole than we have in the individual cabinet ministers. There are precedent-setting reasons for that, and I think it's pretty understandable.

But I want to give my colleagues an example of what happens when a piece of legislation like this, containing broad spending commitments based largely on wanting to appear to be generous and caring, proceeds post-haste. There is a precedent, and I want to elaborate a little on which one that is by referring to the December 2001 Auditor General's report, in which the Auditor General's office evaluated the Department of Finance and spoke specifically about parliamentary oversight.

"Parliamentary oversight weakened", it says in its heading, "in poorly targeted relief for heating expenses". In this specific case, in brief... I will not go on at great length, and I'm sure the members will appreciate that, but I think it's important we understand and learn from the mistakes of the past here....

In January 2001, you may recall, "the government provided relief for heating expenses to recipients of the goods and services tax credit (GSTC). The amount of the relief was \$125 for individuals or \$250 for families." What happened here was, the "House of Commons had approved a Notice of Ways and Means motion in October 2000 that included the proposed relief." However, before the details could be worked out by Parliament, Parliament was dissolved. The amendments to the Income Tax Act had not yet been introduced.

What happened then was that the government went ahead—just as they're asking permission to do here today, without the scrutiny of Parliament—to implement this program and, according to the Auditor General, greatly reduced the effectiveness of the program in achieving the government's own stated objectives. Such could well be the case here.

This program's failure to deliver benefits to the appropriate people it was ostensibly designed to deliver benefits to is a prime example of what I'm saying. The total estimated cost of this program was \$1.345 billion. The House of Commons was not involved, because it was dissolved. The House of Commons dissolved in order for a general election to be held that year, as some of you will recall. What happened was, as a consequence, according to the Auditor General—and I would share her observations—parliamentary oversight of new spending was weakened as a consequence.

This initiative was put forward, and the arguments for making it were very similar to the arguments the government is making here. The fact is the government entered into a deal with the NDP to offer a revised budget based on the urgent need to win a vote.

I believe the secretary to the finance minister has alluded on more than one occasion.... Well, he's basically blamed the Conservative Party for that decision, which tells me, because he isn't defending it, that he doesn't agree with it either. He may wish to speak to that. I've yet to hear a strong defence from him on the merit of any of these proposals.

But that being said, this was the same argument that was used by the government when it was decided it was critically important to get relief into the hands of eligible recipients as quickly as possible.

So what did it do? Well, without Parliament and without parliamentary oversight and without committee oversight—and these are the very few mechanisms available to us as parliamentarians, frankly, to offset the concentrated power of the executive in this system, and that has been a concern in other debates for some of my colleagues—what happened here is the government chose an approval process that didn't involve Parliament. Then what happened was.... If Parliament had simply waited six weeks to give prudent consideration to this, Parliament itself could have had a debate on this or deferred it to a committee that could have had discussion on it. Just six weeks is all it would have taken.

• (2250)

But we're being told there's great urgency here, that we have to get out of here for various and sundry reasons. The NDP and the Liberals care so much about Canadians that they want to spend this money really fast. It's burning a hole in their pockets. The government's stated objectives under this heating rebate program were compromised by their hasty adoption of unworkable measures. The program was poorly targeted. It did not target the benefits to low- and modest-income Canadians who are facing increasing heating costs. Only 15% to 25% of the households that received a payment were facing an immediate increase in their heating costs or were considered low- or modest-income households.

It's not much of a stretch for members to understand, based on my earlier arguments, that money supposedly directed to aboriginal young people isn't necessarily going to go there, according to the Auditor General's previous examinations. Housing dollars may not benefit the people they're designed to help. Certainly, we have precedent here.

Between 25% and 35% of the households that received a payment might have needed assistance. They were low- and modest-income households, but they didn't face an immediate increase in their heating bill. Some 40% of the households that received a payment either weren't low- or modest-income households or were not likely to face higher heating costs.

Using reasonable approximations, the Auditor General's office has estimated that of the more than \$1.4 billion paid for relief for heating expenses, the total amount paid to those who faced an immediate increase in their heating costs was \$250 million to \$350 million. In other words, only about one-sixth to one-quarter of the money spent actually ended up in the hands of the people who were supposed to get it.

