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OFFICIAL REPORT  
(HANSARD)

**Monday, April 2, 2001**

**Speaker: The Honourable Peter Milliken**

## CONTENTS

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

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# HOUSE OF COMMONS

Monday, April 2, 2001

The House met at 11 a.m.

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*Prayers*

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## PRIVATE MEMBERS' BUSINESS

• (1100)

[*English*]

### CETACEANS

**Ms. Libby Davies (Vancouver East, NDP)** moved:

That, in the opinion of this House, the Minister of Fisheries and Oceans should decree an immediate moratorium on the live capture and trade of cetaceans (whales, dolphins and porpoises).

• (1105)

She said: Mr. Speaker, I am very pleased to rise in the House to bring forward the motion for debate because it is a very topical issue and something that I think is of great interest to Canadians. The motion states:

That, in the opinion of this House, the Minister of Fisheries and Oceans should decree an immediate moratorium on the live capture and trade of cetaceans (whales, dolphins and porpoises).

I will begin my remarks by explaining why I have brought the motion forward.

The reality is that Canada lacks any regulation. In fact Canada has chosen not to regulate the import, export and interprovincial trade in marine mammals or to regulate their breeding in captivity. This is in very sharp contrast to other countries, especially the U.K., which has very tough legislation regulating marine mammals in captivity.

The purpose of my motion is to engage in a very important public discussion among Canadians about the ethics, the problems and the issues with the trade and captivity of marine mammals.

I believe that Canadians care deeply about marine mammals and what happens to them. We need as public legislators to start making decisions about how to protect the species.

The current situation in Canada is actually something that is quite sad. Going back to 1992, we have a good initiative in that the then minister of DFO, Mr. Crosbie, announced that he would no longer consider any application for the live capture of beluga whales from Canada to other countries. However this only covered belugas. It did not deal with interprovincial trade within Canada. Unfortunately it has occurred in practice only, that is, it has not been followed up in any policy sense or in any legislative sense.

I think we have to ask the question: Why has the Department of Fisheries and Oceans deemed it inappropriate to export belugas to other countries but has left it quite open that other marine mammals are unprotected within our borders?

If the motion before us today were taken up by the government, which I hope it will be, who would be affected by this moratorium? Currently in Canada, we have three aquariums which feature captive whales and dolphins: the Vancouver Aquarium; the West Edmonton Mall; and Marineland of Canada in Niagara Falls.

The West Edmonton Mall personnel have indicated that they will phase out the dolphin show and not replace the dolphins upon their deaths.

The Vancouver Aquarium, as a result of many years of public lobbying and very strong public concern, has stated that it will no longer acquire whales and dolphins from the wild and will no longer keep killer whales. In fact, the last remaining orca whale, the Bjossa, is slated to go to Sea World in San Diego very shortly. However, the situation at the Vancouver Aquarium is that it still left open the possibility of securing marine mammals already captive at other facilities. The reason I brought forward this motion is that it would put a stop to that.

The other aquarium in Canada, Marineland, currently has 10 beluga whales, 7 bottlenose dolphins and 7 killer whales. It has a history of breeding animals and may be poised, unfortunately, to become an international source for the captive whale and dolphin industry unless it is regulated.

This is a very serious subject. There is a lot of ambiguity and confusion about what Canada's position is on the issue due to the lack of regulation and legislation.

*Private Members' Business*

The Vancouver parks board, which I visited last Monday night, March 26, was considering its own bylaw that would theoretically prohibit the importation of live captive whales and dolphins. Unfortunately, the bylaw was so ambiguous that a lot of concerned groups and individuals in Vancouver lobbied the parks board for a clear bylaw that would prohibit the live capture and importation or trading of whales through the Vancouver Aquarium.

• (1110)

When I spoke at the Vancouver park board it seemed to me that it would make much better sense to have a national policy and/or legislation that would clearly outline Canada's position and protect these magnificent animals from live capture and captivity in aquariums and trading.

In doing research on this issue, one of the things I found to be most disturbing was that not only does Canada have a lack of regulation and a lack of policy on this issue but we also have become a haven for what is called whale laundering. This is something that is very serious and is not known by many people.

Some countries, such as the United States, have much tougher legislation governing the capture of marine mammals for captivity. To avoid these rules, some U.S. facilities can capture animals in a third country, Russia for example, and then house those animals in facilities here in Canada. The practice has been that after a short period of time, maybe a year or so, they are then brought into the United States. This process has allowed U.S. marine facilities to bypass their own tough legislation and to avoid public scrutiny. They are using Canada and our facilities to do that.

There is no question that Marineland and the Vancouver Aquarium have served in this capacity in the past. In doing so, I believe that our Canadian facilities undermine marine mammal regulations in other countries and indeed internationally.

I will now spend a few minutes on the cost of government inaction. Canada's Marineland has been very active in the international whale and dolphin trade. Since May 1999, it has imported 12 beluga whales and six bottlenose dolphins from Russia. Two of the belugas have since died in captivity. The capturing of these animals happens in the most inhumane fashion imaginable.

On Friday, when I held a press conference on my motion, we showed a video that was taken in Russia on the capture of beluga whales. It showed the absolute inhumane conditions that are in complete violation of international rules for aviation, travel and transport as well as for the capture of whales.

The video was most graphic and disturbing. It showed the cruelty and abuse these animals suffer only to end up captive in a marine facility where they are put on public display. My fear is that if the minister does not act soon Canada will become known as a warehousing facility for marine mammals to other facilities around the world.

Government inaction is not only lamentable but it defies both logic and compassion. I know the minister has received thousands of letters asking him to act. I also know that during this past week about 100 e-mails, letters and faxes in support of the motion came through to the minister's office.

Last Tuesday I attended the Pacific headquarters of the DFO in Vancouver and delivered to the minister's office copies of all of the e-mails that I have received as well as a presentation from Zoocheck Canada of a very serious graphic representation of a whale inside a sardine can. We know what we see when we peel back a sardine can. We see sardines squished together, lined up one by one in those tiny cans. Imagine a poster of a sardine can and when it is rolled back from the corner what we see is a whale. That representation really symbolizes what this issue is about in terms of captivity.

Further to the governments inaction, one of the things that is really of very grave concern is that in 1998 the Department of Fisheries and Oceans commissioned Dr. Jon Lien, a respected marine mammal scientist from Memorial University in Newfoundland, to examine the practice of live capture and captive maintenance of marine mammals in Canada.

• (1115)

In that report from 1998, not only did Dr. Lien call for a ban on new live capture and imports, but he also called for a moratorium on the captive maintenance of marine mammals. The department and the minister have now had this report sitting on their desks for two years and have chosen not to act on the recommendation from Dr. Lien.

I have to ask the question today: why has this report not been acted on? Why has this issue been left not even on the back burner but just gathering dust on a shelf while we still have live capture, trading and captivity of whales and dolphins in our country and are now warehousing them for other groups around the world?

Animal protection groups such as Zoocheck Canada have made numerous attempts to meet with the minister and/or DFO staff in the past year, but those requests have been denied. Yet I was astounded to learn just a few days ago that the department is currently meeting with industry officials in secret and looking at developing supposed educational standards in regard to the captivity of whales and dolphins.

Again I have to ask why there is a double standard here. Why do we have a report that has not been acted upon when there is intense public interest in the issue? Why is it that the department is meeting behind closed doors when there should be open public disclosure and debate about the very important ethical, educational and scientific issues involved in the captivity of these marine mammals?

I want to make it clear that the motion today is not asking that Canada take a leadership role on the issue, because a number of

*Private Members' Business*

countries around the world have already imposed bans on the import of whales and dolphins, including Argentina, Cyprus, Hungary, India, Israel and Chile. What we are asking in the motion is that Canada play its role, that it display progressive and positive decision making to protect these magnificent animals from further abuse and from further live capture and captivity.

I believe that the quality of life for marine mammals in captivity is inhumane. There is very strong evidence for this. Far from being a far ranging, deep diving, constantly moving creature, a captive whale becomes essentially a sedentary animal, spending most of its time at the surface swimming in circles in a small concrete tank. In some cases, such as Marineland of Canada, this means keeping an adult orca in a 25 foot diameter tank for long periods of time so that it has nothing to do but float motionless at the surface. Is this educational? Is this what we consider humane treatment?

Orcas, dolphins and beluga whales use echolocation or sonar ability to navigate at night and to find food. In a concrete tank which never changes and has no textural variety to it, they almost never use this critical behaviour.

Whales and dolphins are among the most socially complex creatures on earth. They live in close knit groups that often consist of multiple generations of the same family. The life expectancy of marine mammals in captivity is greatly reduced. In the wild, orcas can live into their 80s, while in captivity few have lived into their 30s.

Clearly there is an ethical issue about whether or not these animals are being kept in captivity for so-called education or simply for entertainment. It is clear that we need to do something. It is clear that we need to act upon the recommendations in Dr. Lien's report.

I want to thank many people and organizations such as Brian McHattie from Zoocheck Canada, Shelagh Macdonald from the Canadian Federation of Human Societies, Annelise Sorg from the Coalition for No Whales in Captivity in Vancouver, and John Mate from Whale Friends. They have taken up this issue with passion, have not let it go and have demanded that the government determine why this report from two years ago has not been acted on.

I look forward to the responses from other parties today in the House. I hope there will be a positive response. If we genuinely believe there should be protection for these magnificent animals, then that report must be acted on by the Department of Fisheries and Oceans.

• (1120)

**Mr. Wayne Easter (Malpeque, Lib.):** Mr. Speaker, I am pleased on behalf of the Parliamentary Secretary to the Minister of Fisheries and Oceans, the member for Labrador, to rise in the

House today to respond to the motion put forward by the member for Vancouver East.

First I would like to thank the member for Vancouver East for her continuing concern and interest in the live capture and trade of whales and dolphins. I think it is very important that we outline the facts as they exist and the work the government and the Department of Fisheries and Oceans have been doing in this area.

Fisheries and Oceans Canada takes the well-being of aquatic animals, including those in aquariums, very seriously. For decades all applications for live capture have been carefully scrutinized to ensure that the well-being of these creatures is always the first priority. Applications are examined to determine the adequacy of each aquarium's facilities, the quality of its staff and veterinary support and a range of other considerations. If there is any doubt in these areas, the application is turned down.

While keeping whales and dolphins in aquariums is generally seen as both safe for these creatures and a useful educational tool, DFO is well aware of the concerns expressed by Canadians about keeping whales in captivity. It is true that the long term effects of captivity on whales and dolphins are largely unknown. For these reasons, in 1992 Canada placed a moratorium on the live capture of whales and dolphins for export. The moratorium is still in effect. There has not been a live capture in Canadian waters since that time. I want to emphasize that: there has not been a live capture in Canadian waters since that time. In fact, since 1992 there has been only one application for the live capture of a whale for a Canadian aquarium. That application was rejected.

To develop long term policies for live capture, however, DFO is working to improve its knowledge on the effects of captivity on whales and dolphins and to clarify the various jurisdictions involved. Allow me to present the details of the review.

An independent scientist commissioned by the department conducted a comprehensive review to provide recommendations about the relevance of live captures to DFO's role in marine mammal management. To do this, he travelled across Canada and consulted a wide range of interested groups. While the review acknowledged the benefits of live capture and gave qualified support for whales in aquariums, it also pointed out specific deficiencies and provided a series of recommendations on how to improve marine mammal management in three key areas: one, whales in captivity; two, care and maintenance standards; and three, international trade.

The first group of recommendations, however, whales in captivity, is one where the federal government can do little. Under the constitution, the holding of animals in captivity falls under the responsibility of the provinces. DFO has legal authority only over the live capture of whales from wild stocks in Canadian waters and their release back into the wild.

*Private Members' Business*

In the meantime, however, in keeping with the spirit of the review the Department of Fisheries and Oceans is looking at other ways to address the recommendations outlined in areas where the department can in fact make a difference.

The second group of recommendations, care and maintenance standards, is one in which the Department of Fisheries and Oceans is looking to make progress. Once again, while care and maintenance of these creatures is a provincial responsibility, DFO is examining opportunities within the federal jurisdiction to work closely with organizations such as the Canadian Council on Animal Care to establish voluntary standards for aquariums as well as a process for their independent verification.

Indeed, preliminary discussions are confirming that Canadian aquariums and their association, the Canadian Association of Zoos and Aquariums, are generally supportive of a set of formalized care and maintenance standards as well as an independent verification process.

• (1125)

For the third area of interest, international trade, Canadian legislation is already in place to deal with the protection and trade of species, particularly endangered stocks. The 1996 Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act addresses any threats to wildlife that may result from trade. In effect, the act implements the United Nations Convention on International Trade in Endangered Species of Wild Flora and Fauna, or CITES as it is generally known. This is an international treaty designed to protect various species, including a number of whales and dolphins. Canada is a party to this convention, along with 151 other nations.

Under the convention any trade in rare or endangered species is not permitted for commercial purposes. Species that are not rare or endangered but that could become so if trade is not regulated, such as beluga whales, which the member mentioned, are also covered by this convention. Under the regulations, trade in these species is subject to an export permit from the country of export.

Once again, I should reiterate that there is presently a moratorium in Canada on live capture of whales and dolphins for export. At this time, banning imports of dolphins and non-endangered whales such as the beluga whale, as put forward in the member's motion, would be inconsistent with the convention and perhaps also with obligations to which Canada is subject under other international trade agreements.

Having said that, let me point out that DFO is currently reviewing the question of live capture and is considering appropriate alternatives.

In conclusion, I would like to reiterate that Fisheries and Oceans Canada takes the well-being of all aquatic creatures very seriously. The stringent application process that has long governed the live capture of whales and dolphins and the moratorium that has been in place since 1992 provide effective protection for wild animals in Canada. These measures, along with the comprehensive review currently being examined by DFO, demonstrate the importance the department places on this subject.

Until concrete recommendations are developed there is no pressing reason to change the mechanisms in place with regard to live capture. As I mentioned a moment ago, Canada fully supports CITES and has domestic regulations that fully implement our trade obligations under this convention. Clearly it would not be appropriate to adopt a proposal that is inconsistent with our international obligations. For this reason, we are unable to accept the member's motion to decree an immediate moratorium on the live capture and trade of whales and dolphins at this time.

**Mr. Reed Elley (Nanaimo—Cowichan, Canadian Alliance):** Mr. Speaker. It is indeed a pleasure for me to rise in the House today to speak to Motion No. 75. I thank our hon. colleague from the New Democratic Party for bringing this to the attention of the House and giving us an opportunity to debate the issue.

The motion states:

That, in the opinion of this House, the Minister of Fisheries and Oceans should decree an immediate moratorium on the live-capture and trade of cetaceans (whales, dolphins and porpoises).

I freely confess that I am not an expert in zoology, biology or any other animal husbandry field, but like many others in this country I do have an opinion on this issue and I think it is reflective of how many Canadians feel. Let us not forget that an issue like this has many aspects to it. These aspects contain safety, humanitarian, educational research and emotional components.

• (1130)

Today's motion is not votable but I believe that we have the opportunity to further the debate in a very calm and rational manner. Issues such as these often become strictly an emotional one rather than looking at a situation from several different points of view.

Over my years I was privileged to visit many of the fine zoos, wildlife preserves and the like which we have in Canada. Coming from a west coast riding, perhaps I am more aware of whales, dolphins and porpoises and their natural environment than many of my colleagues from inland provinces.

Just last year my family and I had an opportunity to go on a whale watching excursion off the Victoria harbour. My friend runs a company that does this. He is very respectful of the natural habitat of whales. It was an incredible experience to see these

animals in their environment. A small minority of people are able to do that. Most of the people who were on the tour that day were tourists from Japan and Germany.

As we consider this motion calling for an immediate moratorium on the live capture and trade of cetaceans, the term moratorium can mean several different things. My understanding of the term could be threefold. First, it could be a legally authorized period of delay in the performance of a legal obligation. Second, could mean a waiting period set by an authority. Third, it could be a suspension of activity altogether. While I believe I understand the member's motion to mean the third of these possible definitions, perhaps we should more closely frame the debate in the future.

With regard to the many different ways to view this debate, I would like to briefly comment on several different aspects.

With regard to safety concerns, I believe most people would agree that any animals held outside their regular environment should be held in a very safe and humane manner. By this I am specifically referring to the safety of the animal. The safety of the animal also runs in tandem with humanitarian concerns. I recognize that there will be a broad range of thought specifically on this issue. There will be those who feel that the only humanitarian place for an animal is in its natural environment. There are others who feel that it is humanitarian to have captured animals in an environment that closely resembles their natural habitat.

I have seen some of the video clips that the hon. member mentioned depicting the live capture of cetaceans. What I saw did raise some personal concerns. I was concerned over the humanitarian treatment of these animals during capture. I fully realize these clips may not accurately depict everything that goes on at the time in other places, however the treatment I saw was certainly not humanitarian.

If whales are going to be captured for research, observation and the like, then I would personally rather see stricter guidelines that clearly state how animals must be treated. If Canadian aquariums are found purchasing from these organizations that practise inhumane capture and flaunt the international laws governing such, then these aquariums and societies ought to be punished by law and prohibited from doing so.

One of the factors that is often overlooked is the one of education. It is one thing to read a book, watch a video or listen to an expert. I believe it is also important to have a tactile experience wherever possible. If we want to learn more and teach our younger generation about these amazing creatures, we still need to have the ability to show our children what they look like and how they behave.

As I mentioned earlier, yes, there are boat tours available. However quite frankly most of those activities are outside of many

family budgets. Often the only means available for thousands of Canadians across this country to see these amazing creatures is through an aquarium setting.

We have learned much about cetaceans. We learned that they are very intelligent creatures. It was not that many years ago that killer whales or orcas were thought to be extremely dangerous and hated creatures. We have since learned much about the true nature of these animals. However we still have much to learn.

It is certainly true that research can and must be done in the wild. However there are times when that research cannot be achieved and learned without a controlled environment.

• (1135)

The emotional side of this debate is often the most publicized. Yes, we can and we should have feelings. However all too often we have allowed our emotions to overrule all other parts of the debate. We need to keep all the parts in balance. We cannot rely solely on emotions and ignore other factors when we are debating issues such as this. We must make decisions based on as much of the information as possible that is available to us.

I must confess that I would have been much more supportive of the member's motion if it had called for a ban on commercial whale harvesting for food and other purposes. I am particularly concerned about reports of Russian and Japanese fishers not adhering to the accepted international whaling rules. In today's world I do not believe there is any need to harvest whales for food or process them for other products. Yes, they were used for food, oil and many other products historically. I believe we have moved well beyond the need to harvest whales for this purpose.

We need to ensure that the historical use of these animals is not a reason to continue their harvesting. Just because we did something in the past does not mean we should continue to do it now or in the future. We can probably think of many examples of the past where this would be true.