Furthermore, the department's own document showed that 600,000 low- and modest-income Canadians didn't even qualify for the relief, because, based on their 1999 income, they weren't eligible to receive the January 2001 payment of the GSTC.

Moreover, 4,000 Canadian taxpayers who didn't live in Canada at the time got the refund. About 7,500 dead Canadians got cheques, along with 1,600 prisoners in federal and provincial institutions. These anomalies occurred because the rules weren't well thought out.

**The Chair:** Please relate your remarks to your proposed amendment, Mr. Pallister.

**Mr. Brian Pallister:** In its haste to provide relief, the government got approval the same way it's proposing to do here. Without consultation of Parliament, without the scrutiny of parliamentary committees, it went ahead. Only \$250 million to \$350 million of a \$1 billion-plus program actually ended up where it was supposed to. Ninety thousand Canadians who were supposed to be getting relief, and who needed relief, didn't get it.

So if you care about the intelligent disposition of taxpayers' dollars, you'll support this amendment.

**The Chair:** Thank you, Mr. Pallister,

Question? 19172—

*Monsieur Côté, excusez-moi.*

[*Translation*]

**Mr. Guy Côté:** Thank you very much, Mr. Chairman.

Without repeating myself, if the Conservative amendment proposing that the House of Commons instead of the Governor in Council specify for what specific use the payments referred to in paragraph (1) can be made seems a good idea, it misses its target once again.

I mentioned earlier the example of foreign aid which misses completely the target because we shall never be able to reach the goal set by the UN which is 0.07% of the GDP. This goal should be reached by 2015. With the amounts that are proposed here, this target will never be reached before 2028 or 2035.

Furthermore, as concerns post-secondary education, some witnesses have explained to us this afternoon that this section of the bill would mean that tuition costs would be stable or lower. Other witnesses thought that it would mean an increase in loans and grants. Someone else told us today that it was important to invest in infrastructure to improve access.

I come to my main point, Mr. Chairman. The Conservative amendment does not solve any of these issues. Unfortunately, it is a little off the mark. As far as we are concerned, we strongly believe that the government will have a big enough surplus to spend as provided in Bill C-48. If they were not expecting to have that money

and even more, I firmly believe that they would never have proposed Bill C-48.

The problem, Mr. Chairman, is that this government is loaded with surpluses. With all that extra money it is unfortunate that there is absolutely nothing for employment insurance in Bill C-48. There is no support program for older workers. It would have been a good opportunity. This government and the NDP have completely forgotten the unemployed. With available surpluses, we could improve access to employment insurance. Nothing has been done. The unemployed have been totally forgotten. I wish to make it clear.

This government has proposed a bill that is supposed to give more autonomy to the Employment Insurance Fund. Bill C-48 was an excellent opportunity to create a really autonomous Employment Insurance Fund as was suggested by the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities.

As concerns the Conservative amendment, at first glance it might seem interesting, but unfortunately, it does not solve the basic issues raised by section 2 of Bill C-48.

• (2255)

**The Chair:** Thank you, Mr. Côté.

I think that we are not talking about the same amendment. We are on CPC-9 and you are talking about CPC-10.

**Mr. Guy Côté:** I'm talking about amendment CPC-9.

[*English*]

**The Chair:** I'll call the question. We're on amendment 1917279.

(Amendment negatived [See *Minutes of Proceedings*])

[*Translation*]

**The Chair:** Amendment BQ-7 is inadmissible because it is tied to BQ-6 which was rejected.

**Mr. Guy Côté:** It is a matter of jurisdiction. It was accepted earlier.

Sorry, Mr. Chairman.

[*English*]

**The Chair:** Mr. Solberg, on amendment CPC-10, reference 1928371.

**Mr. Monte Solberg:** I'll let Ms. Ambrose address this.

**The Chair:** Ms. Ambrose.

**Ms. Rona Ambrose:** Thank you, Mr. Chair.

The intent of this amendment is in reference to paragraph 3(b), which is when the federal government enters into agreement with the government of any province or municipality or any other organization or person. It states that it shall be made through increases to the Canada social transfer on a per capita basis. This is to clarify both what transfer mechanism to use intergovernmentally and what type of funding formula to use. We believe this is important, obviously, for clarity for the federal government, and for provinces and municipalities particularly, so that they can do long-term budget planning and social spending planning.

In terms of the per capita, this is something the provinces have been asking for for quite some time. It's an equitable formula. We think it's important that this be delivered through the Canada social transfer to ensure transparency, as I said before, in program delivery to the other orders of government, and most importantly, to ensure that this spending or these payments are not creating any duplicate programs in other orders of government or any new streams of revenue, which we believe would then only serve to undermine the funding mechanisms already in place—such as the Canada social transfer fund—that we think are working well at this point.

**The Chair:** Thank you, Ms. Ambrose.

Mr. McKay.

**Hon. John McKay:** I have two points, Mr. Chair.

First of all, the way the amendment is phrased, it would effectively mean that you would have to delete anything to do with aboriginal Canadians, because the relationship there is not through provinces; the relationship is directly between the federal government and aboriginal peoples.

That's the first point.

The second is that a per capita basis probably doesn't include tax points, because when the government's talking about a per capita basis, they're talking about cash and tax points—and those things vary from province to province—versus straight cash.

On those two points, I think this amendment cannot be supported.

I suppose a final point might well be that any direct relationship we may or may not wish to have with students out of these moneys also could not be sustained if all the money was directed through the CST.

• (2300)

**The Chair:** Thank you, Mr. McKay.

Okay, I'll call the question on amendment 1928371.

(Amendment negated [See *Minutes of Proceedings*])

[*Translation*]

**Mr. Guy Côté:** Mr. Chairman, I would like a recorded vote on clause 2.

[*English*]

**The Chair:** Okay, the question again is on clause 2 as amended. We had one amendment.

(Clause 2 as amended negated: nays 6; yeas 5)

On clause 3—*Authorization*

**Hon. John McKay:** Does anyone have any background on clause 3?

**The Chair:** All right, *je ne comprends rien*, but anyway....

We're on amendment CPC-11, reference number 1917420. We're now on clause 3. It's an amendment proposed by Mr. Pallister.

**Mr. Brian Pallister:** Just as a little background on that, Mr. Chairman, the purpose of this particular amendment is to give primacy to the House over the Governor in Council. Similar motions have failed in the past. I don't like to be defeatist, so I'll advance the

cause one more time and just say I think it's important, given the rapidity with which this agreement was entered into, the lack of scrutiny, the lack of clear plans and any performance measures or indicators that we can fall back on to actually ascertain if the money so committed by this agreement is actually working for Canadians. It's important that the House have a chance to actually review these proposals.

This would require the minister to lay the proposal before the House first, and in the second part it would actually make sure that if committees of the House have put forward proposals, they would take primacy over orders in council. They couldn't be entered into in contradiction to the work of a committee. If a committee has already engaged in a study and has tabled it to the House and it's been approved, the executive can't actually supercede or triumph over the expressed will of parliamentary committees. That would be the case.

I could get into the background, if you like, Mr. Chairman, but—

**The Chair:** Mr. Pallister, I call the question on 1917420.

(Amendment negated [See *Minutes of Proceedings*])

• (2305)

**The Chair:** On amendment BQ-8, number 1926561.

Monsieur Paquette.

[*Translation*]

**Mr. Pierre Paquette:** It follows the amendment to section 2 that was carried. This is only to ensure that provincial jurisdiction will be respected in the implementation of these programs.

[*English*]

**The Chair:** The question is on the amendment, reference number 1926561.

[*Translation*]

(The amendment was agreed to [See *Proceedings*])

[*English*]

**The Chair:** We're on amendment BQ-9.

[*Translation*]

The reference number is 1926519.