When I step back and consider all of these issues together, I believe that at the end of the day there would probably more to be lost through this motion than gained in its present form. What I would be more supportive of is a set of guidelines or legislation that states how these animals may be captured, studied, housed and viewed in a humane way. I believe we have a responsibility to ensure that unscrupulous people cannot take advantage of or abuse these creatures. However thousands of Canadians who have never had a chance to view these magnificent animals up close should not be denied the opportunity to do so. The much needed research on these animals close up should be permitted, albeit in a limited fashion.

*Private Members' Business*

It has already been pointed out by the hon. member across the floor that the care and maintenance of these animals in aquariums is really a provincial responsibility. It seems to me that the hon. member from the NDP ought to take her cause up with the provinces in this regard.

At the end of the day, I believe that more can be gained through bona fide research, public, environmental and conservation education. I thank the member for her motion and the opportunity to participate in this debate today.

[Translation]

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, I am very pleased to rise in support of Motion No. 75 by the hon. member for Vancouver East. The Bloc Québécois supports this motion and also calls upon Canada to take positive steps and adopt positive guidelines concerning cetaceans, their conditions, protection of their lives and trade in these species.

The main objective of having a zoo or aquarium is to enable people to observe the animals in a cage or pool. According to an organization called Zoocheck, each visitor spends an average of 60 seconds observing each exhibited animal.

The problem in this situation is the cruelty inflicted on marine mammals when they are captured. The capture is often extremely violent. It is not a rare occurrence for females to abort their young, or for animals to beach themselves or drown.

Specimens may be pursued for hours. Once caught, they are hauled out of the water. A number of unscrupulous hunters will haul them out by the tail. They are then transported on a sort of stretcher. Because they are out of the water for a number of hours, their skin rapidly dehydrates, they have difficulty breathing and they develop sores wherever their skin rubs against their restraints.

A long flight may follow. Shipping one killer whale to the aquarium that had purchased it took 68 hours.

It took 18 hours to fly two dolphins from California to Florida. By the time they arrived, their blow holes had become so obstructed that one died within days.

• (1140)

Recently, Lufthansa Airlines decided that it would no longer transport captive dolphins because doing so caused the animals suffering and was too risky.

Another problem is the environmental imbalance and threat to the survival of certain species. According to *Cetacean Societies*, which was written last year by an American collective, 66% of all mammals captured worldwide are adult females.

Because of the essential role played by females, this has a serious effect on the group's reproductive rates and social cohesion.

On March 14, 1990, the U.S. government decided to suspend any captures of bottlenose dolphins in the Gulf of Mexico because the species was seriously in danger of disappearing.

Right now, the dolphin population in the Black Sea is endangered because of the combined effect of population depletion and captures by zoos and aquatic parks.

Arriving in a pool is a triple shock for a newly captured dolphin: first, its living space is suddenly and spectacularly reduced; second, it is put into close and unconstrained contact with human beings and other dolphins not members of its own family; third, it is forced to consume dead fish rather than the live prey to which it is accustomed.

Because of these traumas, aquariums must confine dolphins to an isolated pool for periods that can sometimes last as long as one month in order to help them adapt to their new life.

They are then force-fed dead fish, which must be an absolutely dreadful experience for the dolphin. Fifty percent of captured dolphins die within days of arrival at an aquarium.

The amount of activity and space is very important for cetaceans. In the wild, a normal grouping of dolphins totals about thirty. They range throughout a territory some 125 kilometres long and frequently travel beyond it toward other groups.

Pacific dolphins like to dive down to 535 metres in depth while the Atlantic dolphins frequently stay at a depth of 390 metres. They spend a scant 20% of their time on the surface. Their time is mainly spent searching for bottom-dwelling invertebrates, exploring long distances, and hunting as a group.

Dolphins culturally transmit many things to their young in a variety of ways: socialization, games, vocalizations and how to raise and protect offspring. Young dolphins are protected for five to fifteen years and intergenerational contacts remain frequent once they have reached adulthood.

No matter how large an aquarium pool, it forces cetaceans into inactivity. They have no control whatsoever over their activities and mating behaviour. This limited and artificial environment and the social interaction with only a few individuals is the reason captive animals suffer and die.

The restriction of movement leads to muscular sclerosis, or to some muscles developing more than others. The mammals are constantly stressed and nervous, as well as more aggressive. They



also lack appetite because of their lack of exercise. Their health is also affected by the fact that the water in the pool is chlorinated and lacks nutrients and sunlight, and that they are constantly on antibiotics.

In the wild, even violent conflict rarely leads to serious injury, because the male who is losing can always admit defeat and flee. The females are the ones most dominant.

In captivity, the largest male dominates all the rest. During breeding season, the fights between males are extremely violent. To avoid fights between the males, some aquariums keep only one male per pool.

• (1145)

In captivity, the make-up of these groups is seriously disrupted. When they are in their natural habitat, several generations of females live with their offspring in a specific territory, while males are gathered on the outskirts, based on complex alliances. During their adult life, they only make brief visits to their parents. Families are usually made up of two males and one female.

When in captivity, this ratio is reversed and females outnumber males, thus triggering abnormal conflicts between females that are pregnant or about to give birth. Sometimes, jealous females will even kill babies. A kind of forced polygamy is organized, but it does not reflect the natural model at all.

When they live freely, males do not usually socialize for very long with the female social group. Therefore, living in captivity deeply affects this type of organization. Adult males are forced to interact closely, both night and day, with females. This forced interaction exacerbates male dominance. Based on what has been observed in basins, it is clear that this dominance by a single male is the source of many behavioural problems, particularly among the group's young marine mammals.

When they live freely, female dolphins usually have a baby every two or three years. The young dolphin receives a real education to ensure its future survival and allow it to fully develop as a member of the group.

Fifty per cent of dolphins living in captivity die before the age of one. Of that number, 23% die during the first month.

In Quebec, there are no cetaceans in captivity. Because of our geographical location, the industry prefers to promote observation of cetaceans in their natural environment. Such a practice, provided it is conducted at a minimal distance, has much less of an impact on cetaceans than keeping them captive in basins.

Tourists come from all over the world to have an opportunity to watch whales and belugas from the Saguenay. Observing cetaceans like this tells us a lot more about their lifestyle and habits than

### *Private Members' Business*

watching them for a few minutes while they are in captivity or performing tricks.

I will stop here and reiterate my support. The Bloc Québécois supports Motion No. 75.

[English]

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, I am pleased to have the opportunity to address Motion No. 75 put forward by the member for Vancouver East.

The motion would see stronger protection put in place for cetaceans, especially a moratorium on the live capture and trade of whales, dolphins and porpoises. The member for Malpeque said that a moratorium on the live capture of cetaceans, whales, dolphins and porpoises has been in place since 1992.

I would be interested in hearing the member's response to my questions, but unfortunately we do not get the opportunity for questions and answers. I am sure the member for Vancouver East was dying to ask some questions. There needs to be a broader debate on the entire issue. Through that type of debate we can get down to the fact of whether we should or should not be supporting the live capture of whales, dolphins and porpoises.

There are two sides to the issue. First, the live capture of whales for display in aquariums allows scientists and researchers to discover significant amounts of information about the lifestyle, reproduction and communication of these mammals and preserves what can be an endangered species for future generations.

Second, whales are very intelligent animals. When caged in aquariums it is believed they can lead bored, lonely and stressful lives. The last orca whale in the Vancouver Aquarium is being sent to San Diego SeaWorld so that it can interact with other whales.

Public opinion has played a significant role in Canada's attitude toward the live capture of whales. After much public outcry, the Vancouver Aquarium decided that it would not capture or bring any whales captured after September 1996 into the aquarium. However the aquarium can still exchange whales with other facilities. Currently there are 30 whales in aquariums within North America and 21 outside the continent.

• (1150)

At the same time information about cetaceans may improve by studying these mammals in captivity. As a result of studying whales in a controlled environment researchers realized that the gestation period for whales was longer than previously thought. This information resulted in the International Whaling Commission reducing Norway's whale quota to reflect this longer time-frame. The long term survival of the species may be facilitated by research that is conducted in a controlled environment and that would be difficult to conduct on a species in the wild.

*Private Members' Business*

Orcas off Canada's west coast are low in numbers and have recently been declining. The orca herd on the east coast, from Iceland through to Newfoundland and off the coast of Greenland, seems to be in much better condition than the ones on the west coast. Environmentalists and biologists are not sure of the cause of the decline, but one factor may be the high level of contamination in the food chain. Orcas consume vast quantities of food and are at the higher end of the food chain, causing high levels of PCBs to build up from the number of seal and salmon consumed.

Another issue that would be a factor in their decline is a lack of sufficient food. Salmon numbers are also declining and this may be preventing orcas from finding enough food to meet their daily intake requirements.

In any case numbers are declining. We need to question once again whether it is important to support the live capture of whales so that more scientific research can be conducted into this decline, or whether we are simply appeasing our desire to have the opportunity to see these creatures in accessible settings and increase tourist numbers.

There is little question that whales in particular attract human attention. The rising number of whale watching operations and the increased number of visitors to aquariums when whales, dolphins and porpoises are part of the exhibit attest to their popularity.

While orca numbers are declining other whale populations are increasing. The grey whale count is estimated at 26,000 off the coast of British Columbia. It is suggested that overpopulation is the reason there are increasing numbers of grey whales washing up along the coast.

On the east coast there has been good news lately regarding whale populations, particularly the northern right whale which is considered the rarest of the large whales. Researchers with east coast ecosystems in Nova Scotia recently announced that the number of newborn whales reached 25, the largest count since 1980 when births were first recorded.

It is widely believed by a number of scientists on the east coast that there is a rogue pod of right whales that are deep ocean whales. We do not see them in the inner Bay of Fundy and other areas, but they are actually interbreeding with the right whales that are there now.

This whale is certainly not anything close to emulating the escalating population that is occurring for grey whales, but the small number of existing northern right whales is encouraging, particularly after disappointing birth rates over the past couple of years. These numbers are especially encouraging when we consider that the entire population of right whales along the eastern seaboard is optimistically estimated at around 350, a very low number.

There are significant hurdles that young whales have to overcome if they are to reach maturity. Many die within the first six months possibly from chemical contamination, while others be-

come entangled in fishing gear or are struck by ships. A biologist with the University of Oregon has been quoted as saying that about one-third of all animals found dead are from ship collisions. Over two-thirds of the population is scarred from entanglements in fishing gear.

That makes this especially troubling since recent cutbacks by the current federal government have forced the coast guard to terminate its effort in freeing whales trapped by fishing gear. With two-thirds of right whales scarred from having been caught in fishing gear this is not a service that should be eliminated, not if the Department of Fisheries and Oceans is serious about whale conservation.

Efforts need to be made to try to reduce the number of whales caught in fishing gear. By eliminating this service by DFO, the government is once again signalling that its commitment to whale conservation is in words only.

Collisions with ships are one of the major hazards facing right whales, with 16 of the known 45 right whale deaths since 1970 resulting from such collisions. Half the remaining whales congregate in the Bay of Fundy between Nova Scotia and New Brunswick from June to December. This makes whale watching a profitable enterprise in the area, but unfortunately the shipping traffic and fishing vessels in the area make it dangerous waters for the right whale.

• (1155)

East Coast Ecosystems Research has worked hard to promote whale conservation and has set up a whale sighting protocol. This program monitors right whale sightings and provides information to boats in the Bay of Fundy and along the Scotian shelf of Nova Scotia so that vessel operators are aware of whales in the area. Marine Communications and Traffic Services officers advise vessels traversing these waters that they are passing through an area where whales may be found. They provide co-ordinates of sightings and possible actions to divert a collision.

Perhaps we need a moratorium on the live capture of cetaceans but I am not entirely sure that we do. There are a number of things that we can do to help not only whales and dolphins but other marine species.

It is the government's responsibility to bring forth such legislation and to debate these issues in the House. We need to ensure that all sides of the issue are represented so that we can make decisions to the benefit of all Canadians and to the benefit of the mammals we are discussing.

It is clear that the Department of Fisheries and Oceans recognizes the need to help protect right whales, but its actions do not support its stated commitment to whale protection. It is time for the department to re-evaluate its plans in relation to right whale protection.

While we have taken steps toward conserving whale population there is still a long way to go. Scientists and biologists, not parliamentarians, need to debate whether the live capture of whales helps to increase public perception and knowledge of the plight of whales and other cetaceans, or whether there is more harm than good by keeping such mammals in aquariums so that they can be studied and examined.

There is one good example of scientific knowledge in the live capture of animals. It is taking place on Sable Island off the coast of Nova Scotia. I first went to Sable Island in 1980. That year we counted 60 or 70 dead horses on Sable Island because the government did not allow the live capture horses to be brought ashore when populations reached too high a point.

There was nothing wrong with those horses. They could have been brought ashore and homes could have been found for them. That did not occur because they were protected and the government did not allow their live capture. Sometimes there is a reason for live capture of animals.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance):** Mr. Speaker, it is a pleasure to speak to this issue. I compliment the hon. member from the NDP for bringing the motion forward.

I would like to raise an extremely important issue. This is the proverbial canary in a mine shaft and it has to do with whales. Beluga whales are dying in the St. Lawrence Seaway. The amount of carcinogens and teratogens in their flesh is actually extraordinary. It is a direct result of the pollution that is taking place there.

I would like to present some of findings. Autopsies were done on 179 belugas over a 15 year period. The beluga whale population in the St. Lawrence has not improved at all and scientists are asking why. Scientists found extraordinarily high rates of malignant tumours, perforated ulcers in their bellies and diseases that compromise their immune system. They also found a whole range of illnesses never before seen in whale populations. The member from the NDP described the problems that these intelligent creatures have in captivity. They are no less threatened out in the wild sea.

I urge the government to look into these mammals because they are a harbinger of the toxins and pesticides that are in the St. Lawrence Seaway right now. The same content of DDTs, mirex and other cancer causing agents that we are exposed to are found in these mammals. In fact, the blubber in belugas would be considered to be toxic waste if it were lying on the ground because the levels are that high.

I also draw attention to the fact that the numbers in whale species that exist right now are not increasing. We have heard about the northern right whale in our waters but we have not heard about the blue whale, the largest creature ever to live on this planet. There are

only 3,000 of these whales left. Many of them congregate in the Gulf of St. Lawrence every year along with other protected species such as the northern right whale.

• (1200)

Unfortunately the Norwegians, the Icelandic and the Japanese are slaughtering whales under the guise of scientific research. They simply cannot get around the moratorium that was put on whaling in 1971.

Our country has an enormous opportunity to bring the issue to the forefront. I strongly urge the government to work with our partners to stop international whaling and to look into the deaths of beluga whales. They are the canary in the mine shaft. They have high rates of cancer causing agents. It is what we are exposed to as human beings. I urge the government to look at it and clean the area up for everyone's sake.

**The Deputy Speaker:** While the Chair takes note that other members indicated their desire to speak, we have only four minutes left under right of reply to the member for Vancouver East.

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, I thank members who participated in the debate today. I especially thank my friend from the Bloc Québécois who spoke in support of the motion. I certainly appreciate the support of that party.

I appreciate the support of other parties as well. In listening carefully to the debate it seems that all members who spoke from the Liberal, the Alliance and the Conservative Party outlined the fact that they had concerns with Canada's lack of policy for the protection of whales and dolphins in captivity. I certainly agree that there are huge issues regarding the ecosystem and the environment in the wild and that they are being undermined and violated.

The motion today deals with trade and captivity. I will set the record straight. The hon. member from the government side seemed to suggest that somehow we already had a moratorium in place and that what Canada was doing today was adequate.

I must say very strongly that is not case. What we are doing today is clearly inadequate. The 1992 moratorium of which the member spoke was for belugas only. It was not for all whales and dolphins. When Marineland's request to capture belugas from Churchill was denied, what did it do? It went offshore. It went to Russia. That is where it found belugas and whales for capture and import into Canada.

It begs the question. Clearly our existing practice is not adequate. It does not even come close to dealing with the concerns expressed today.

I was also very surprised to hear the government suggest that somehow the issue of captivity and maintenance is a provincial responsibility. It seems the government is very strong on its intent

*Government Orders*

in terms of trade areas. Clearly this is a trade issue in terms of the import, export and trade of whales and dolphins.

I was very interested to hear the comments of members of the Canadian Alliance about how whale watching was something many people enjoyed. They argued that because we did not all have the opportunity to whale watch we needed captivity and aquariums.

This is a very important ethical issue. Do we have the right to take animals out of their natural environment, place them in small tanks in captivity, separate them from their natural family group and somehow say that it is natural and educational? I would argue that is not the case.

I urge the government to adopt the recommendations in Dr. Lien's report. He outlines that we need a moratorium to further analyze and debate the issues raised today in the House regarding ethics, education, and the long term impact of captivity and the ongoing trade. I urge the government to follow that report.

In closing, I thank the organizations that helped bring the motion forward. It continues to do outstanding work in putting pressure on the government to accept its responsibility, to make sure we have humane policies and rules, and to see that we get a moratorium on the capture and trade of whales and dolphins. I seek unanimous consent of the House to make the motion a votable motion.

• (1205)

**The Deputy Speaker:** Does the hon. member have unanimous consent to put the proposal?

**Some hon. members:** Agreed.

**Some hon. members:** No.

[Translation]

**The Deputy Speaker:** The time provided for the consideration of Private Members' Business has now expired. Since the motion has not been deemed votable, the item is dropped from the order paper.

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## GOVERNMENT ORDERS

[English]

### EMPLOYMENT INSURANCE ACT

#### BILL C-2—TIME ALLOCATION MOTION

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I wish to inform the House that an agreement pursuant to Standing Order 78(2) has been reached with regard to the allocation of time for Bill C-2. Therefore I move:

That in relation to Bill C-2, An Act to amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations, not more than one further hour shall be allotted to the consideration of the report stage of the bill and one sitting day shall be allotted to the third reading stage of the said bill and, at the expiry of the time provided for the report stage and at fifteen minutes before the expiry of the time provided for Government Orders on the day allocated for the third reading stage of the said bill, any proceedings before the House shall be interrupted, if required for the purpose of this Order, and in turn every question necessary for the disposal of the stage of the bill then under consideration shall be put and disposed of forthwith and successively without further debate, amendment or adjournment.

Once the motion is passed, assuming it is, I would return to the House and I think there would be consent that the vote be deferred until this evening, to be taken at the same time as other votes.

Perhaps we should do it in steps. I will move the motion and then I will be back to Mr. Speaker.

[Translation]

**Mr. Michel Gauthier:** Mr. Speaker, I rise on a point of order. Could we have a few minutes before a decision is made on this? We would have some checking to do on the motion that has just been brought forward.

**The Deputy Speaker:** If I may make a suggestion, while I am checking the wording of the motion moved by the minister, perhaps these discussions might take place.