**Mr. Guy Côté:** Mr. Chairman, it is very simple. As we have mentioned many times during the day, one of the things we are most concerned with in Bill C-48—and there are many—is the possibility for the federal government to get directly into agreements with municipalities, which are under provincial jurisdiction and Quebec's jurisdiction. We believe that the federal government should not interfere in that area of jurisdiction. The effect of this amendment is to withdraw the words “a municipality” from paragraph 3b) of the bill.

**The Chair:** Thank you, Mr. Côté.

[*English*]

The question is on amendment 1926519.

(Amendment negated [See *Minutes of Proceedings*])

**The Chair:** On amendment BQ-10,

[Translation]

reference number 1926760.

Mr. Côté.

**Mr. Guy Côté:** Thank you, Mr. Chairman.

I am very pleased to see that this amendment is in order. I said earlier that we had serious problems with many elements of Bill C-48, particularly in clause 3. We have a problem with the words “a municipality”, as well as with the content of lines 35 to 39 that allows the government to incorporate a corporation. The creation of new foundations comes immediately to my mind. We know that the Auditor General has drawn our attention to these foundations a few months ago. I only need to say that when she tabled her report, \$7.7 billion were sitting idle in the bank accounts of some foundations. We do not want the abusive use that the government has made of foundations to continue.

[English]

**The Chair:** The question is on amendment 1926760.

(Amendment negated [See *Minutes of Proceedings*])

[Translation]

**Mr. Guy Côté:** Mr. Chairman, this is at last an interesting amendment.

**Mr. Pierre Paquette:** Our proposals concerning employment insurance should be admissible.

**The Chair:** No, we are on amendment CPC-12.

**Mr. Pierre Paquette:** It was declared inadmissible earlier.

[English]

**The Chair:** We're on amendment CPC-13.

[Translation]

**Mr. Guy Côté:** This is not the one I found interesting.

[English]

**The Chair:** We should be on amendment CPC-13.

[Translation]

**Mr. Pierre Paquette:** No, we should deal with amendment BQ-11.

[English]

**Hon. Maria Minna:** It's page 44, Mr. Chair.

**The Chair:** Yes, CPC was dealt with after BQ-2, which was in a previous life, so we're now on amendment CPC-13.

**Mr. Monte Solberg:** Mr. Chairman, this particular amendment is designed to ensure oversight of the corporation that was just referred to in the Bloc amendment in paragraphs 3(e) and 3(f). The idea is that there would be Senate or House oversight of that corporation. It would occur every three years following the first acquisition of shares or memberships in the corporation.

Essentially what it's designed to do is guarantee better oversight of these corporations, which may be, I guess, formed as foundations or whatever. It is just to ensure we don't have problems with money sitting idle, or that these things aren't set up just to be a slush fund for the government to use at some point down the road.

● (2310)

**The Chair:** Mr. McKay.

**Hon. John McKay:** I want to point out the effect of this to members. If the government decides, in the case of paragraph 3(f), to acquire shares in a for-profit corporation, or memberships or units in a not-for-profit corporation, this would then bring that corporation—regardless of the number of shares the Crown might acquire—into a regime that requires a three-year review. It seems to me to be an awfully large extension and reach; it can be achieved in other ways.

**Mr. Monte Solberg:** Mr. Chairman, I would argue that if the government is engaging in buying shares in a private corporation, the government is really exceeding its mandate. I think it's entirely appropriate in that case, if you have government purchasing shares in a public sector corporation, even. Let's make sure we do have proper oversight, to ensure the government is doing what it's supposed to be doing.

**The Chair:** Monsieur Côté wants to speak.

[Translation]

**Mr. Guy Côté:** Mr. Chairman, unfortunately, we cannot support the motion of the Conservative Party for two specific reasons.

First of all, it refers to a Senate committee that would scrutinize the activities of the corporation referred to in paragraph 3(e) or (f). You will understand that the Bloc Québécois having always supported the abolition of the Senate which is the legacy of colonialism, we find it very difficult to accept that part.

Furthermore, this amendment recognizes the role of a corporation. We always find regrettable the use of corporations such as foundations when we have a very efficient public service.

For these reasons, we cannot support this amendment from the Conservative Party.

**The Chair:** Thank you, Mr. Côté.

Mr. Pallister.