• (1210)

[English]

**Mr. Chuck Strahl:** Mr. Speaker, I rise on a point of order. I heard the terms of the motion which will be put to a vote shortly. I assure the government once again that we have just two speakers left on the bill. I do not think it necessary to time allocate it, because we can get through it without such a measure. Either way, we are happy to see the legislation dealt with quickly.

**The Deputy Speaker:** I am not certain that was a point of order, but I think the negotiations have been completed.

[Translation]

**Mr. Michel Gauthier:** Mr. Speaker, I heard you say that there is consent for this motion, but there is not consent from all opposition parties.

**The Deputy Speaker:** If I may, the consent mentioned in this motion refers to Standing Order 78(2) that says—all of the exact wording escapes me, but I could quote them—that the motion requires the consent of the majority of parties.

[English]

Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed

**Some hon. members:** No.

*Government Orders*

**The Deputy Speaker:** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Deputy Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the yeas have it.

**Some hon. members:** On division.

(Motion agreed to)

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**BUSINESS OF THE HOUSE**

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, if you would seek it, I think you would find unanimous consent that the vote scheduled for the conclusion of report stage of Bill C-2 later this day, one hour from now, be deferred until the conclusion of government orders later this day.

**The Deputy Speaker:** Is that agreed?

**Some hon. members:** Agreed.

**Hon. Don Boudria:** Given the motion that has just passed and the unanimous consent, I would like to clarify the business of the House because it has been changed. In any case, there have been consultations about future business which I would like to share it with the House.

After completing the debate on Bill C-2 at report stage, the House will return to third reading of Bill C-8, the financial institutions bill. After this we will call Bill C-18, the equalization bill; Bill C-17, the innovation foundation; and Bill C-22, the income tax bill, in that order.

Tomorrow shall be an allotted day, as already announced.

Wednesday shall be the day allocated for third reading of Bill C-2. I understand there will be some co-operation to ensure that all parties have a spokesperson on Wednesday. I intend to do my part on this side of the House in that regard.

On Thursday we shall resume the list from today, adding at the end Bill C-9, the elections bill. We shall continue the list on Friday, adding Bill C-12, the Judges Act amendment.

\* \* \*

[Translation]

**EMPLOYMENT INSURANCE ACT**

The House resumed from March 29 consideration of Bill C-2, an act to amend the Employment Insurance Act and the Employment

Insurance (Fishing) Regulations, as reported (with amendment) from the committee, and of the motions in Group No. 1.

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, we are debating Bill C-2, an act to amend the Employment Insurance Act, at report stage. Some of the proposed amendment are good, of course.

However, there is a major item we strongly dislike and that is the fact that the government wants to get its hands on the employment insurance fund surplus. The government clearly did not take this opportunity to make much more substantial changes to the situation related to the whole employment insurance fund, and to adopt measures that could have benefited many people who have been penalized for several years, in fact since 1993 when the Liberals came to power, because of the way they restructured the employment insurance system in order to shamelessly grab the surpluses year after year.

• (1215)

It is most unfortunate that after having created very high expectations, after having made campaign commitments and after having the Prime Minister admit he had probably made some mistakes, the government is now coming up with the same legislation it had introduced before the election. In many regions, in Quebec as well as in other provinces, this has provoked much discontent.

I would first like to draw a small picture of the coverage rate of the employment insurance system. In 1993, 65% of those losing their jobs were covered by the system. The cutting trend had started in the early 1990s, as in 1990, 83% of workers losing their jobs were still covered. In 1993 it was down to 65%. I am not blaming the present government, as a major restructuring was started by its predecessor.

In the last six years, this percentage has fallen to 43%. This is unbelievable. Cuts were more drastic than when there was an economic crisis, with a dreadful deficit. When the economic situation improved, the government started to generate a surplus but reduced the level of coverage. This means that now only four out of ten Canadians who lose their jobs are eligible for benefits. I am not even talking about the level of benefits, but only about the number of unemployed eligible for benefits.

Those most affected by this are women and young people. For those between 20 and 24 years of age, one out of four persons who lose their jobs will be covered by the EI system. As for women, the percentage is approximately 38%. So this is below average. They are the ones who have been most affected by the successive EI reforms.

It has been said many times by many people, but does not appear to move the government. Once again, what it wants is to shove some amendments through, rapidly and expeditiously, to send a message to the public, saying "Look, see the changes we have

*Government Orders*

made". A word of warning to all those with high expectations: better lower them, for in another year or year and a half they will see that the reform did not amount to much after all.

Some people may still believe that the government contributes to employment insurance. The fund has no government contribution. The only contributors are the employees and employers; the government does not contribute one red cent. It is the one that makes the decisions, the one that directs it, and now it is going to give itself more powers than ever, by limiting the commission's ability to set contribution rates, to define the size of the surplus to be generated.

Without having to contribute one cent, it is going to direct and define and also to pocket the surplus funds. This means, clearly, that every year—I am referring here just to the amount of the surplus in the fund—the government is going to get \$6 billion from it to add to the general public funds.

The people who pay their contributions into the fund, the workers and the employers, are funding all manner of things other than an employment insurance plan. I repeat, this is supposed to be an insurance program.

Mr. Speaker, imagine if you or other members of this House were paying house or car insurance premiums and the company announced to you "Well, we collected the premiums for that but we have decided to apply them to something else. Instead of compensating people making claims, we are going to invest the money right and left, spend it on other things". That would make no sense. An insurance plan should serve those who pay into it.

This is not what is happening with the \$6 billion; the government may well say that it is putting it into health and other noble causes, but let them have the courage to call it a payroll tax or an employment tax. That is what employment insurance has turned into.

• (1220)

Let us look at the figures. For the year 2000, the contributions, and therefore the revenues, collected by the government from the employment insurance fund reached \$17.2 billion. The plan itself cost \$12.3 billion; therefore, there was a surplus of \$5.6 billion for the year. This means that \$5,600 million was taken from the employment insurance fund.

What would the situation be today if the fund had really been independent, with a separate bank account? There would now be \$31.4 billion in that bank account. This shows the extent of the surplus accumulated, mainly over the last six years.

It is true the plan experienced deficits at times, for example in the early 1990s, during the recession, but the surpluses have largely

covered those past deficits and have grown to an accumulated surplus of \$31.4 billion.

There is no point going looking for that money, it will not be found. It was added to the consolidated fund and spent on all sorts of programs. Good or bad, those were not what that money was meant for. Such a practice is totally unacceptable and inadmissible. To collect taxes and use them for something else but their intended purpose is a bad management principle, which borders on immorality, if not outright illegality.

This situation will not improve because, with the measures being proposed now, next year's surplus will be similar. Some might say that we were keeping a reserve in case of another recession. Let us not kid ourselves.

If there were a recession tomorrow, the fund would be pretty much balanced. It is structured in such a way that it will not take a beating, because eligibility has been restricted, the number of hours needed to qualify increased and the duration of benefits decreased. The spending that is going to skyrocket if there is a recession is the spending on social assistance, which is funded by the provinces. This spending will go up dramatically and there will be no safety net, while the EI fund will pretty much balance or show a slight deficit.

Yes, the government could keep a cushion, a reserve, but not on the order of \$30 billion. Thirty billion dollars could cover benefits for the next three years without a single additional cent in premiums being received.

If there were a separate account, everyone could be told "For the next three years they would not have to pay premiums because they would be drawn from the accumulated reserve". Does this not give an idea of the size of the obscene surplus which has built up but disappeared because was been misappropriated?

In conclusion, there are a number of things we could do. The Bloc Québécois has proposed a series of amendments and we would like to see the bill improved. For instance, the government could have abolished the waiting period, created a separate fund, increased the coverage rate from 55% to 60%, reduced to 300 the number of hours required to qualify for special benefits and increased the duration of benefits and indexed the annual ceiling. All sorts of measures could have been passed. I have a series of proposals which we have discussed in committee and have been discussing for a long time.

None of this is irresponsible because it can all be done without any threat to the fund. Even if all these suggestions and others were implemented, the fund would still have a surplus and a slight cushion for contingencies. The government is turning a deaf ear. The Minister of Finance prefers to rake in a surplus and do all sorts of things with it. That is why we will be voting against the bill at report stage and at third reading.

*Government Orders*

[English]

**Mr. Jerry Pickard (Chatham—Kent Essex, Lib.):** Mr. Speaker, when all is said and done, Bill C-2 should be viewed with some pride and a great deal of satisfaction by all parties in the House. The bill is evidence of an effective governance and effective law-making.

In 1996 the government set out to put in place a much improved plan to assist Canada's unemployed, to help get them back to work and keep them working. That plan had goals that are as vital today just as they were then: a fairer system that treats all workers more equitably; a system that encourages work and reduces dependence on benefits; a system that provides assistance to those most in need, namely people from low income families with children during periods of unemployment; and a system designed to help people get back to work and help keep them at work.

• (1225)

A very important part of that system included a provision to continuously monitor and assess the system to see if it was in fact living up to its design goals. As a result, the EI system has been adjusted to ensure it continues to serve the purposes for which it was introduced. Bill C-2 is another step in this evolutionary process and warrants the support of all members of the House.

This is how effective programs are designed and implemented. No regime should be fixed in amber, unresponsive to changing economic and social conditions. I sense that, in general, members opposite also welcome the changes proposed in the bill.

However it seems that much of the discussion on Bill C-2 has focused on the rate setting process for EI premiums. The government has been charged by members across that premiums are too high and benefits are inadequate. Surely we must acknowledge that rates have been consistently reduced in recent years.

The employee premium rate for 2001 has already been set at \$2.25, down from \$2.40 in 2000. This is the seventh straight year premiums have been reduced. At \$2.25, employers and employees will save approximately \$6.4 billion in 2001 compared to where the premiums were at when we took over as the government in 1994, which was \$3.07. That is a total reduction in premiums of 82 cents. If that is taken as a percentage of the present rate of \$2.25, that is a 32% reduction in rates. That is a very fundamental reduction.

The argument that a surplus in the EI account is evidence and that the premium rates are too high does not hold water. The EI account must be allowed to accumulate a surplus during periods of improving economic conditions to ensure that premiums do not have to be raised if the economy is in a downturn which would inevitably be accompanied by higher unemployment and higher demands on the EI account.

Surely we do not want to raise premium rates in an already depressed economy which would put a further damper on economic growth and job creation. We should bear in mind that during the last recession a \$2 billion surplus in the EI account at the end of 1990 became a \$6 billion deficit by the end of 1993, in spite of the rise in premiums. As to the adequacy of benefits, that is precisely what Bill C-2 would propose to improve.

The intensity rule would be removed. The so-called clawback provision would be adjusted to ensure that first time users and those on special benefits would be exempt from paying back the benefits. The re-entrant rules would be adjusted so that re-entrant parents would qualify for EI regular benefits with the same number of hours as other claimants when they returned to the labour force following an extended absence to care for young children.

The opposition has also criticized the provisions in Bill C-2 concerning rate setting, claiming that the process should be placed at arm's length from the government. However these criticisms are clearly beside the point. Even the auditor general questioned whether an arm's length treatment would improve the process. Arm's length or not, the question is what is the rate setting method that would best serve Canadian workers, employers and taxpayers?

The Standing Committee on Finance recommended the EI premium rate setting procedure be reviewed. The government is addressing this question and prior to Bill C-2 made a commitment to review the rate setting process over a two year period.

• (1230)

The auditor general stated that the review could result in a better methodology and that he welcome anything that would clarify the rate setting procedure. However, until such a review can be completed, the government has provided a means to ensure predictability and stability in the EI premiums.

The governor in council will set the premium rates for the year 2002-03 allowing time for review and allowing the government to adjust the changing economic conditions. Researching and deciding on a sound rate setting mechanism will require taking into consideration interests of workers, employers and taxpayers. This is not something we could hope to achieve through Bill C-2.

The Department of Finance, along with Human Resources Development Canada, will carry out a review during which all stakeholders will be consulted, including the EI commissioners representing workers and employers. Surely that is a better method. I would say that it is the only rational method for devising a rate setting structure that best meets the interests of all parties in the longer term. I believe that the hon. members should reserve their views and feelings on the rate setting method and permit the review to take its rational course.

*Government Orders*

The passage of Bill C-2 will present no obstacle to the successful completion of that review. That is why the House should give speedy passage to the bill and permit Canadians to begin benefiting from its improvements to the EI program.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, may I say that you look very comfortable and proper in that chair. You are doing a good job in recognizing those of us in the opposition parties who would like to add to the debate.

I will begin my remarks by registering a grievance of sorts. In the short period of time that I have been a member of parliament more often than not when I get up to speak it is during a time allocation situation. I am not saying that all bills which go through the House of Commons end up with some form of closure or time allocation but, by some bizarre freak of nature, every time I want to speak it is under the circumstances that there has been time allocation imposed. Frankly, it is starting to jade my world view of the House.

I want to register as a grievance to the federal government that my experience in the House is being warped by its abuse of the system and by its stamping all over the democratic process by once again implementing time allocation.

Speaking, with what time I have, to Bill C-2, let me point out that I and the NDP caucus believe that Bill C-2 is fundamentally flawed, not because of what is in the bill, because there are elements we support within the bill, but because of what the bill fails to do.

Bill C-2 fails to recognize the real problem with the EI system, which is that nobody qualifies any more. It is not an employment insurance program if unemployed people do not get any insurance benefits out of it. The very name has become a misnomer. Those who need the benefits that the EI system is supposed to provide do not get them.

We are starting from a very dangerous premise here. We have this revenue generating cash cow for the federal government that is failing to meet the needs of unemployed workers. We then have the government ramming this through before substantial changes can be made to address the real flaws and errors within the program.

What really bothers me is that even the amendments do not find their origins in any real desire on the part of the federal government to meet the needs of unemployed workers. Most of what we see in Bill C-2 and in any EI reform in the past 10 years seems to find its origins in this underlying position that there are lazy people who would rather sit on EI than take part in the workforce. The government has decided therefore to use some kind of a tough love

policy against these people to kickstart them into the workforce no matter what their circumstances. The whole thing finds its origins in the attitude that people would rather be unemployed and on EI than taking part in the workforce.

● (1235)

I remember the hysteria and fear in the mid-seventies, when UIC was available, about the UIC ski team of teenagers in Banff cheating UIC. During that period of time the government made a nationwide survey on the issue of UIC fraud and abuse. It found that there were actually more federal government Tory cabinet ministers guilty of fraud on a ratio and proportion basis than there were UIC recipients guilty of fraud.

Every year approximately 200 EI recipients are called to task for some kind of abuse of the system. During the Mulroney years approximately 30% of federal Tory cabinet ministers were guilty of fraud compared to an infinitesimal, an amount almost too small to count, of EI recipients who were called to task on fraud. The attitude that there is widespread abuse of the system bothers me when I know, because I deal with people who use the EI system frequently, that simply is not true.

I began my speech today by saying that Bill C-2 is flawed because of what it fails to do. It fails to deal with the eligibility issue. The fact that less than 40% of unemployed people qualify for unemployment insurance should strike people as somehow being wrong? It actually gets worse when we deal with unemployed women. There is a real gender issue here. Less than 25% of unemployed women qualify for any benefit whatsoever. Less than 15% of unemployed youth under the age of 25 qualify for any benefit whatsoever. How can we even call this an insurance system when virtually nobody qualifies?

Eligibility is the first issue. The rules should state that when we are unemployed and need income maintenance, the benefits will be there. When we are forced to pay premiums it is only fair that we have a reasonable expectation of collecting the benefit.

The second fundamental flaw is the way the government arrives at what our benefits will be. Even if we are lucky enough to be one of those 40% of unemployed Canadians who qualify for benefits, the way that the government calculates the benefit is so wrong that we end up collecting far less per week than we used to under the old rules.

To get any benefits whatsoever is a Herculean task. Once we do qualify for benefits, the way that the government calculates our benefits we end up getting far less money. There are fewer people collecting and those who are collecting, collect less money. It is no wonder there is a surplus.



*Government Orders*

The surplus is the third thing I would like to address. I have said this in the House before and I need to keep saying it over and over again until it sinks in with the Canadian people just how badly the program is being abused and milked by the Liberal government and being used as some kind of cash cow. The surplus is \$750 million per month. There is more money going into the program than is being paid out in benefits. That is \$7 billion to \$8 billion per year.

Now we find ourselves in a budgetary surplus situation. Let us look at the sources of the revenue that the government now calls its surplus: \$35 billion to \$43 billion surplus accumulated out of the EI system alone; \$35 billion cut out of programs through the health and social transfer; and a further \$30 billion surplus that everybody seems to have forgotten about, the public service pension plan by legislation, by act of parliament, was taken away from those workers last year.

It is no coincidence that when we add those three up, \$35 billion, \$35 billion and \$30 billion, all on the backs of the unemployed, working people and those who need social programs, it adds up to \$100 billion, which is exactly what the Minister of Finance gave in tax cuts to the wealthy and to corporations. I do not think it is any coincidence that those figures are identical. I just wanted to point that out.

The last few minutes that I have, I want to point out another shortcoming in Bill C-2 that is very close to my own personal experience. The apprenticeship system has suffered terribly under the changes to EI and, in Bill C-2, the government has chosen not to correct it. This is something for which there is almost unanimous support. Virtually every industry, academic and economist we have spoken to has agreed that this is wrong, yet it has not been addressed in Bill C-2. The two week waiting period that unemployed workers must wait before getting their first benefits is applied to apprentices when they are going through the trade school component of the apprenticeship.

• (1240)

In other words, they are being treated as if they are unemployed when they are not. They are apprentices. They are employed and have an attachment to the workforce. They are simply going through the annually scheduled eight week training period in community college and yet are being penalized with the two week waiting period at the front end.

This is a new change that was made in 1995-96. It has had the effect of driving people away from apprenticeship programs. A lot of young people simply cannot afford to be without income for that period of time and are choosing not to attend the eight week scheduled apprenticeship training in community college. Gradually a four year apprenticeship turns into a seven year apprenticeship and many simply are dropping out.

It is having a dilatory effect on the apprenticeship system and on industry because of what I believe is a miserly point of view on behalf of the Liberal government, using the EI system as a revenue generating cash cow instead of providing income maintenance to unemployed workers, and in this case, providing trade school apprenticeship training to people in the skilled trades.

[Translation]

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, with all due respect, I know I must address the Chair, but I also want to address unemployed Canadians, particularly those from Quebec who are listening and especially the 60% of them who could not benefit from the EI plan. They were excluded for many reasons. That is why many amendments to the bill were requested by the opposition parties.

When a government amends an act as important as the Employment Insurance Act, there are always questions to be asked. First, why is it amending it? Because there are pressing demands, which often come from the opposition parties.

Let us remember that in 1996 the Liberal government made major changes to the Employment Insurance Act, which included the infamous intensity rule. With that rule, seasonal workers were virtually excluded from the plan, to the point where today only 42% of workers who could use benefits are eligible for benefits.