[English]

**Mr. Brian Pallister:** I need some clarification. I'm a little puzzled as to the consequence of the lack of specifics in the bill, in this category as well as others.

I don't understand, I guess, and I genuinely want to give John a chance to clarify a little bit more. What are we talking about here—incorporated, corporation, buy shares, blah, blah, blah? I'm asking because I've read some of the Department of Finance stuff about expenditure review. In it they talk about ways to reduce spending, various tests and so on. Mr. McKay knows what I'm alluding to. Departments are supposed to be guided by six tests, and so on. A lot of it is related to making sure we define the role of government and getting government out of things it's not supposed to be involved in.

I'm curious to know how this advances that cause. We won't know about it—there's no reporting requirement stipulated—and the example he gave earlier was buying shares in other privately held corporations or non-profits. I just need some clarification on why the government is wanting permission (a) not to be accountable, and (b) to enter areas that don't seem logical for it to go into.

**Hon. John McKay:** The government would be accountable regardless. But if you read this section completely, it says that: For the purposes of this Act, the Governor in Council may, on any terms and conditions that the Governor in Council considers appropriate, authorize a minister to...

**The cabinet authorizes the minister to:** acquire shares or memberships of a corporation that, on acquisition, would be held by, on behalf of or in trust for the Crown.

What that means is that if there was a particular enterprise that was appropriate to enter into—for example, a specific-purpose corporation—the Crown could hold a third of the shares, half of the shares, or whatever the deal was for the purposes of that particular enterprise. The Crown is then accountable through other mechanisms to Parliament, particularly for the acquisition of shares.

Your amendment would effectively prohibit...or I should say, it would effectively create an additional burden of a three-year reporting window.

• (2315)

**Mr. Brian Pallister:** How would that prohibit it? I'm not clear on that.

**Hon. John McKay:** No, it wouldn't. I'm sorry. I didn't mean to say prohibit. It wouldn't prohibit it. It would effectively bring a private sector corporation into a reporting regime that would be inappropriate for the purpose that the government intends.

**Mr. Brian Pallister:** If there was a reporting regime established that seemed logical, and the government then proceeded to negotiate an agreement with a private sector partner who understood the reporting regime, then how would it be inappropriate? The private sector partners would know that they have to report to the people of Canada on who principal shareholders are. I don't understand how it's inappropriate.

**Hon. John McKay:** In effect, you answered your own question. If you're in fact entering into a deal with a private sector entity, the private sector entity may well say that if this is going to be subjected to public scrutiny in this fashion, then they will not enter into this transaction.

**Mr. Brian Pallister:** Maybe that would be a good reason for us to have this clause in here.

**Hon. John McKay:** It's probably the major reason why you wouldn't have it in there.

**Mr. Brian Pallister:** It would be so that this wouldn't happen. The private sector entity that didn't want to be subject to transparency or reporting requirements on a regular basis couldn't go to cabinet on some deal.

You haven't made a case on why there should be a deal such as this pursued in the interests of the Canadian taxpayer. I don't understand.

**Hon. John McKay:** Again, a simple example would be if you go to the TSX and buy shares on an open market.

**Mr. Brian Pallister:** Why would the federal government be doing that?

**Hon. John McKay:** For instance, you could take a significant position on a publicly traded corporation, where somehow or other, by virtue of the purchase of the shares, that publicly traded

corporation now has to enter into a reporting regime such as this. I don't think so.

**Mr. Brian Pallister:** You haven't given a single example. Give us an example of the government buying shares in Wendy's International on the New York Stock Exchange.

**Hon. John McKay:** That's exactly the kind of thing.

**Mr. Brian Pallister:** Why do we need it?

**Hon. John McKay:** I don't know why you'd enter into buying Wendy's. I could understand Tim Hortons but not Wendy's.

**Mr. Brian Pallister:** Actually, Wendy's is the owner of Tim Hortons.

**Hon. John McKay:** I know that.

**The Chair:** Can we call the question? We're on amendment CPC-13, reference number 1926843.

(Amendment negated [See *Minutes of Proceedings*])

**The Chair:** Merci.

We're on amendment CPC-14, reference number 1928242.