This was a change made in 1996 by the Liberal government. It directly contributed to the increase in the EI fund surplus. Since the 1996 changes, a surplus of \$5 billion was added to the fund each and every year. At the present time, this surplus is close to \$32 billion.

Once more, in 2001, the Liberal government is proposing a legislative amendment. We should always ask ourselves why the government would change this legislation. The answer should be that it is for the good of the unemployed in Canada, and particularly in Quebec.

We know, of course, that the intensity rule, the purpose of which was to make sure that almost no seasonal unemployed worker could get employment benefits, will be abolished. In ridings such as Argenteuil—Papineau—Mirabel, where 65% of the economy is based on agriculture, forestry and tourism, more workers will be made eligible for employment benefits.

It must be said that this is something the opposition parties have been requesting since 1996. The opposition parties have been asking the government for this for five years.

• (1245)

Finally, it is not the workers of Quebec and Canada who are seasonal, it is the jobs that are seasonal. It is not the workers' fault they do not have access to an EI plan.

*Government Orders*

It must be understood that I am talking about an EI plan. On many occasions I have heard members of the government describe the employment insurance plan as a social safety net. The employment insurance plan has never been a social safety net. It is an insurance paid for entirely, half and half, by the workers and their employers. Since this plan belongs to the employers and the employees in Quebec and Canada, the \$31.4 billion surplus belongs to them also.

We would have expected that the amendments to Bill C-2 would include, on top of the elimination of the intensity rule for seasonal workers we wanted, important changes to the plan because it belongs to the employers and the employees in Quebec and Canada.

I will repeat, for the sake of workers and especially the unemployed in Quebec and in Canada who are watching this debate, that the bill does not improve the plan and does nothing to correct the decades old inequities under the Employment Insurance Act.

We still have a waiting period, the infamous two week penalty for workers. They do not get any benefits for these two weeks. They just have to wait.

I find this most unfortunate because it does a lot of damage, in view of the fact that an increasing number of businesses in Quebec, among others, are hit with damage or fires, as a result of which there are temporary closures for many reasons other than the going out of business.

Once again, workers who find themselves without a job overnight because of a fire or other disaster are subject to the qualifying period, the famous two week penalty. They lose the first two weeks and do not receive any compensation in spite of the fact that they bought insurance that they have been paying 50:50 with their employer, an insurance policy called the EI fund. There is still a waiting period.

This is the terminology the Liberal government found to try to convince them to accept this two week penalty. Notwithstanding the fact that they have an insurance, they still have a two week penalty. These two weeks inevitably contribute to increase the fund. This surplus, this revenue from the EI fund, now totals more than \$31 billion.

Once again, the bill tabled did not contain any of the amendments put forward by the Bloc Québécois. This particular amendment was rejected. We still find in the bill the two week waiting period, the penalty the workers are facing for losing their job. Even if the business does not shut down, even after a disaster, they are still subjected to this two week loss, which is used, among other things, to increase the EI surplus. So, there are no major changes.

Let us talk about the \$31.4 billion surplus. Why has the government introduced this bill? As members may have guessed, it

is because the Liberal Party, the government, covets the \$31.4 billion that belongs to workers of Quebec and Canada.

Clause 9 of the bill would allow the government to get its hands on the surplus of the employment insurance fund. The government wants to do that for its own ends, that is to spend the money in any other program it deems appropriate but which will not necessarily serve the interests of workers in Quebec and Canada.

• (1250)

Why does the bill not provide for an independent fund, which would belong, since half of it is paid for by workers in Quebec, to workers as well as employers and which would be administered by workers and employers, who could then choose the appropriate way to use the fund?

Since I only have a minute left, I will use my time to try to promote awareness among members on the other side, who too often take the employment insurance fund, which actually is an insurance fund, for a social security fund. This is where the problem lies.

They want to turn employment insurance into a social security fund, which the government wants to get its hands on and use in a totally different area, which government members call social security, while in fact employment insurance is an insurance fund that belongs to workers and should only be used for them. We should have an independent fund administered by workers, in their own interests.

**Mr. Ghislain Fournier (Manicouagan, BQ):** Mr. Speaker, needless to say, I am very pleased to resume today on Bill C-2, an act to amend the Employment Insurance Act and Regulations.

I would first like to congratulate the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, whose great determination resulted in the passage of a motion on the employment insurance bill.

As I said in my last speech on February 13, the bill is a disgrace. This debate began in January 1997 as part of EI reform. The reform was supposed to meet the needs of the public and the realities of the workplace. The opposite effect was felt and observed, and this could have been predicted.

Through this reform, the unemployment insurance plan, which actually needed to be reviewed but not transformed nor diminished, has in fact become a plan whereby the government gets richer but the poor get poorer.

The Standing Committee on Human Resources Development and the Status of Persons with Disabilities has concluded its hearings. The proposed amendments were almost all rejected, with one exception, because it was not directly related to Bill C-2. This is why the Bloc Québécois felt it better not to move any amendments at committee stage.

However, as I said earlier, a motion moved by the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques was passed, which will commit the government to consider other amendments to the Employment Insurance Act as a whole. The motion reads as follows:

That the Standing Committee on Human Resources Development and the Status of Persons with Disabilities report to the House of Commons all other amendments to the Employment Insurance Act and that this report be tabled to the House no later than June 1, 2001.

With the passage of this motion, the Bloc Québécois, as the party responsible, intends to put all its long sought amendments back on the table in June 2001 when the committee tables its report.

After long refusing to abolish the intensity rule, the government has conceded that we were right. I hope that it will take the time to reflect on the other amendments which the Bloc Québécois will be submitting with the report and admit that we are right about them as well.

• (1255)

In addition to deleting clause 9, on the setting of the premium rates, we are going to propose the following amendments: eliminating the qualifying period; establishing an independent employment insurance fund; increasing coverage from 55% to 60%—we have long been asking that benefits be increased to 60% of a person's income, as was the case before the reform—; extending the base period from 26 weeks to 52 weeks; allowing self-employed workers to be insured through voluntary contributions; bringing back to 300 hours the eligibility criterion for special benefits; increasing the period of benefits; setting income increases at 25% for all claimants before employment benefits are cut; indexing the insurable annual income at \$41,500; changing the process under which the premium rate is set, so as to give all the powers to the commission; setting the threshold for the refund of premiums at \$5,000, instead of \$2,000; increasing from three to five years eligibility for active employment measures; eliminating the arm's length relationship clause—this applies primarily to seasonal workers—eliminating the divisor rule; providing special benefits for older workers; investing 0.8% of the total payroll in active employment measures.

As members can see, our position on Bill C-2 at report stage is that we are opposed to it if clause 9 is not deleted. The federal government must listen to the message that was sent to it time and again by the Auditor General of Canada, the Canadian Federation of Independent Business, the Conseil du patronat du Québec and the central labour bodies, and it must delete this clause, which takes from the commission the right to set the premium rate under the employment insurance plan and gives it to the federal government. Removing the commission from the rate setting process means that these rates could be adjusted on the basis of the government's needs and deficit, instead of being based on the needs of the unemployed, and on the premiums received, as recommended by the chief actuary.

### *Government Orders*

If clause 9 is passed, it will legalize the theft of the employment insurance fund by the government, which will have full ownership of it. The auditor general has criticized the government for its lack of transparency when it comes to rate setting, saying that despite the shortcomings and the lack of clarity of section 66 to some extent, in his opinion, it is nevertheless clearer than the system we would have under the new clause 9.

The people who gave evidence during the committee hearings were unanimous: clause 9 of Bill C-2 must be rejected. The Canadian public is expecting more than mere campaign promises. It is looking for important and concrete corrective measures.

The government is not interested in the plight of the unemployed, who will be negatively affected by this employment insurance reform. The measures proposed in this bill are not enough to correct the problems caused by the system, notably to seasonal workers, and particularly those in the regions, to young people, to women and to workers, particularly older workers.

In conclusion, I would like to remind this House that during the last six years, employment insurance has been the most important factor of poverty in Canada. If the government wants to protect children against poverty, it will first have to protect parents who are poor. If the government had not made such drastic cuts to employment insurance, there would be fewer children starving.

• (1300)

**Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.):** Mr. Speaker, in connection with Bill C-2, the bill to amend the Employment Insurance Act, we know that coalitions of the unemployed in Abitibi, Témiscamingue, Val-d'Or and all over Quebec have raised the awareness of the political parties, both the Bloc Québécois and the opposition. Thanks to these groups, the government has backed down, and that is what is important.

I have heard what my colleagues have been saying about eliminating the rule of intensity and certain other changes relating to the reimbursement of benefits and parental return to the work force. Several Bloc Québécois members have said that the government had a fund of \$35 billion.

However, we need to look at what the Department of Human Resources Development is doing with that money. I have a listing here of some of the programs we need to take into consideration, including the millions that go to the province of Quebec in transfer payments each year. This department has been administering our programs for some years.

As well, we need to look at what is being done in the communities, whether in the resource regions or in the major centres. There are partnerships in social development, community action partnerships, a fund to support the official language minority communities.

*Government Orders*

What Quebec is currently doing with the money from the fund also needs to be considered. It is providing targeted wage subsidies, help to self-employed workers, contributing to skills development, providing assistance to employment, research and innovation.

We must also look at programs that are provided to assist persons with disabilities, the fund for integrating persons with disabilities. Programs such as youth international, youth service Canada and student summer job action are also provided to help young people and young trainees in Canada. Thus, several billions of dollars from the fund are invested in Canada.

There are also federal transfers. We know that several federal transfers were established recently. I heard Mrs. Marois speech last Thursday. Mr. Landry said there was a \$35 million surplus, but we realize that it is ultimately a \$2.5 billion surplus, thanks to the nice cheque of about \$2.3 billion he just received from our finance minister, a cheque that was transferred to Quebec and whose money came from the fund.

I heard the Bloc Québécois members' speeches concerning the fund. They said "There is \$35 billion, and they are spending it". If we spend this \$35 billion, it will be for reducing taxes, for investing it in health and education. One thing Bloc members often talk about is the \$35 billion.

They say this money must be transferred but strangely enough they do not talk about Loto-Québec, which makes \$10 million a day, not a month. Loto-Québec is now raking in \$10 million a day from 15,138 video poker machines in Quebec. Loto-Québec does not have an agreement because it is not asking the government of Quebec to leave the money there and then distribute it to Quebecers. What is Loto-Québec doing? We are talking about \$10 million a day. This is \$3 billion a year that Quebec taxpayers do not see.

We could also mention Hydro-Quebec, which has just made a profit of \$1.3 billion. This money should go back to those who pay for electricity in order to help with monthly heating bills but no, into the fund it goes.

The SAQ is raking in billions right now and Bloc Québécois members are talking about creating an independent fund. There is no independent fund in Quebec. The only independent funds that are allowed to exist are those for non-profit corporations. The Landry government's non-profit corporations, of which there were seven, made \$730 million just two weeks before Quebec's finance minister, Bernard Landry, tabled his budget.

This money was made during the night because the national assembly was closed. They made it during the night and said "We are going to hand out \$730 million". This went to their friends, to presidents and vice-presidents and all the directors of these seven non-profit organizations. It is even better this year. They have done better and taken \$950 million and handed it over to the Caisse de dépôt et placement but nothing is spelled out.

The odd thing is that the \$950 million has not been invested. It is not known what they are going to do with it. I hope they will invest it in resource regions because certain points raised by Bloc Québécois members with reference to the independent fund—

**Mr. Benoît Sauvageau:** Mr. Speaker, I rise on a point of order. The hon. member must realize that he switched parties but he did not change parliaments. We are not in Quebec City, we are in Ottawa. I want to know if he is still talking about Bill C-2 or if his remarks are in response to Mrs. Marois' budget speech?

• (1305)

**The Deputy Speaker:** I do believe that the hon. member is getting to the main topic.

**Mr. Guy St-Julien:** Mr. Speaker, I realize why the hon. member is speaking today. There was no room for him in the national assembly. They shipped him to Ottawa. This is why we are talking about federal transfers.

Federal transfers are sent to the province in an effort to improve the situation of Quebecers. When they ask for an independent fund, we think about the \$840 million that the Quebec government has left untouched in a building on the main street of Toronto.

There is something truly deplorable about this independent fund. Perhaps the money will be used for tax reductions, health and education. The one really important thing is the retroactive nature of the bill, which will help the unemployed.

Let me get back to Loto-Quebec. They are talking about an independent fund. Let us compare Loto-Quebec and Canada's employment insurance fund. Loto-Quebec is a \$3.5 billion business. Indeed, if we take its annual profits of \$3.5 billion and multiply them by 10, we get \$35 billion. This is what they get in Quebec over a 10 year period with a phantom account. To be sure, the example comes from somewhere. They claim that it is not the same thing. It is the taxpayers' money.

It is true that the federal government does not contribute to the employment insurance fund. It is our workers who do so. The decisions are made by a commission and they involve employers and employees.

There are things that need to be improved. We will improve them together, along with the opposition members who are here.

Again I come back to the comparison between Loto-Québec and the \$35 billion fund that is self-sustaining and at arm's length. They say that is where the surplus should be put. Multiplying the \$10 million a day that Loto-Québec makes by the number of days in a year gives \$3.5 billion a year. Over 10 years, it gives \$35 billion.

In any case, the people opposite have been criticizing me for a while already. The Bloc members in front of me seem to be having fun. They are smiling. The five of them are shouting like ten.

*Government Orders*

What is really important is trying to find solutions together for the unemployed. It is not easy. Looking at people who are dealing with the unemployed in my area, such as Laurier Gilbert from Val-d'Or, or Vital Gilbert from Rouyn-Noranda, they too are trying to find solutions.

They settle cases at the unemployment arbitration board. They came to Ottawa. They criticized the government. They were right on many points. It is thanks to them that we changed the rules last year. It is because the unemployed were able to shake up the government. They will vote on that. However, it is together that we will try to improve the lot of the unemployed.

We do not want them to be unemployed. What is important is that these people keep their job. That is what is important. Looking at all the programs that we have here available for the unemployed, I feel it is thanks to the money flowing from legislation like Bill C-2.

It has been a pleasure to speak during this debate. I would like Loto-Québec to give its \$10 million a day to Quebec taxpayers.

**The Deputy Speaker:** I believe some colleagues may well think that the rule of relevancy has got it in the neck but whatever the case may be that debate will be for another day.

Pursuant to order made earlier today, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the report stage of the bill now before the House. The question is on Motion No. 4.

Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

• (1310)

**The Deputy Speaker:** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Deputy Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the nays have it.

*And more than five members having risen:*

**The Deputy Speaker:** The recorded division on Motion No. 4 stands deferred.

The next question is on Motion No. 8. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Deputy Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the nays have it.

*And more than five members having risen:*

**The Deputy Speaker:** The recorded division on Motion No. 8 stands deferred.

The question is on Motion No. 9. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Deputy Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the nays have it.

*And more than five members having risen:*

**The Deputy Speaker:** The recorded division on Motion No. 9 stands deferred.

Pursuant to order made earlier today, the recorded divisions stand deferred until the end of government orders today.

\* \* \*

[English]

#### FINANCIAL CONSUMER AGENCY OF CANADA ACT

The House resumed from March 30 consideration of the motion that Bill C-8, an act to establish the Financial Consumer Agency of Canada and to amend certain acts in relation to financial institutions, be read the third time and passed.

**Mr. Joe Comartin (Windsor—St. Clair, NDP):** Mr. Speaker, I want to speak to the bill particularly surrounding the manner in

*Government Orders*

which it affects credit unions. As my colleague from Regina—Qu'Appelle has already indicated when he addressed the House, we have serious reservations about the bill generally but do support it to the degree that it deals with credit unions. Some recommendations for additions to the bill have not been accepted by the government.

It is really important to set in context the role the credit union movement from our viewpoint and that of the government's needs to play in the country. That role is one of the only alternate systems of financial services we have. Those services unfortunately are spotty across the country because of the history of the development of the credit union movement.

Although the bill is designed to provide some strengthening of the movement to allow and permit for some expansion of the credit union movement, it simply does not go far enough.

It would allow for the development of what is being called a national services entity, or potentially even more than one. It would allow credit unions from various provinces to come together in a strengthened position. It is still fairly late in the game. They are at a distinct disadvantage with the banking system as it exists because of all the privileges and rights the banking system has been given historically in Canada.

It is important to draw to the attention of the country the role credit unions can play. Last week I asked one of my colleagues in the Bloc Québécois about the role the Desjardins movement has played in Quebec in solidifying a financial service sector that is broadly based in response to the needs of its communities. In Quebec, and to a somewhat lesser degree in British Columbia, it has been very successful.

I also draw attention to something that I do not think is fully appreciated: the small and medium enterprise area which it has been of great assistance to these communities. There have been a number of surveys which have shown that small or medium size businesses get much better services from the credit union movement. Unfortunately, with probably the exception of Quebec and maybe British Columbia, in the rest of the country's small and medium sized enterprises simply do not have sufficient services available from the credit union movement and institutions to meet their needs. These amendments in the form of Bill C-8 will go some distance in strengthening the movement across the country. However, as I indicated, it is not enough.

● (1315)

The other area where I think it is really important to note the strength that the credit unions have provided is direct services to individuals. In that regard, it brings to mind the movement by the big banks to close local branches. Of course, we have heard protests and opposition to the banks when they do this.

An area where the credit union movement helped was in one of the western provinces when one of the big banks was closing a

large number of local branches. I think it was 13 or 14 branches. The credit union movement moved in and in effect bought the services, took over those branches and kept them alive and open for a number of small communities in western Canada. That, in smaller scales, has occurred right across the country.

One of the recent credit unions in my home province of Ontario got started specifically because the big banks were pulling out of a small community in southwestern Ontario. Nobody was going to be there to provide services, either to individuals or the small local businesses. As a result of a movement on the part of that local community, a new credit union was formed and is flourishing after several years of operation.

It is important to acknowledge those types of endeavours by the credit union movement at the same time this bill is passing through the House.

Again, it does not go far enough. I will not take up my full 20 minutes, but I want to make a few more points with regard to perhaps encouraging the government to look a little into the future at other programs and policies it might implement to facilitate the further development of the credit union movement, in particular, outside of the provinces of Quebec and British Columbia where they are already quite strong. However, in the rest of Canada, the maritimes and Ontario in particular, if endeavours were made and policies implemented, they might very well be able to duplicate the success and provide alternate services we so badly need in the financial services sector.

In that regard, I draw the attention of hon. members to one of the things the province of Quebec did to assist in expanding the *caisse populaires* and the Desjardins movement. It recognized the need for additional funds to be available to the movement and to be used in the community to foster local business and allow the development of smaller communities. It turned the pension funds traditionally controlled by the government over to the Desjardins movement. That put at its disposal a huge amount of additional liquidity.

Although one can argue that no system is perfect, it certainly had the effect of making that movement in that province very competitive with the big banks. Small and medium sized enterprises had alternatives. A financial service was available to get better services than they traditionally received from big banks.

● (1320)

I am aware of another area that could be considered in terms of enhancing the strength of the credit union movement. That has been to allow them to provide to their members insurance services such as home insurance, auto insurance and others. This has been done to some degree in the province of British Columbia. From my personal knowledge of the experience in British Columbia involving some very large institutions, they have been able to use the insurance financial service sector as a profit making centre, one

*Government Orders*

that in the smaller credit unions and smaller branches has made them financially viable in small communities.

This allowed a small branch of a credit union to continue to function by providing all the other financial services such as mortgages, personal loans et cetera, as well as house and auto insurance. By combining the two, they were quite viable as an economic institution. They could service the community by providing all those financial services. This is something the government should look at as a way of providing some incentive, initiative and strengthening of the credit union movement across the country.

We recognize the resistance the government has in allowing banking institutions to deliver insurance services. The same need not be true for the credit union movement. The credit union movement is dedicated to its members and its communities, not just to the bottom line. The authority for credit unions to move into that area would be a boom for them and a very large plus for their communities.

In conclusion, it is obvious that the bill is going to pass with the form being proposed at this time. Some of the suggestions I made with regard to credit unions need to be pursued by the government. It is very important to Canada that an alternative source of funding for the financial sector be available to both small and large communities. Some of the proposals we made as a party and that I recounted today would take us somewhere down that route.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, I was interested in my hon. colleague's remarks regarding the service that the credit union movement provides to our neighbourhoods and communities, specifically in my riding and the inner city core area of a major city.

The main charter banks have shown the opposite. They have shown a lack of commitment. They have shown a flight from inner cities. In my riding alone, 12 branches of chartered banks have closed in recent years.

Could the hon. member comment on the community reinvestment act which is a popular theme in the American financial sector? It mandates that any financial institution operating within a community show a certain commitment to reinvest in that community, whether it is with venture capital or keeping its branches open. Is the hon. member aware of the community reinvestment act movement? Does he think that charter banks could do a better job in meeting the needs of inner cities?

• (1325)

**Mr. Joe Comartin:** Mr. Speaker, I am aware of the legislation, being less than a half a mile from the state of Michigan. It has that type of legislation because of some of the problems it had in its inner cities and its need to force large financial institutions to meet their responsibilities by providing funds to the local communities.

I must admit I have a mixed response in terms of whether that would be of much assistance. My general comment would be to strengthen the credit union movement because it does not need the legislation. The credit unions are already there and doing that. They fund all sorts of endeavours.

I can think of some endeavours in my local area. We badly needed an arena because there was not one in the local geographical area. The credit union movement, in this case the *caisse populaire*, was instrumental in arranging the financing for the arena. The county could not get it from the big banks. We already do that. I am not sure that we need legislation as far as the credit unions.

Do we need it as far as the banks begs the question. It is obvious that we do. The difficulty I have with that legislation is the lack of interest on the part of the banks to carry it through. Even though we could pass the law that would require and mandate them to spend a certain percentage of their funds, make them available for lending purposes and provide service in the local community, it would be done without any enthusiasm on their part. It is important that a financial institution be committed to the local community in that regard.

If we pass the legislation, I am doubtful about any kind of a positive reaction from the banking institutions. From my talks with some of them in regard to that kind of legislation, they have responded with less than great enthusiasm.

**Mr. Pat Martin:** Mr. Speaker, one of the other things that Canadians find galling about the major chartered banks is the financial compensation of the chief executive officers, when they are closing down bank branches in an era of record profits. I once went to a shareholders' meeting of the Bank of Montreal and the Royal Bank. I moved a motion to limit the salary of the CEO to 20 times that of the average bank teller. From a morale point of view Canadians would really appreciate that.

Would the hon. member comment on the unbelievable salaries of CEOs with the five chartered banks?

**Mr. Joe Comartin:** Mr. Speaker, the answer is obvious. What bothers me about those huge recompenses we give to CEOs and several other layers of bank executives is the competitive position it puts us in internationally. We always hear from the private sector about the need to be competitive internationally. If we compare those incomes with others around the world, the reality is they are almost unheard. About the only other place we see them is in the United States.

Senior bankers, CEOs of banks in Europe make nowhere near the same types of incomes or benefits that our CEOs and senior executive people get. They try to keep some kind of a ratio between their employees and their senior people. That is important for morale. It is also important for the financial well-being of the institution.

*Government Orders*

I do not know how many times we have seen reports, not just in the banking system but elsewhere where CEOs will derive these huge incomes or benefits in stock options, et cetera, when in fact the institution is not doing very well. That is a shame, but it is also something that from a competitive standpoint should not be followed as a policy.

• (1330)

**The Deputy Speaker:** Is the House ready for the question?

**Some hon. members:** Question.

**The Deputy Speaker:** The question is on the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Deputy Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the yeas have it.

**An hon. member:** On division.

**The Deputy Speaker:** I declare the motion carried.

(Bill read the third time and passed)

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**FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT**

The House resumed from March 28 consideration of the motion that Bill C-18, an act to amend the Federal-Provincial Fiscal Arrangements Act, be read the second time and referred to a committee.

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, it is my pleasure to stand today to speak to Bill C-18. I will be splitting my time with the member for Acadie—Bathurst.

Bill C-18 is an act to remove the cap on equalization payments for the fiscal year beginning on April 1, 1999. The act concerns me and the other members of the New Democratic Party a great deal because of the implications it will have for the have not provinces in Canada.

The equalization program has enabled less prosperous provincial governments to provide their residents with reasonably comparable

levels of public service and taxation. Equalization payments are unconditional in that the receiving provinces are free to spend them in public services according to their priorities.

The NDP has always supported transfer payments and equalization payments as a way of cementing the country and its provinces together. Many years ago we had the EPF, the established programs financing program. It was equal, with 50:50 funding for established programs within the various provinces. The NDP believes it was of far greater benefit to the provinces when we had the federal government in control of implementing national standards with the funding formula of 50% and 50%. It was simple. If one of the provinces chose not to comply with the national standards that were in place, it was jeopardized in that the 50:50 funding formula was pulled back.

The established programs financing worked very well. We then saw CAP, the Canada assistance plan, come in, followed by the cap on CAP. Then came the CHST. Now we are seeing a removal of the cap of the new ceiling imposed in a temporary way.

In earlier debates, New Democratic Party members pointed out the devastating impact of the CHST on social programs in the country. It should be stated clearly and abundantly, so the public hears it over and over again, that the government stripped 33% of the funding out of federal social transfers with the CHST. I believe the total figure since 1995 is \$23 billion. The government went from \$19.1 billion to \$11 billion in social transfers.

When the equalization program was renewed in 1999, the ceiling was reduced by roughly \$1 billion per year to an arbitrary level of \$10 billion in 1999-2000, in spite of the broad objections from virtually every finance minister in the various provinces. It was then indexed by GDP growth in subsequent years.

Adequate levels of equalization and social transfers are critical to provinces like Nova Scotia. Otherwise Nova Scotians would not get what they are entitled to under the constitution, namely, reasonably comparable services at reasonably comparable levels of taxation.

• (1335)

Why do we need federal transfers to ensure that services in Nova Scotia are reasonably comparable to those elsewhere? We need them because our economy is smaller and weaker and does not produce as much wealth as the economies of most other provinces. Because there is less wealth, tax rates in Nova Scotia need to be higher to raise the minimum revenue needed to maintain public services. However, even though we pay a higher rate of taxation than most other Canadians, when it comes to public services Nova Scotians pay more and get less.

Nova Scotians value education and the role that good education plays in making possible a better and more prosperous future, and



*Government Orders*

we in Nova Scotia invest our scarce resources in education. In 1995 Nova Scotians invested 8.4% of their gross domestic product in education. That was the highest rate of investment in education of any province, higher than Alberta, Ontario, B.C. or Quebec. Only Newfoundland put a bigger share of its collective wealth into education.

What did we get as a result? Did we get well funded schools, low pupil-teacher ratios and gilt-edged support services? Not a chance. Because our economy is small relative to other provinces, putting more of our economy into education still left us at the bottom of the class in terms of educational expenditures per student. I have spoken with many people in my riding who do not believe for a minute that Nova Scotia students are enjoying reasonably comparable services when it comes to education.

Health spending is another case in point. Last year Nova Scotians spent 11.3% of their provincial gross domestic product on health. The national average was just 9.3%, but because we are taking a larger piece of a considerably smaller pie the slice was not big enough to adequately serve our population. Once again we paid more and got less. The health care we can afford left our per capita spending the second lowest in the country. It was a full 9% below the national average. With that, we are expected to serve a population that needs more health care, 10% or 15% more than the national average. With those kinds of numbers, we have to wonder whether Nova Scotians are getting health services that are reasonably comparable to those enjoyed by many other Canadians.

Rather than improving, it is a sad fact that financial support has been declining since the promises of comparable service levels were put into the constitution. In 1980 federal transfers amounted to almost 48% of the revenues available to the province of Nova Scotia. By 1993 when the Liberal government took office, the percentage had dropped to 38.6%. Last year it was down to 37.2%.

By lowering the level of equalization payments, which is indeed where Bill C-18 will take us, the government will be moving us even further away from the goal of providing reasonably comparable services at reasonably comparable levels of taxation.

We in the New Democratic Party oppose Bill C-18. We oppose further cuts to the baseline equalization payments. In fact, in a time of galloping surplus we see the need to augment our equalization payments to allow for equal standards of education and health care across the country.

Now is the time to correct the crippling impact of inadequate funding on our education and on our health care, on our schools and on our hospitals. Now is the time to revisit the equalization formula to ensure that all provinces are afforded an equal level of services and all Canadians an equal level of citizenship.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, I thank my hon. colleague from Dartmouth for those remarks, many of which I can relate to as I also come from a province that relies heavily on the whole concept of the redistribution of wealth through federal transfer payments.

I want to raise something that has come up recently with regard to the ministers of finance and the first ministers of the various provinces who recently agreed on the arrangement to lift the cap for a one year period and to then reinstate it. The sentiment we are hearing now is that some premiers and some provincial finance ministers feel this is not quite what they agreed to, that what we are dealing with in Bill C-18 is in fact less than what they thought they were agreeing to on, I believe, September 11, 2000.

● (1340)

For the province of Manitoba this is certainly the case. Is it true for the province of Nova Scotia? Is there disappointment that what is being proposed is less than what Nova Scotia thought it was agreeing to at that meeting?

**Ms. Wendy Lill:** Mr. Speaker, that is indeed the case. For many reasons, the province of Nova Scotia is clearly very concerned about what it feels is the unfair equalization formula that now exists. Certainly we in Nova Scotia do not feel we are getting enough to run our education and health care services.

Another issue that is very important right now is Nova Scotia's concern that there be a recognition and a commitment from the government to allow Nova Scotians to maintain more of our offshore development resources. If we did not have the excessive federal government clawback, we would be able to use more of the resources coming in from our new offshore development to pay down our debt. Certainly that would go a long way in helping us to get on an even footing with the other provinces.

**Mr. Pat Martin:** Mr. Speaker, there is one other issue I would like the hon. member to comment on. It is of a more general and philosophical nature. Now that we are re-introducing the cap, albeit at a lower level than we thought, at a level that we frankly believe is lower than will meet the actual need, could the hon. member provide her comments on the whole concept of putting a cap on human need? How do we pick an arbitrary number and say it is the maximum amount of money that will be spent on social development in the coming year when we do not even know what the urgent need will be 18 months from now? Is it morally right to be putting a cap on need or should we be funding things based on what is actually necessary and on the urgent need out there?

**Ms. Wendy Lill:** Mr. Speaker, in a time of enormous surplus I think it is immoral for us to be putting a cap on the amount of money we will be spending for health care, for education and for the very services that allow our people to be strong. I would say

*Government Orders*

that the best investment this government can make now is an investment in a healthy, well educated population.

In a country where we have one in five children living in poverty it is very hard to feel too pompous or too cheerful about the economic prospects we are facing, because clearly that is not being shared across the board. As the income gap between poor and wealthy people in the country continues to increase, we are sowing the seeds of some very deep misery for an enormous number of children and vulnerable people.

[*Translation*]

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, it is a pleasure to speak to Bill C-18.

As members know, we are against the capping of equalization payments, especially for provinces like New Brunswick and the other Atlantic provinces, but also Manitoba and Saskatchewan.

In a country like ours, where we talk about national unity and where we should be able to work together for our common well-being, it is important to help each other. The goal of equalization payments was to get money to the provinces that needed it, mainly for social programs like education and health.

Now, the cuts imposed upon the provinces create an unacceptable situation and place them in a difficult situation.

• (1345)

I would like to read a newspaper article published in *L'Acadie Nouvelle*, which summarizes what has happened in New Brunswick. This article, published on March 1, 2000, reads as follows:

The decapping of equalization payments for 1999-2000 will allow New Brunswick to receive \$50 million more from Ottawa than what was initially anticipated for the fiscal period 1999-2001. New Brunswick's finance minister, Norman Betts, is far from carried away by the bonus resulting from the decapping of transfer payments and prefers to put things into perspective.

"Fifty million dollars represent 10 days in health care spending. It represents 1% of our \$5 billion budget" said Mr. Betts, adding that the province could also receive less money because of the country's economic performance.

Besides, according to official new estimates by the federal Department of Finance, New Brunswick will receive an extra \$5 million for the 1999-2001 period.

For fiscal 2000-2001, New Brunswick will receive \$1.207 billion from the federal under the equalization program. This amount represents more than one quarter of the province's budget, which was \$4.472 billion in 2000-2001. Before Minister Betts can cash the \$50 million cheque from his federal counterpart, the Commons will have to pass the bill reviewing the equalization program formula tabled on Tuesday.

This was for the month of March 2001. The article goes on, and I quote:

The equalization program was created to close the gap between the have and the have-not provinces, so that these provinces can provide to the public services comparable to those provided by the wealthy provinces. Three provinces, British Columbia, Ontario and Alberta, get nothing under the equalization program.

As I said, living in a country is something like the unions, which I will use as an example. Within a union, there are big locals and small locals but every member is part of the same union. It is true there are smaller locals with only five, six, seven or eight persons. It is more expensive to give them services because they cannot afford to pay for all those services. I like this example because I think it is a good illustration of what happens in the case of the provinces.

It is called a union because all the workers of the country, big groups and small groups alike, are united in one union. That is how I imagine the country. The country is a group of all 10 provinces and the territories, including the Yukon and Nunavut. All those provinces and territories form the union which is our country.

Whenever we are no longer able to take care of the have nots, why remain a part of it? Why stay in a country if we cannot take care of each other?

The reason a country takes money from the rich, yes I dare to say it and I am not ashamed of it, is to redistribute it. This sharing can be compared to what happens in a family. Sometimes in families those who have more help those who have less. This is what a country is all about.

I believe we have a problem today because we are too selfish. It is everybody for himself. This attitude runs from the top down: the country, the leaders and the governments down to the provinces and the families. We have to show that we can take care of each other. This is why a cap is unacceptable.

If we can help a province to survive and if we are able to invest to create jobs, I think people will be able to manage on their own. However, if we deprive them every day of these tools and if we are unable to make the transfers needed to help those provinces, I think it will go from bad to worse. This is contrary to common sense and to national unity, utterly contrary.

The federal government has a responsibility, which is convincing people, be they from Ontario, Alberta or British Columbia, that this is the way Canada works; all the provinces are together, and we must have a formula to help Canadians all over the country. We have to recognize this.

For example, if Alberta were to say "We are now rich; we have oil and we don't need anybody anymore", I hope they will not run out of oil, because they might need this formula also. This is what a country is all about.

• (1350)

In New Brunswick, we never asked that the fisheries go the way they went, and we never asked for the elimination of groundfish quotas. We never asked for this. People in fishplants were working 30 to 32 weeks before the moratorium on groundfish. We never asked for this closure of the fishery.

It can get tough for any province when revenues do not come in. Let me take Alberta as an example. I am very glad for Alberta, because it is a rich province, but when one is rich, one should share with the poor. I do not mean that our own region is very poor but it does have certain needs, just as Manitoba does.

The whole country is glad that we have an agricultural industry in Manitoba and Saskatchewan. Thanks to them, we can have three meals a day. We need provinces where agriculture can prosper. It is the same thing in Quebec. Between Montreal and Rivière-du-Loup, farms line the road on both sides. It is nice that we have farmers but it is also nice to have fishers.

People like to visit New Brunswick and other Atlantic provinces. We have people working in the tourist industry. As I said very often in other speeches, people in Toronto are fond of our two by fours but to have two by fours, we need lumberjacks. These people work hard yet they have seasonal jobs. It goes without saying that seasonal workers cannot pay as much income tax as if they worked 12 months per year. Our provinces are losing out on benefits because these are seasonal jobs.

I would like the federal government to show some leadership in this regard, and to say "This is the rule, this is the formula that will help our poorer provinces and keep our country united". Again, if there is no advantage in being part of a country, why stay in it? What is the country in the end when the federal government makes such cuts in health, education and all the rest?

I will conclude by asking the federal government, the Liberals, those in power, to show some leadership. This is why we have to oppose the capping of the equalization program.

[English]

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, I thank the member from Acadie—Bathurst for very forcefully putting into words what many in the room are thinking: that the redistribution of wealth through federal transfer payments may be the single greatest achievement of Canadian federalism and the most important instrument for fostering Canadian unity. That point has not been made often enough in this room. I thank him for making it very poignantly.

The question I have is more specifically about the methodology and formula for the Canada health and social transfer. The hon. member pointed out, and other speakers have mentioned, that when

### *Government Orders*

the government introduced the CHST the federal transfer was about \$19.1 billion. When the CHST kicked in it was \$11 billion. It is only now inching forward. In other words, the total aggregate amount of cutback the government has ripped out of the federal social transfer is \$30 billion to \$35 billion, arguably even more.

Would that not constitute a breach of the whole concept of Canadian unity? Are we not jeopardizing the fragile thing we call the federation of Canada when we rip the heart out of the very programs that make it worth belonging to? Would the hon. member care to comment on the impact felt in ridings like his when the Canada health and social transfer ripped the heart out of so many social programs?

• (1355)

**Mr. Yvon Godin:** Mr. Speaker, I thank my colleague from Winnipeg Centre for his question. My colleague talked about health care. Looking at the history of health care, in 1969 the federal government used to pay 50% of the cost of health care. Now it is down to 13%. If the federal government cannot make the transfers that need to be made to be able to have the programs I have used many times, then what is the purpose of having a federal government?