**Mr. Monte Solberg:** Mr. Chairman, this particular amendment basically affects paragraphs 3(b), 3(c), and 3(d).

The idea is that we would call on Parliament to require the terms of any agreements referred to in paragraph 3(b), any agreement made with a province, municipality, organization, or any person, to be made public within 30 days, etc.

Paragraph 3(c) is amended to require the grant recipients to be made public prior to any payment being made. That's a great innovation, Mr. Chairman, ensuring that people know where their tax dollars are going.

Paragraph 3(d) is amended to require that the information on any appropriation be made public prior to the expenditure being made, and that it be referred to the appropriate standing committee that would normally deal with that matter so that they can scrutinize it.

Anyway, these are common-sense attempts to ensure there is proper scrutiny of spending and that all of these things are made public. After all, it's taxpayers' money, so it is the right and just thing to do, Mr. Chairman. It's the right and just thing.

• (2320)

**The Chair:** Thank you, Mr. Solberg.

I call the question on amendment 1928242.

(Amendment negated [See *Minutes of Proceedings*])

**The Chair:** CPC-15, CPC-16, CPC-17, CPC-18, CPC-19, and CPC-20 are all inadmissible because these are conditions you're imposing on a corporation that is beyond the scope of this Parliament or beyond the.... We cannot control the corporations. In CPC-15, you're asking for a corporation to submit its annual report to Parliament. We can't oblige that.

**Mr. Monte Solberg:** What an awful thing.

**The Chair:** On CPC-16, it's the same thing, it's "A corporation referred to...". On CPC-17, it's "A corporation referred to...". We can't oblige a corporation.

**Mr. Monte Solberg:** I'd like clarification on that.

**The Chair:** On CPC-15, CPC-16, CPC-17, CPC-18, and CPC-19.

**Mr. Monte Solberg:** Could someone cite what legislation or whatever it is that will not allow that? In fact, I assume that is actually the problem, that there is specific legislation that sets these crown corporations beyond the reach of some of this official reporting. Is that correct?

**Mr. Wayne Cole:** Yes. It doesn't deal specifically with crown corporations. This deals with any corporation.

**Mr. Monte Solberg:** Oh, with any corporation. These are just the ones we enter into agreements with.

**The Chair:** Mr. Penson.

**Mr. Charlie Penson:** Mr. Chairman, the reason it's here is that this is the section under paragraph 3(e) where government is investing in, or taking partial ownership in, a corporation. That changes. That's not just any corporation. That's a corporation that the government has shares in.

It would seem to me that these should be admissible on that basis, that this is not just a private corporation we're talking about. This is a corporation that the government has shares in, and therefore parliamentarians should be able to have access to look at the report.

**The Chair:** That private corporation would still continue to operate as a private corporation.

**Mr. Charlie Penson:** I'd like legal counsel to clarify that.

**Mr. Brian Pallister:** To further elaborate on my colleague's intervention, what these amendments attempt to do is not pertinent to the corporation, but rather, is pertinent to the instructions we're getting to under the earlier part of clause 3 on the Governor in Council. We are saying that on terms "the Governor in Council considers appropriate, authorize a minister to..."

**The Chair:** No. You're asking a corporation to do something. I'll ask the clerk.

**Mr. Brian Pallister:** No. We're saying that the corporation the minister enters into an agreement with should be subject to these things. Isn't it the minister we're attempting to—

**The Chair:** You're saying a corporation. It's a corporation in all of them. The first line, "a corporation referred to in paragraph (1) (e) or (f) shall annually submit a corporate plan to the Minister of Finance"... I'm citing CPC-16.

**Mr. Brian Pallister:** In CPC-17, the Privacy Act, in CPC-18, the Official Languages Act.

**The Chair:** I think it's kind of obvious.

Shall clause 3 carry as amended?

[Translation]

**Mr. Guy Côté:** Mr. Chairman, if I am not mistaken—and we are at least two members in this situation—we did not hear you give a clear ruling on our amendments BQ-11 to...