We could go to the vet and not find a dog or a cat in the hallway. If we go to the hospital where human beings are, we find them in the hallway or they cannot even get into the hospital. That is an example of how health care stinks in our country. It is the fault of the Liberals and the federal government. In 1969 the government paid 50% of the cost of health care. Today it is down to 13%.

That is why we could say we are losing the unity of our country. It is the fault of a federal government that does not know how to create programs that would keep all our provinces and territories united. That is what happens with the federal government.

**Mr. Pat Martin:** Mr. Speaker, the hon. member for Acadie—Bathurst puts into words exactly what I was thinking. He does so better than I could. We will feed him another question and let him try it again.

When the CHST was first introduced, the National Council on Welfare called it the most devastating social policy initiative since the great depression. Let us imagine going forward with a policy that experts in the field cited as devastating.

I ask that we hearken back to a time when we had established program funding, when social programs were funded at 50:50. Did the federal government not have a better opportunity to maintain national standards when the funding level was 50:50? Under that system, if a province failed to meet national standards it could be punished by having its funding reduced. Was there not more capability to have true national standards under that funding mechanism than under the CHST?

*S. O. 31*

**Mr. Yvon Godin:** Mr. Speaker, it is easy to answer. When one does not pay into it one has no say in it. That is what happens with the federal government.

Let us look at my province, New Brunswick, for example. Could anyone imagine that one person who goes on welfare receives \$269 a month? Two hundred and sixty nine dollars a month is probably not what a member of parliament gets in one day here, and the Liberals want a person to live on \$269 a month.

The federal government has a responsibility across the country to make transfers which make sense and with which people can live. I agree with my colleague from Winnipeg Centre that government cuts have created a separation between poor and rich people and poor and rich provinces. We are going backward. We are going the wrong way. I hope the federal government changes its mind about the way it is running our country.

• (1400)

The minister of agriculture has sent Canadian Food Inspection Agency veterinarians to the United Kingdom to assist with the outbreak there. The problem is that they are having difficulty handling the CWD outbreak we have at home.

Budgetary constraints at the CFIA and Agriculture Canada have made it difficult for officials to contain and deal with the outbreak of CWD in Saskatchewan elk herds. They are struggling just to keep up.

I call upon the minister of agriculture to get his priorities straight and beef up the resources of the CFIA and his own department so we can deal appropriately with this important issue.

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**HELGE INGSTAD**

**Mr. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.):** Mr. Speaker, it is with great sadness that I mark the recent passing of a great world explorer and archaeologist, someone whose profound contribution to the people of Newfoundland and Labrador, to our nation and to the entire world will be remembered forever.

Dr. Helge Ingstad of Norway and his wife, the late Anne Stine Ingstad, are credited with the discovery of the Norse encampment at L'Anse aux Meadows on the northern tip of the Great Northern Peninsula. Their discovery and study of the archaeological remains of this Norse village have led to its establishment as the only truly authenticated Viking settlement in all of North America.

Based on the life's work of the Ingstads, L'Anse aux Meadows is now preserved as a national historic site within the Parks Canada system and has been designated as a world heritage site by the United Nations Educational, Scientific and Cultural Organization, UNESCO.

On behalf of the House I extend my sincere condolences to the family and to the people of Norway as we remember the life and work of the late Helge Ingstad.

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**STATEMENTS BY MEMBERS**

[Translation]

**CHILD CARE**

**Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.):** Mr. Speaker, Annie Pelletier condemned the Quebec government, because it “spends \$8,000 per year on each child attending a daycare centre, but does not give one penny to mothers who stay at home to look after their children”.

The recognition of the parents' role when they look after their children is also an objective of the national forum, and the subject of an awareness campaign to change mentalities. The spokesperson for the Regroupement Naissance-Renaissance added that “we must stop seeing the birth of a child as the sole responsibility of the couple”.

“Maternity has an economic value and supporting it is a collective responsibility”.

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[English]

**HEALTH**

**Ms. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance):** Mr. Speaker, despite persistent assurances and massive efforts at containment, foot and mouth disease has spread from the U.K. to France, Ireland and the Netherlands. It is costing billions of dollars and has resulted in the destruction of thousands of animals in the United Kingdom alone.

Here at home we are experiencing an outbreak of chronic wasting disease among elk herds in Saskatchewan.

[Translation]

**YOUTH SERVICE CANADA**

**Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.):** Mr. Speaker, it is with pride and enthusiasm that, on Thursday, in L'Annonciation, which is located in the RCM of Antoine-Labelle, I attended the closing ceremony of a Youth Service Canada project that was a resounding success in the community. “Les bons J.A.C.” is a joint initiative of the Quebec Provincial Police and the Antoine-Labelle RCM that began in August 1999.

One of the objectives of that program was to allow young people to gain the basic knowledge and experience that they needed to enter today's labour market. For 32 weeks, ten young people from L'Annonciation had the opportunity to take part in the organization and planning of activities geared to eliminating, through prevention, awareness promotional activities, the problems relating to violence and discrimination.

These young people also helped create a community garden, while supporting other regional organizations, to bring generations closer together and create connections between young people and parents.

During the project, public mischief went down from 16 cases in 1998 to only one in 2001. These figures show that federal programs for young people are a good thing.

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[English]

### MUSIC WEEK

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, it gives me great pleasure to recognize Canadian Music Week, which occurred last week and during which the radio starmaker fund board of directors was announced.

The radio starmaker fund and its French arm, le fonds radio star, is aimed at finding the most promising musical talents in Canada and providing them with the marketing and promotional support needed to boost careers and create stars. It is a great example of the radio and music industries working together to promote Canadian culture.

I wish to applaud the initiative by the Canadian Association of Broadcasters and its partners, the Canadian Independent Record Production Association and the Canadian Recording Industry Association.

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### VETERANS AFFAIRS

**Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance):** Mr. Speaker, I do not want veteran status. Veteran status is not wanted by every Tom, Dick or Mary who ever wore a uniform, who ever peeled potatoes in Trenton, who ever spit-shone shoes in St. Jean or who ever pumped gas in Cold Lake.

What is expected, what is long overdue and what is respectfully called for is full war veteran status for those who served in war zones; for those who saw death and destruction; for those who witnessed the abysmal depth of man's madness in the gulf war, in Bosnia and Rwanda; for those still serving today; and for those who came home scarred by their experiences. Let us give our true veterans the respect they are due and recognize them as war veterans.

*S. O. 31*

I renounce my unwanted veteran label. This status belongs only to those who deserve it.

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[Translation]

### AGRICULTURE

**Mr. Claude Duplain (Portneuf, Lib.):** Mr. Speaker, I wish to draw the attention of the House and of Canadians to an important initiative by the federal government in the area of agriculture.

A Liberal task force on future opportunities in farming has been created. It will consult with and learn from farmers, processors and other stakeholders. The consultation will enable the Liberal task force to deliver a report on the long term opportunities and challenges facing the farm economy.

● (1405)

This sector is integral to our quality of life. Our farmers and processors provide Canadians and customers worldwide with high quality, safe food.

The striking of this task force is clear evidence of our Prime Minister's concerns for the future development of this sector.

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### UNIVERSITÉ DU QUÉBEC À RIMOUSKI

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, in September of 2001, the Université du Québec à Rimouski will be the only Quebec university to offer an undergraduate degree with a major in maritime shipping and a minor in administration, as well as the only North American university providing this course in French.

The program will be available to graduates of the Institut maritime du Québec who are interested in working in maritime shipping administration and hold a master mariner or marine-engineer officer certificate.

The objective is to ensure a supply of well-trained replacements in a sector where the workers are ageing. The course fits in with the true shipping policy to be adopted by Quebec between now and May.

Congratulations again to the Université du Québec à Rimouski for its leadership and sense of initiative.

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[English]

### PROSPECT HIGH HEAD

**Mr. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, Canada's ocean playground just got a little more environmental protection from the Nature Conservancy of Canada. Prospect High Head, a craggy stretch of coastline east of Peggy's Cove, is a favourite spot for residents and tourists alike.

*S. O. 31*

From an ecological standpoint it is a valuable and vulnerable region. It is one of only two areas in the province known as the granite barrens.

The uniqueness of the region makes it an important migratory stopover for birds such as the rare whimbrel and the blue heron and a feeding area for osprey. A stewardship plan will be developed by Prospect Peninsula residents and the Friends of High Head.

Congratulations to the area's residents on achieving this important environmental protection and preserving the area for the enjoyment of Nova Scotians and visitors alike.

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**YOUTH**

**Mr. Grant Hill (Macleod, Canadian Alliance):** Mr. Speaker, UNICEF Canada had an interesting consultation just over a year ago. It consulted with the youth of Canada to find out what they thought were the most important rights for them. They brought in Elections Canada, and although the results have not been well publicized, I think they are very interesting.

Here is what the kids said were the most important things: first, family; second, food and shelter; third, health; and fourth, education. Then they went on to things like rest and play, protection from harm and non-discrimination.

However number one by a huge majority was the family. I think this deserves to be celebrated. While adults may push in other directions, the youth of Canada have the important rights figured out and in my view in the proper order.

We as adults can learn a lot from our kids. I applaud them. From the maritimes to B.C. youth are our future.

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[Translation]

**SLOBODAN MILOSEVIC**

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** Mr. Speaker, last weekend, Serbian police arrested Slobodan Milosevic.

Milosevic has been indicted by the international criminal tribunal for war crimes and crimes against humanity and has been charged by the Yugoslav government with corruption and abuse of power.

This move by the Yugoslav government signals the beginning of a commitment to the principles of democracy and the rule of law.

For its part, the Canadian government is urging Yugoslavia's leaders to facilitate the work of the international criminal tribunal.

Our Prime Minister said that "The authorities in Belgrade have an obligation to cooperate fully with the International Criminal

Tribunal for the Former Yugoslavia, including the handing over of Milosevic. In the interest of justice, and as a decisive step in the improvement of Yugoslavia's international standing, we hope that this takes place soon".

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[English]

**HOUSING**

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, the minister responsible for housing said it loud and clear. "We are not going back to social housing", he was reported as saying in the *Toronto Star* of April 1.

Could we imagine a country as wealthy as Canada, where a million Canadians are experiencing severe housing insecurity and homelessness, and the minister comes out with this outrageous position?

Many dedicated groups have campaigned for the 1% commitment for housing, for the right to shelter and decent housing, but the government says no, a shameful response if ever there was one.

To add insult to injury the only new initiative the government will undertake is a subsidy program for market housing. Why on earth would we be lining the pockets of developers?

The government's proposal is based on the theory that if we help people at the top, eventually that will trickle down to those at the bottom of the economic ladder. This kind of market driven ideology will only increase the gap between the rich and the poor.

We reject the government's private subsidy approach. Community based social housing makes good economic sense. It creates good jobs and it helps the people who need it. We need social housing.

\* \* \*

● (1410)

[Translation]

**FREE TRADE AREA OF THE AMERICAS**

**Ms. Christiane Gagnon (Québec, BQ):** Mr. Speaker, the Bloc Québécois has great confidence in the ability of our artists to make their mark in Quebec and internationally. We believe that the signing of the FTAA agreement will result in even greater cultural exchanges between Quebec and Latin American countries.

However, sight must not be lost of the fact that Quebec's culture did not spring up unassisted. The Government of Quebec has used its authority to step in and assist cultural growth. This has been done by all the governments of Quebec, regardless of political affiliation.

It is for this reason that the Bloc Québécois is insisting that any continental trade agreement should preserve the Government of Quebec's present and future authority to take such action.

Culture is our soul and our roots. It is how we speak and do things. It is therefore important that Quebec be able to speak on its own behalf and to protect its interests.

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### AGRICULTURAL PRODUCTION

**Mr. Gérard Binet (Frontenac—Mégantic, Lib.):** Mr. Speaker, I wish to stress the openness and the flexibility displayed by the federal government toward farm producers.

A few days ago, the government announced it would be doubling the amount of interest-free loans under the Spring Credit Advance Program. The maximum amount will go up from \$20,000 to \$50,000 for spring 2001.

This is a timely measure, since producers are adversely affected by the increase in the costs of fuel and fertilizer.

In the past, that program has proved very useful to farmers. It has allowed them to get funds in time for spring planting.

A number of income support measures are being put in place by our government. I urge it to continue to work with the agricultural industry to ensure long term stability in that sector.

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[English]

### SOFTWOOD LUMBER

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, the United States has formally filed a countervailing duties application to seek tariffs of up to 40% on Canadian softwood lumber. This would cost Canadian producers \$4 billion per year.

Having had years to prepare, the Liberal government has again been caught flatfooted with 45 days to go, only now realizing that a common, uniform trade policy for softwood lumber is not possible as regional circumstances are too different.

Most Atlantic Canadian woodlots are privately owned. The owners have enjoyed free trade in softwood lumber for well over a century, with exports totalling almost \$1 billion last year. Export taxes and countervailing or anti-dumping duties would prove disastrous for the Atlantic industry. I call on the international trade minister to ensure that free trade in softwood lumber continues in our region.

*S. O. 31*

I object to Liberal statements that the government will force Atlantic sawmills to comply with Canada's export monitoring system, possibly resulting in an export tax on maritime lumber. Coupled with a harsh winter, this would devastate the region. It is absolutely unacceptable to Atlantic Canada.

When will the Liberal government get its act together on this and other important trade issues?

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[Translation]

### THE ENVIRONMENT

**Mr. Larry Bagnell (Yukon, Lib.):** Mr. Speaker, I am pleased to inform the House and Canadians of major environmental initiatives in the Yukon.

First, the federal government and the Yukon Development Corporation have announced that they will each invest close to \$525,000 over a three year period, in an energy solution centre based in Whitehorse.

Second, a new heating system reducing emissions by 1,600 tons has been installed in several buildings in the town of Watson Lake. The federal government invested \$75,000 in that project, through the technological component of the Climate Change Action Fund.

Canadians living in the north have to pay for energy costs and they will suffer the effects of climatic changes. The federal government's actions show that it cares about this reality.

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[English]

### HEPATITIS C

**Mr. Myron Thompson (Wild Rose, Canadian Alliance):** Mr. Speaker, Tuesday, March 27, marked the third anniversary of the Liberal failure to compensate all hepatitis C victims. The settlement is no closer to reaching victims than it was three years ago. With each day, month and year that go by, more hepatitis C victims die and others lose their quality of life.

One of these individuals, Steve Harrison, wrote to me:

I haven't worked since 1996 and my wife is near exhaustion trying to keep us from bankruptcy. Every month we seem to accumulate more debt, while trying to keep life decent for my two boys. Meanwhile, the government is using money owed to me to build up their compensation fund. I reckon at a modest 5% rate, they have made 30,000 dollars with my money.

Even if they paid me my compensation tomorrow my problems aren't over. If I sound frustrated it is because I am. Everyone I talk to thinks this issue is over and I'm living happily ever after.

The Liberals think this issue is over but to the Harrison family it is all too real.

*Oral Questions***ORAL QUESTION PERIOD**

• (1415)

*[Translation]***PRIME MINISTER**

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, on March 26, the Prime Minister wrote that there are no financial connections between the golf club and the adjacent Auberge Grand-Mère.

This weekend, the daily *Le Soleil* wrote that Yvon Duhaime confirmed, under oath, that “agreements, downpayments and contracts were made between the Auberge and the clients of the golf club”. He added that “this accounts for the major part of the Auberge’s revenues”.

My question is simple. Who is telling the truth? The Prime Minister or his friend the innkeeper?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, there is no contradiction. According to my information on Mr. Duhaime’s testimony, he did not say that there were financial connections or property connections between the auberge and the golf club during the period of time at issue. So there is no contradiction. The Leader of the Opposition misquoted Mr. Duhaime.

*[English]*

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, it seems that there are more ties and close promotions between the golf club and the auberge than there are between the Prime Minister and his Minister of Industry.

We see in Yvon Duhaime’s testimony under oath that he is saying there are contracts between the golf club and the hotel for golf tournaments booked more than a year in advance.

How could the Prime Minister pretend that by sending money to the hotel he was not also advancing the interest of his golf course?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I think the hon. member has not accurately quoted the testimony of Mr. Duhaime. I will translate freely from the French.

It says there are contracts between the auberge and its “clients”. Obviously there are clients, golfers, who go to the auberge from all the golf courses in the area.

The fact of the matter is that the Prime Minister did not have any financial interest in the golf course during the time he made inquiries about a loan by the Business Development Bank to the

auberge, so the hon. member ought to withdraw his unwarranted allegations. He is just embarrassing himself by continuing them.

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, the Deputy Prime Minister should have finished the quote because Mr. Duhaime said under oath that actually these represented the majority of the business. He should finish his sentences.

It seems that every week, every day, there are new revelations that contradict what the Prime Minister has said. Now we have Justice William Parker, who conducted the Sinclair Stevens inquiry, and many other experts in government ethics calling upon the government to call an independent inquiry.

Along with the majority of Canadians, will the Prime Minister acknowledge what the majority of Canadians want and call this independent inquiry?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, will the Leader of the Opposition acknowledge that 82% of Canadians say that the opposition is wrong in pursuing these questions and that it should get on with other things?

Why does he not listen to Canadians who say that they want real questions on real issues of concern to real Canadians. Where are the questions about softwood lumber? Where are the questions about agriculture? Where are the questions about the economy?

Nothing is there on those real questions. The official opposition is derelict in its duty to Canadians and it ought to apologize to them.

**Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance):** Mr. Speaker, it is a good thing that the Deputy Prime Minister is not our finance minister.

Not even a week ago the Prime Minister claimed that there was no financial or legal relationship between the golf course and the auberge but the owner of the auberge swore on the Bible that:

—agreements, accounts and contracts were made between the auberge and the (golf course’s) clients. You can understand that this represents a major part of the (Auberge’s) receipts.

Once again an assertion by the Prime Minister has been shown to be inaccurate. How is it possible that we can believe anything the Prime Minister has to say on this file?

• (1420)

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, my understanding of the testimony of Mr. Duhaime is that he did not make reference to golf course clients with respect to the golf course at Grand-Mère. He spoke of clients generally.

If the hon. member wants to keep the respect of the House, which with her questions she lost a long time ago, she ought to quote accurately because the facts are that the golf course and the



*Oral Questions*

hotel had no legal, financial or ownership links between them from a period six months before the Prime Minister assumed his responsibilities and the procedure at the relevant time—

**The Speaker:** The hon. member for South Surrey—White Rock—Langley.

**Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance):** Mr. Speaker, it is respect for the Prime Minister's Office that he should be concerned about.

Jonas Prince sold his hotel chain for \$90 million. He could have paid for the golf course out of pocket change, but for six years he refused to do so. While the Prime Minister said that he sold the shares in November, Mr. Prince obviously believed that he did not buy them.

Why would a successful businessman like Mr. Prince risk the wrath of the Prime Minister of Canada and not honour what was supposed to be a so-called bill of sale?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the first thing the hon. member ought to do is look at the agreement of September 29, 1999, between Mr. Prince's firm and the person to whom he sold the shares, Mr. Michaud and his firm.

Mr. Prince says that he received legal advice that Akimbo, his firm, retained legal title to the shares since November 1, 1993. This is what Mr. Prince said in a document dated November 1999 confirming that he owned the shares all along, contrary to what my hon. friend says, who once again is embarrassing herself by her inaccuracies.

[*Translation*]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, another statement by the Prime Minister in the golf club and Auberge Grand-Mère affair has been contradicted.

In the Prime Minister's letter to the leader of the Progressive Conservative Party dated March 26, the Prime Minister said that the Auberge Grand-Mère was in competition with the adjacent golf club but the auberge's owner, Yvon Duhaime, said quite the opposite in a statement made under oath on November 2, 2000.

How can the Deputy Prime Minister deny the financial link between the two entities, when Yvon Duhaime swore under oath that most of the auberge's income came from golfers at the adjoining club?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the simple truth is that, long before the Prime Minister became Prime Minister, the legal financial links of ownership had been completely severed and, during the period in question, Mr. Prince

owed the Prime Minister money, but had no interest himself in the golf club. That is the truth. Those are the facts.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the facts are that in the September 29, 1999 agreement, the Prime Minister said that he had relinquished his right of ownership six years earlier. The same Prime Minister also said that he was going to protect Mr. Michaud and pay his lawyers if there was a problem. In addition, the auberge's owner, Mr. Duhaime, said that there is a financial link between the two entities.

Is this not proof that there was a very clear conflict of interest when the Prime Minister approached the Business Development Bank of Canada to ensure the auberge's survival so that the golf club could find another buyer?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the important thing is that the Prime Minister was owed money by Mr. Prince after November 1, 1993, and this debt was paid by Mr. Prince. Mr. Prince sold all the shares he bought from the Prime Minister to Mr. Michaud on September 29, 1999. So there is no conflict of interest and the hon. member should withdraw his allegations—

**The Speaker:** The hon. member for Roberval.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, it is our impression that the Prime Minister contributed to keeping up the value of his stocks in the Grand-Mère golf club by saving the Auberge Grand-Mère.

The connection between the two was demonstrated by the owner of the auberge, under oath. He is the one who has said so, and in so doing has contradicted the Prime Minister.

Could the Deputy Prime Minister not accept, once and for all, that the Prime Minister is putting them in an awkward position with his statements that are contradicted—

**The Speaker:** The Deputy Prime Minister.

• (1425)

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Absolutely not, Mr. Speaker. The one in the awkward position is the hon. House leader, because he is the one who said "Table the bill of sale and we will stop asking questions".

He has broken his commitment to his colleagues and to the House of Commons. He needs to withdraw his questions because he made a commitment to the House to stop asking such questions.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, it was understood by everyone that when I said to the Prime Minister "Table the bill of sale and we will stop asking questions", that was because we had his assurance that the bill of sale was exactly that, and proved that the Prime Minister had sold his shares in 1993.

*Oral Questions*

What was tabled, however, proved exactly the opposite. The shares were sold in 1999. That is why we are asking questions.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, when the hon. member said “Table the bill of sale and we will stop asking questions”, he attached no conditions to that commitment.

Once again, the hon. member has broken his commitment and, I repeat, there is no conflict of interest on the part of the Prime Minister in this matter.

\* \* \*

[English]

**TRADE**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, the government is walling off democracy on Shawinigan and on the FTAA. In Quebec a wall is going up around the FTAA summit site. At the Canadian borders a wall has gone up to keep out those who dare to disagree with the government on the FTAA. The Pearson foreign affairs building looks like fort Pearson.

I ask a question of the trade minister yet again. Will he agree today to release the text of the FTAA agreement that his government is supposedly negotiating on behalf of the Canadian people?

**Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, while the Canada Customs and Revenue Agency has primary responsibility for protecting our borders, those who require further examination are referred to immigration officers who work for my department, CIC.

All people seeking to enter Canada must satisfy either customs or immigration that they are here as genuine visitors. Those who are not genuine visitors are not granted admission to Canada.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, those who are welcome are those who will support the FTAA and nobody else. The concrete walls around Quebec and stone walls here in parliament is an outright denial of democracy.

The government prefers to be accountable to the governments of Chile, Colombia and Peru, anybody but to the people of Canada. It prefers to be accountable to the BCNI and America's megacorporations than to the citizens of Canada. When do governments get to see the FTAA text? Where is the text? Will the minister—

**The Speaker:** The hon. Minister for International Trade.

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, the Canadian position has been on the website of my department for a year. Never in the history of international trade negotiations has there been one as transparent as this one.

The NDP might well say it is not transparent enough. The NDP might say do not bother about the rest of the Americas. We know where the NDP belongs. That is not where Canadians want us to go.

\* \* \*

**PRIME MINISTER**

**Right Hon. Joe Clark (Calgary Centre, PC):** Mr. Speaker, Yvon Duhaime's sworn testimony specifically talks about golf packages. The advertising of the auberge specifically advertises golf packages with the Prime Minister's golf club. Mr. Duhaime earlier said and I quote:

We send people to play golf and they send people to have supper. . . If it weren't profitable, would we continue?

Will the Deputy Prime Minister now admit there was a financial link during the time that the Prime Minister's agent was negotiating the sale of the Prime Minister's shares?

● (1430)

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I understand there are as many as six golf courses in the area and that the auberge welcomes golfers from all the golf courses in question.

Furthermore, at the time the Prime Minister made representations for a loan from the Business Development Bank to the auberge, the Prime Minister had no ownership interest whatsoever in the golf course. Yes, he had a debt owing to him but he was not connected in any way, shape or form with the golf course. The value of the debt did not change no matter what happened with the golf course.

Those are the facts and the hon. member ought to admit this because he knows he is wrong.

**Right Hon. Joe Clark (Calgary Centre, PC):** Mr. Speaker, six golf courses and the only one with which he claims they had no financial link was the one right next door. What absolute nonsense.

In September 1996, Claude Gauthier, a friend of the Prime Minister, a contributor to his campaign and a serial recipient of government grants, purchased land from the Grand-Mère Golf Club at a price well above market value.

Would the Deputy Prime Minister tell the House if the Prime Minister, his private company or his agent received any of this money? Were they privy to decisions as to how that money was spent?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I repeat that the Prime Minister's holding company sold all the shares that it owned on November 1, 1993 to the company of Mr. Prince. Therefore the Prime Minister had no interest whatsoever in the golf course from and after that point. He had a debt owing to

him by Mr. Prince's company and it was eventually settled. Mr. Prince's company resold the shares that he had purchased from the Prime Minister to Mr. Michaud. I say to the leader of the Conservative Party to please address his questions to Mr. Michaud or Mr. Prince.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance):** Mr. Speaker, the Prime Minister said in a letter to Canadians published in the *National Post* that he would never influence the Business Development Bank. Later, when the bank was trying to collect on the loan to the Auberge Grand-Mère, the Prime Minister's pressure on the bank was revealed in sworn testimony.

The Prime Minister also said that there were no ties between the golf course, for which he had not been paid, and the inn, which he forced the Business Development Bank to prop up against the bank's better judgment. Now it turns out again in sworn testimony that the financial survival of the inn was tied to the golf course.

Would the government explain why sworn testimony keeps contradicting the words of our Prime Minister?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker the answer to the hon. member's question is so obvious we do not need the Minister of Industry to answer.

The fact of the matter is that the Prime Minister exerted no pressure. Suggestions to that effect came from somebody who is suing the Business Development Bank because of his losing his job. There are allegations that this particular individual inflated his pension and things like that.

The member ought to be careful about stating things as fact which have not been demonstrated as fact. The Prime Minister did not pressure—

**The Speaker:** The hon. member for Calgary—Nose Hill.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance):** Mr. Speaker, I guess, in his desperate struggles to defend the indefensible, the Deputy Prime Minister has forgotten that the Prime Minister himself acknowledged that he put pressure on the Business Development Bank and phoned its president on more than one occasion to give a loan to a clear, money losing proposition.

Would the government get its facts straight and explain why sworn testimony on more than one occasion directly contradicts our Prime Minister in the House of Commons?

**Hon. Brian Tobin (Minister of Industry, Lib.):** Mr. Speaker, the Prime Minister has not acknowledged putting pressure on the Business Development Bank.

The quote that is being referred to is a deposition by the gentleman in question in which he says to the liquor licensing

board that summertime is a good time for him to have a licence because in the summertime he has golfers, high school graduations and wedding anniversaries. It appears that all these people like to imbibe in some cool refreshment. I do not know what the big deal is here today.

[Translation]

**Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ):** Mr. Speaker, in a recent poll, between 56% and 60% of those who were polled wanted an inquiry on the Prime Minister's actions, 78% felt that all the documents should be released, and 63% were of the opinion that the Prime Minister's behaviour was either reprehensible or very reprehensible.

• (1435)

Will the Prime Minister realize that not only are opposition parties demanding an independent inquiry, but that the public also wants some light to be shed regarding his behaviour in the Auberge Grand-Mère affair?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, according to a poll—which is credible I hope—82% of Canadians want the opposition to move on to other issues.

The Bloc Québécois obviously has no interest in the real issues that are important to Quebecers. Where are the questions on lumber? Where are the questions on the economy?

The Bloc Québécois is not defending the interests of its constituents and it should apologize to its constituents, because they are not—

**The Speaker:** The hon. member for Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans.

**Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ):** Mr. Speaker, let me tell the Deputy Prime Minister that people may be fed up, but the person responsible for this is the Prime Minister, who refuses to testify at a public inquiry and to table all the relevant documents.

Today, he is being judged by the public and 85% of those who have been polled want us to get to the bottom of this.

Did the Prime Minister think he would get away with it because he is both judge and jury in this matter?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. member is displaying a total lack of trust in his House leader who said "Table the bill of sale and we will stop asking questions". He should settle this issue with his House leader.

The ethics counsellor looked into the matter, as did the RCMP, and no conflict of interest was uncovered, because there is no conflict of interest.

*Oral Questions*

[English]

**LUMBER INDUSTRY**

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, it is no secret that U.S. softwood lumber producers have just filed a multibillion dollar—

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

**The Speaker:** Order, please. Perhaps there will be more general rejoicing at the end of the question. We would like to hear it.

**Mr. Stockwell Day:** They are relieved, Mr. Speaker, that for one second there has been a pause on Shawinigan, but it will continue just seconds from now.

This multibillion dollar countervailing duty against Canadian softwood producers is no secret. It is no secret that it has arrived and it is no secret that it was coming.

For weeks the Minister for International Trade has been talking about appointing a special envoy to try to do something to avoid this terrible situation that has hit the industry now. When will the minister announce the special envoy?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, I thank the opposition leader for a question that really does interest all Canadians. This is a very important day for Canadians.

We are quite concerned with the wrong allegations that the Americans are tabling again. The Canadian industry is quite able to fight these wrong allegations. The idea of an envoy, which the Prime Minister raised with President Bush, I raised with Mr. Zoellick. It is still a concept on which we are working hard and I hope very much that the Americans will take it up as well.

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, the minister has indicated that the president seems to be open. When I talked with Vice-President Cheney he was open. This is our appointment. Why are we waiting for the Americans?

When will the minister bring together the softwood industry within this country and get them to agree on the envoy? This is our problem. We need to go after this. We do not wait for the Americans to appoint an envoy for us.

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, we are discussing the mandate right now. I have already agreed with Mr. Zoellick that at the end of the week in Buenos Aires we will be discussing the mandate. We are already working on the Canadian front. It is an idea that we have been promoting. We will be appointing a co-ordinator for the Canadian industry, as we have in the last few months, and we will negotiate a

mandate with the United States that will make sure that these two individuals really have something to contribute to the long term solutions of this very important file.

\* \* \*

● (1440)

[Translation]

**PRIME MINISTER**

**Ms. Pierrette Venne (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, parliament finds itself in the paradoxical situation of the Prime Minister being both judge and defendant in his own case. He is the one who must admit that he placed himself in a conflict of interest, and he is the one who must agree to an independent inquiry. In addition, under the 1999 contract, the Prime Minister himself will have to pay the costs of his associates' lawyers in the event of an inquiry into this affair.

Is the Prime Minister not very clearly caught up in two conflicts of interest, rather than one, in the Auberge Grand-Mère affair?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. member's allegations are inaccurate. She has made two allegations and I say that she is wrong.

**Ms. Pierrette Venne (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, in light of the documents released and the statements made in this affair, do the Prime Minister's personal interests not stand square in the way of his ability to satisfactorily perform his duties as Prime Minister?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Absolutely not, Mr. Speaker. The response is a categorical no. He is doing a good job for all Canadians and recent polls bear this out.

\* \* \*

[English]

**LUMBER INDUSTRY**

**Mr. Gary Lunn (Saanich—Gulf Islands, Canadian Alliance):** Mr. Speaker, just over an hour ago the United States administration proceeded to impose billions of dollars in countervail duties against our forest industry. American lumber producers are asking for as much as \$4 billion to be levelled against the Canadian industry. Our government has had five years to prepare for this day.

Is the government prepared to tell the Americans that our co-operation with respect to energy and on a pipeline from Alaska to the lower 48th state depends on a positive resolution of the softwood lumber issue?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, let me react to the ridiculously high allocations that the Americans have just, as the member said, imposed. They

are talking now about an allocation of 39.5% on subsidies and 28% to 36% on anti-dumping. We believe that these allocations are absolutely wrong and far too high. We are not subsidizing our industry and this government will act in a very responsible way. We will not hold our energy industry hostage to—

**The Speaker:** The hon. member for Saanich—Gulf Islands.

**Mr. Gary Lunn (Saanich—Gulf Islands, Canadian Alliance):** Mr. Speaker, the government's response is not acceptable. The Americans are speaking louder on our behalf than our own government.

Republican congressman, Jim Colby of Arizona, recently stated "Canada shouldn't cave on this. They should stand up and fight this". Even Tom Stephens of Arkansas, the former president of MacMillan Bloedel, said "I would remind U.S. policy makers that without Canada's energy, they had better learn to speak Arabic and read by candlelight".

Why is the minister not prepared to be equally as tough and blunt as the Americans seem to be and stand up for our own people?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, maybe the Alliance, in its position, would like to link these files but that is not the way we do it. We will stand tough on the softwood lumber issue. We will make extreme demands for our rights. We want free trade, demand free trade and deserve free trade. We will be very tough with the Americans in fighting the wrong allocations that they are making but we will not link this to other industries.

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#### FINANCIAL INFORMATION STRATEGY

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, in 1995, as part of its overall strategy to improve accountability and improve fiscal management and transparency, the Government of Canada undertook to launch what we call a financial information strategy. It set the date at the time to be April 1, 2001.

My question is for the President of the Treasury Board. Has the government fulfilled its commitment in implementing a financial information strategy.

**Hon. Lucienne Robillard (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, I am pleased to announce the successful implementation of the financial information strategy in all the departments and agencies on April 1, 2001.

Let me take this opportunity to thank the members of the Standing Committee of Public Accounts and the auditor general for their support on the FIS, which we have to realize is the biggest change in accountability and financial reporting to parliament since Confederation. The information that it will generate will permit all

#### Oral Questions

Canadians and parliamentarians to know more about the results of the programs and related costs.

\* \* \*

• (1445)

#### THE ENVIRONMENT

**Mr. Joe Comartin (Windsor—St. Clair, NDP):** Mr. Speaker, over the weekend the European Union took the position that it was going to ratify the Kyoto protocol. Over the same weekend the Minister of the Environment was in Montreal and was wishy-washy on the issue.

Could we have a position from the government? Will it ratify Kyoto in 2002 as scheduled, or not?

**Hon. Ralph Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, the Government of Canada has always taken the position that it will make its own decision with respect to ratification. When we believe that the time is right to do so, that timing and that decision will be driven by considerations which are Canadian made. We will not be driven by decisions in other capitals, whether that is Washington or anywhere else.

**Mr. Joe Comartin (Windsor—St. Clair, NDP):** Mr. Speaker, perhaps the Minister of Natural Resources could take some instructions from the Minister for International Trade and get tough with the Americans, condemn them for their position and ratify the treaty. The Caribbean countries have all indicated that they will do it. Will the government show some courage and follow suit?

**Hon. Ralph Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, obviously in the last number of days the international negotiations with respect to Kyoto have run into difficulty because of the position taken by the United States and because of some of the intransigence shown by other parties, including those in Europe.

The Canadian point of view is that we need to work very hard in the international community, not to showboat or to grandstand but to get an agreement on climate change that will truly work for us and for the world.

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#### LUMBER INDUSTRY

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, on Friday softwood mills across Atlantic Canada were flooded with a seven page fax from the Minister for International Trade outlining the new export monitoring rules they must follow starting the very next working day.

*Oral Questions*

The minister had five years' warning that this was coming. Why did he wait until the very last day to saddle the industry with these new surprise rules and no time to comply, or is this just a prelude to an export tax?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, we decided to put softwood lumber on the export control list because we needed to have consistent national data in order to defend ourselves against American charges. This data will help producers in every province and region.

Lumber brokers are already available to issue permits. The Maritime Lumber Bureau has been well informed about it and we have been working very closely with it on that file.

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, on the contrary, the Maritime Lumber Bureau was caught completely off guard, as were all the softwood lumber mills in Atlantic Canada, by this surprise announcement.

Traditionally Atlantic Canada has been treated as a region, not province by province, in negotiations with the U.S. and other parts of Canada when it comes to softwood lumber. Will the minister once again treat Atlantic Canada as a region, not province by province or, again, is this a prelude to an export tax?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, this is absolutely not a prelude to an export tax. This is strictly to get consistent national data. Atlantic Canada is part of the country and we need to know all exports that are going to the United States in order to correctly fight charges of the United States.

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**THE ECONOMY**

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, last week we learned that Canadian productivity continued to lag over the past five years, coming in at half the level of the United States. This of course is reflected in a further decline in the Canadian dollar again today, which is trading near an all time low.

What is the Liberal response? No budget, no more tax relief and no real debt reduction.

When will the finance minister finally take action to restore value to our dollar and growth to our economy?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the hon. member's facts are simply wrong. Since 1997 Canada's productivity has been on the increase. It has been on the increase because of the measures taken by Canadian industry and by the government.

• (1450)

The fact is that if we look at the other statistics, whether it be personal disposable income or employment, in virtually all the indicators Canada is doing much better than the vast majority of other countries.

Are we being affected by the slowdown? Yes, we are, but we are in better shape to weather that slowdown than we have been in decades.

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, the minister's facts are wrong. Statistics Canada said last week that between 1996 and 2000 Canadian productivity growth was 1.4% compared to 2.8% in the United States, half as high.