**The Chair:** It can be done right away.

**Mr. Guy Côté:** This is important, Mr. Chairman, because these amendments would significantly improve Bill C-48. They are directly related to workers, to those who were forgotten in Bill C-48. They are related to employment insurance, to the Program for Older

Worker Adjustment, to an autonomous Employment Insurance Fund and to its accessibility for people in need as well as an increase for post-secondary education. We didn't hear you give a ruling on those amendments. We trust you, Mr. Chairman, because we know that you are a generous man and that...

• (2325)

**The Chair:** It is easy. I didn't say anything because it has nothing to do with clause 3. We will deal with it later. But if you want me to rule on it immediately, I shall tell you that all of them are inadmissible because they are outside the scope of this bill. They all relate to employment insurance.

[English]

Officially, we have refused BQ-11, BQ-12, BQ-13, BQ-14, BQ-15, BQ-16, and BQ-17.

We're back to the question. Shall clause 3 carry as amended?

[Translation]

**Mr. Pierre Paquette:** I would like a recorded vote.

**The Chair:** It is a recorded vote.

[English]

(Clause 3 as amended negated: nays 6; yeas 5)

**The Chair:** Thank you.

Shall the title carry?

If somebody's following *l'ordre du jour*, they'll see there are no clauses 4, 5, or 6.

[Translation]

**Mr. Guy Côté:** You are rejecting our excellent amendments on employment insurance. We cannot then move new sections 4, 5, 6, etc. This makes me really sad.

**The Chair:** This is why we go directly to the title. Shall the title carry?

[English]

(Title agreed to; yeas 7; nays 4)

**The Chair:** Shall the bill as amended—

[Translation]

**Mr. Pierre Paquette:** We want a recorded vote.

**The Chair:** Okay, a recorded vote.

[English]

(Bill C-48 as amended agreed to; yeas 7; nays 4)

**The Chair:** Shall I report the bill as amended to the House?

[Translation]

**Mr. Guy Côté:** [Editor's Note: Inaudible]... as you wish, Mr. Chairman. You may have it reprinted, we have no objection.

[English]

**The Chair:** I'm not going to have it reprinted.

Shall I report the bill as amended to the House?

**Some hon. members:** Agreed.



• (2330)

**The Chair:** It was seven to four in favour.

There's just a little bit of housekeeping. We have no meeting tomorrow; we'll try to get Mr. O'Neill for Thursday or we'll do a study. I also need permission for the pre-budget consultation for 2005.

Does the committee consent to the chair making that decision? No? Yes?

I also need to give some direction to—

**Mr. Charlie Penson:** Mr. Chairman, half the members have left, so we've lost quorum.

**Mr. Monte Solberg:** Mr. Chairman, are we not doing anything tomorrow?

**The Chair:** No.

**Mr. Monte Solberg:** Can't we be back here tomorrow at ten?

**The Chair:** Yes, wait by your computer.

I just need some direction. I just want to know, yes or no, can I give direction to the clerks for the pre-budget consultation for 2005? We'll set up a meeting for that.

**Mr. Monte Solberg:** I'm sorry, what are we intending to do with O'Neill?

**The Chair:** I'm going to try to get O'Neill for Thursday.

**Mr. Monte Solberg:** What about the fiscal forecast?

**The Chair:** I will also try to get you a date for tomorrow.

**The Chair:** Now, for the pre-budget consultation for 2005, do I need to set up a meeting, or can I give direction to the clerk and to the research staff? It's not a big deal.

**An hon. member:** Why worry about that now?

**The Chair:** Yes, you keep telling me that. That's why we keep putting it off.

**Mr. Monte Solberg:** We have lots of time.

**The Chair:** No, we don't. We keep putting it off. I already submitted a budget, so do I keep going in that direction?

**Mr. Monte Solberg:** Can't we do that on Thursday?

**The Chair:** Okay, we'll try to do that on Thursday.

We'll try to get O'Neill, and if we can't, we'll have maybe a steering committee meeting on future business.

The meeting is adjourned.

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**Published under the authority of the Speaker of the House of Commons**

**Publié en conformité de l'autorité du Président de la Chambre des communes**

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