Ten years ago the minister's seatmate said to Don Mazankowski:—will he . . .bring the value of the Canadian dollar down right now?

The Liberals finally got their wish. Since they have been in power the loonie has dropped its value by 25%. Today it is losing value against the Mexican currency becoming the new North American peso.

Given the finance minister agrees that the value of a currency is a reflection of our productivity, what does this say about the Canadian economy under his watch?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, it is incumbent upon opposition members to be somewhat consistent in their statements. I would like to quote from the *Edmonton Journal* dated June 17, 1998:

Provincial Treasurer Stockwell Day called the fall on the Canadian dollar—

**The Speaker:** Order, please. I think the Minister of Finance was referring to the Leader of the Opposition, and he knows he must do that by his title, not by name.

**Hon. Paul Martin:** Mr. Speaker, the provincial treasurer of the time, now the current Leader of the Opposition, called:

—the fall on the dollar good news for Alberta. . .it makes Alberta products more competitive on the U.S. market..it helps our manufacturing and export sector.

That was a quote from the Leader of the Opposition. What kind of question is that? Who is he trying to fool and why?

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

[*Translation*]

**The Speaker:** Order, please. We are wasting time. I know that there is a lot of encouragement from both sides of the House.

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**PRIME MINISTER**

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, the public, the newspapers, the polls and the observers are all faulting the Prime Minister on his lack of ethics.

The Ottawa *Citizen* summarizes the situation well by calling upon the Prime Minister to table all the documents or resign. The choice is up to him.

Is the Prime Minister going to finally face the fact that he must table all documents and call a public inquiry?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, once again, this has no connection with the real concerns of Quebecers. The hon. member is not asking any questions about softwood lumber, for instance, or the economy. She is asking farfetched questions.

Eighty-two percent of Canadians are calling for the opposition to move on to something else. Once again, however, the hon. member has broken her commitment to her parliamentary leader by asking this type of question.

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, I would like the Deputy Prime Minister to know that there have been at least 12 questions on softwood lumber so far.

The opposition parties and the editorial writers are not the only ones questioning the Prime Minister's ethical shortcomings. Gordon Robertson, former clerk of the Privy Council, who saw service under four Liberal PMs, says that the position of Prime Minister at this time is more like an elected dictatorship.

Is the government going to admit that Mr. Robertson is far from wrong, since the only one who can decide to initiate an inquiry into the Aubeige Grand-Mère affair is the Prime Minister?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the Prime Minister has no conflict of interest whatsoever. In my opinion, the Prime Minister is one of the greatest democrats in our entire country.

Once again, the hon. member had the opportunity to ask questions on matters of importance to her constituents. Once again, she has let the general public down. Why are there no questions on the real concerns of her constituents, of Quebecers in general, and of all Canadians?

\* \* \*

• (1455)

[English]

## MULTICULTURALISM

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, the United Nations' world conference on racism will be held in Johannesburg at the end of August. Guess who will represent Canada? It will be the disgraced minister of multiculturalism.

## Oral Questions

Why on earth would the Prime Minister allow her, of all people, to go to the world conference to represent Canadians?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. member is wrong. The disgrace is in his question. For example, the president of the Canadian Ethnocultural Council on March 29 issued a statement, which read, in part:

"The Secretary of State for Multiculturalism, has been and continues to be a strong advocate for anti-racism measures and a supporter for Multiculturalism in Canada. Under very challenging conditions she has persevered and advanced the ideals and principles of equality and justice, the fundamental principles of a Multicultural Canada" noted Mr. Hagopian. "It is necessary for all Canadians to reflect in the greater issue of tolerance and equality for all—

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, it is bad enough that the minister has smeared Prince George and Kamloops nationally in parliament and in the Canadian media, but now the Prime Minister is rewarding her by sending her to represent us at the world conference.

Why is the Prime Minister sending this disgraced minister to an international forum to embarrass us on the international stage?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. member is wrong. He is wrong in not accepting the minister's apology and her admission of making a mistake in this area a few weeks ago.

Why does he not accept the very insightful remarks of the president of the Ethnocultural Council when he said "It is necessary for all Canadians to reflect on the greater issue of tolerance and the equality for all", rather than dwell on specific unfortunate remarks?

The hon. minister has an outstanding record of fighting racism and discrimination, and she will represent Canada with honour and dignity at the conference.

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## FOREIGN AFFAIRS

**Mr. John McKay (Scarborough East, Lib.):** Mr. Speaker, I know that asking a relevant question is normally the purview of the official opposition. Given its fixation du jour, I thought I would be allowed to ask a question which is relevant to Canadians and to my constituents.

Sri Lanka has been in the grip of a bloody civil war for almost the past two decades. After years of mutual acrimony, the government of Sri Lanka and the Tamil tigers appear to be approaching a retrenchment primarily through the government of Norway.

In light of this, could the Secretary of State for Asia-Pacific tell the House Canada's policy with respect to this important peace initiative?

*Routine Proceedings*

**Hon. Rey Pagtakhan (Secretary of State (Asia-Pacific), Lib.):** Mr. Speaker, Canada believes that this war can only be brought to a peaceful end through a political settlement that satisfies the legitimate aspirations of all Sri Lankans and preserves their country's unity and territorial integrity.

Hence, Canada is encouraged by indications that formal peace talks being brokered by Norway may soon begin. Canada supports Norway's efforts and is willing to play an active role in the peace process upon invitation by both parties.

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**THE ENVIRONMENT**

**Mr. Bob Mills (Red Deer, Canadian Alliance):** Mr. Speaker, with the United States withdrawing from the Kyoto protocol, the government so far has not answered the question about its commitment to the protocol.

How does the government plan to reach the 6% CO<sub>2</sub> target and at what cost to Canadians.

**Hon. Ralph Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, the question is interesting because of the previous position taken by the Alliance Party, which has always been to oppose the Kyoto protocol.

Our view of the matter is that the international negotiations remain ongoing. Canada will play a very constructive role in those negotiations to try to achieve an international agreement that will work for Canada and for the world.

In the meantime, domestically we have already announced our action plan, which is \$1.1 billion that will take 65 megatons of carbon out of our atmosphere.

**Mr. Bob Mills (Red Deer, Canadian Alliance):** Mr. Speaker, partnership is the key to successful environmental programs. The fatal mistake that the government made in the negotiations of the Kyoto protocol was that it did not consult with the provinces, the industry and the Canadian people. They were not consulted and they were not listened to.

This time, before the government makes commitments to any international agreement on CO<sub>2</sub>, will it publicly consult all the stakeholders?

● (1500)

**Hon. Ralph Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, a federal-provincial-territorial process was conducted before the Kyoto protocol.

Since the Kyoto protocol, in complete collaboration with all the provinces, all the territories, all the municipalities, the private sector, the scientific community and environmental organizations,

we have had two years of consultation. Some 450 individual Canadians representing every aspect of Canadian life have been involved.

Based upon that we have a Canadian implementation strategy. We have business plan and we have invested \$1.1 billion to achieve the objective.

\* \* \*

[Translation]

**PRIME MINISTER**

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, 54% of the Liberals who were polled about the Prime Minister's behaviour in the Auberge Grand-Mère issue feel that an inquiry should be held.

Even members of his own caucus are wondering about the contradictions between the Prime Minister's statements and the documents, or between the Prime Minister's statements and those of Yvon Duhaime.

Is the government not concerned about the behaviour of its Prime Minister, and should it not put pressure on him to accept that light be shed on this issue?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Absolutely not, Mr. Speaker. There is no conflict of interest and the Prime Minister did table the documents requested by the Bloc and the other opposition parties.

Now, they are not prepared to make good on their commitment to accept these documents and move on to other issues.

Quebecers and Canadians are disappointed with the opposition, because it is not asking real questions about real issues. We in government are the ones working on problems and proposing real solutions.

**ROUTINE PROCEEDINGS**

[Translation]

**GOVERNMENT RESPONSE TO PETITION**

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to one petition.

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[English]

**COMMITTEES OF THE HOUSE**

## TRANSPORT AND GOVERNMENT OPERATIONS

**Mr. Ovid Jackson (Bruce—Grey—Owen Sound, Lib.):** Mr. Speaker, I have the honour of tabling, in both official languages,



the first report of the Standing Committee of Transport and Government Operations regarding the order of reference of February 21, 2001, in relation to Bill S-2, an act respecting marine liability, and to validate certain bylaws and regulations. The committee has considered Bill S-2 and reports the bill without amendment.

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## PETITIONS

### CANADA POST

**Ms. Judy Wasylcia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, I am honoured to table a petition signed by a number of Canadians who are concerned about the situation facing rural route mail couriers today.

● (1505)

The petitioners are concerned about the working conditions of mail couriers. They point out that these hard working individuals make less than minimum wage. They are not allowed to bargain collectively. Their working conditions are reminiscent of another era.

They call upon the government to repeal the section of the Canada Post Corporation Act which prohibits rural route mail couriers from having collective bargaining rights.

### NUCLEAR WEAPONS

**Ms. Anita Neville (Winnipeg South Centre, Lib.):** Mr. Speaker, I have the pleasure today to present a petition on behalf of many citizens of Manitoba, several of whom live in the riding of Winnipeg South Centre.

The undersigned residents of Canada draw the attention of the House to the fact that the Government of Canada may be asked to support the U.S. national missile defence program to be operated by the North American aerospace defence command.

The petitioners call upon parliament to play a leadership role in banning nuclear weapons in missile flight tests and to declare that Canada objects to the national missile defence program of the United States.

### HUMAN RIGHTS

**Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance):** Mr. Speaker, pursuant to Standing Order 36 I am proud to present this petition which is signed by numerous members of my constituency.

The undersigned appeal to the Parliament of Canada to strongly urge the—

**The Speaker:** Order, please. I am reluctant to interrupt the hon. member, but I am sure he knows it is not order to read petitions. He can give a brief summary. I would invite him to comply with the rules in every respect.

## Routine Proceedings

**Mr. James Moore:** Fair enough, Mr. Speaker. I am presenting this petition on behalf of a number of my constituents.

They are asking parliament to urge the government of China and its president, Jiang Zemin, to release Falun Dafa practitioners from jail and to encourage an open dialogue to allow them to practise their chosen faith in their chosen way through freedom of religion.

### OIL AND GAS EXPLORATION

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, it gives me great pleasure to rise in the House to present a petition from the good people of Nova Scotia who are very concerned about oil and gas exploration off the coast of Cape Breton.

They pray that parliament investigate the powers and the undemocratic actions of the unelected Canada-Nova Scotia Offshore Petroleum Board and the National Energy Board.

### POVERTY

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, it also gives me great pleasure to introduce a wonderful petition by my good constituents of Sheet Harbour and Port Dufferin, Nova Scotia.

They are very concerned about the rise of poverty in Canada. They would like the government to bring forth a budget that eliminates child poverty.

### HEALTH CARE

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I have another petition on the question of health care.

The petitioners of Victoria, British Columbia are very concerned about Alberta's bill 11 and the creeping privatization of health care in Canada. They pray that parliament will have some courage and will stop the privatization of health care.

### CANADA POST

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, workers at the North Sydney postal terminal are very concerned about the fact that many of their jobs will be transferred to New Brunswick.

The petitioners pray that parliament not close the North Sydney postal terminal.

### TRADE

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Finally, Mr. Speaker, on behalf of thousands of Canadians, I present two great petitions on their concerns that Canada will not be releasing the full text of the FTAA.

They pray that parliament ensures democracy will rule and that they will be able to see the FTAA text before it is tabled and seen by other countries.

*Government Orders*

## HEALTH CARE

**Mr. Jim Gouk (Kootenay—Boundary—Okanagan, Canadian Alliance):** Mr. Speaker, I have two petitions today. The first is from petitioners in British Columbia and Saskatchewan.

They join with thousands of other petitioners who have already petitioned the government to request the funding and training necessary for the provision of quality end of life care.

## MARITAL SEPARATION CODE

**Mr. Jim Gouk (Kootenay—Boundary—Okanagan, Canadian Alliance):** Mr. Speaker, my second petition today joins previous petitioners in calling upon parliament to implement a national strategy to create a non-adversarial marital separation code.

The object of the code would be to reduce tension and acrimony among the parties and particularly to protect the children involved.

## GENETICALLY MODIFIED ORGANISMS

**Mr. Andy Burton (Skeena, Canadian Alliance):** Mr. Speaker, I am pleased today to present a petition to the House signed by 1,300 British Columbians regarding their concern over genetically modified organisms.

\* \* \*

• (1510)

## QUESTIONS ON THE ORDER PAPER

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I ask that all questions be allowed to stand.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

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## REQUEST FOR EMERGENCY DEBATE

## FOOT AND MOUTH DISEASE

**The Speaker:** The Chair has notice of an application for emergency debate from the hon. member for Brandon—Souris.

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, under Standing Order 52 I have filed for an emergency debate regarding a very serious issue facing Canadians. This would be a non-partisan debate, Mr. Speaker, if you should be as forthcoming as to allow it. It has to do with the potential problems the country may face with respect to foot and mouth disease.

We have an \$11 billion livestock industry in Canada. We do not want this to be fearmongering. Nor do I wish it to be a partisan issue. I simply want a venue in which members of parliament can put forward precautionary measures that could and should be taken by all Canadians, not only by those in the industry. The measures could also be taken by tourists who come and go throughout the country and by people who import and export on a continuous basis.

I ask you, Mr. Speaker, and your office to please allow members of the House the opportunity to put forward the protective measures necessary for this terrible disease.

The minister of agriculture has today, with CFIA, put forward an advertising campaign. I applaud the CFIA and the department for allowing Canadians to have a better understanding of what we are dealing with. What better place for parliamentarians to debate the issue than in the House? That is why I ask you, Mr. Speaker, in the good graces of your office, to allow us to do so.

**The Speaker:** I thank the hon. member for Brandon—Souris for bringing the matter to the attention of the Chair. I have carefully considered his request and have decided to allow it. The debate will take place tomorrow night at 8 p.m. I trust hon. members will govern themselves accordingly.

## GOVERNMENT ORDERS

[English]

## FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

The House resumed consideration of the motion that Bill C-18, an act to amend the Federal-Provincial Fiscal Arrangements Act, be read the second time and referred to a committee.

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, it is a pleasure to discuss Bill C-18 regarding equalization from the federal government to the provinces. The bill, if passed, and I expect the government will be able to get its members into the House for an important vote like this one, would lift the cap off equalization payments for the year 2000-01. Quite simply, that is what the bill is about.

It is not a complicated piece of legislation. It deals specifically with an issue and certainly would be a help and a boon to the provinces that need increased equalization payments, especially in this fiscal year.

As we are debating this bill today we know that the four Atlantic premiers, including one of the only two Liberal premiers in the country, are meeting in Charlottetown to discuss equalization payments. Certainly what they are asking the government to do and what we are expecting they will ask the government to do is

*Government Orders*

permanently lift the cap on equalization. There are a number of reasons the government should seriously consider measures such as lifting the cap on a permanent basis.

The concept of providing effectively level taxation or similar levels of taxation and services across the country is perhaps the very cornerstone of Canadian social policy. That was said in the House not long ago by our finance critic, the member for Kings—Hants. I would like to state—

**Mr. John Herron:** The vice-chair of the finance committee is the member for Kings—Hants.

**Mr. Gerald Keddy:** He is the vice-chair of the finance committee. He went on to say:

As a reflection of this importance, equalization is the only transfer program that is actually enshrined in the Constitution act. The goal of equalization, of providing equality of opportunity across Canada, is extraordinarily important. We should also recognize that a goal of equalization should be to provide a ladder for provinces and individuals in those provinces, those recipient provinces, to rise from their status as recipient to the point that they can participate in the free market economy fully.

• (1515)

That is the nuts and bolts of the legislation. The equalization system should under no circumstance provide barriers or roadblocks to success for individuals and provinces as they try to bootstrap themselves into a more prosperous economy. The equalization system, as it is formulated, can create and encourage a continued roadblock to success for these provinces. That is perhaps the most fundamentally important issue in equalization which has not been addressed and which needs to be addressed.

The Conservative Party is concerned that the government, instead of debating the issue, discussing it over the past five years and trying to come up with an equalization plan that provides all regions of the countries with opportunities to succeed, continues with the same old tired policies that we need to revisit.

If we are ingenious about giving opportunities to recipient provinces and about eliminating barriers to success, it will take more than a few hours of debate in the House of Commons and some witnesses appearing before the finance committee.

We need a new visionary approach to equalization. We need a new equalization program that provides a ladder to success and not barriers to success as this one does. Our party believes that an equalization program is necessary and that we should continue to protect and encourage equalization as a tenet of Canadian social policy. We can make it better as parliamentarians.

There are a number of concerns from our provincial counterparts, especially those in Atlantic Canada. Many of these concerns are relative to natural gas revenues. Offshore natural gas and oil revenues for some of the provinces affected, be it Nova Scotia or Newfoundland, and the opportunities for Nova Scotians, New-

foundlanders or Atlantic Canadians to bootstrap themselves into some level of prosperity in the 21st century are largely contingent on these revenues.

We should be very careful not to create a clawback through changes in equalization. That is exactly what we have now, a clawback that effectively eliminates and reduces significantly the benefits being made by these provinces.

In the past governments made the mistake of trying to protect regions of the country from risks of the future. In so doing with social programming and reinvestment in times when the government is not able to do that, we can create a very dangerous precedent and a very dangerous set of political dynamics.

At no other time in the history of Canada has Nova Scotia been positioned as well on the doorstep to the future as it is now. In no other time since Newfoundland joined Confederation has it been positioned as well as it is now to enter the country as a full-fledged partner.

The vision of the federal government must do what it chose to do from 1957 to 1965 in the province of Alberta when it allowed that province to keep its equalization payments as well as its revenues. If we had a similar program in Atlantic Canada for five years, and if we allowed those provinces to keep their oil and gas revenues as well as their equalization payments, in a very short period of time they would be able to be contributors to Canadian equalization instead of drawing on Canadian equalization.

That is one instance. There are also other opportunities in these areas: the gas fields on Sable Island, the stepout wells that are being drilled this year, the deep water drilling that will be taking place on the east coast, the potential of the Laurentian sub-basin, the potential off Labrador, and the additional wells being drilled off Hibernia. Newfoundlanders, Nova Scotians, Prince Edward Islanders and New Brunswickers have their foot in the door of the future.

The government has to show the vision to open that door wider. We have had Premier John Hamm campaigning in Ottawa. He was in Alberta a few weeks ago on his so-called campaign for fairness.

• (1520)

This is not rocket science. This is simply saying that the province, taking Nova Scotia as an example, manages to keep only 19 cents of every dollar of offshore oil and gas revenues in Nova Scotia. The rest of the money, the other 81 cents, goes to the coffers and fattens the revenues of the federal government.

There is something absolutely and incredibly wrong with that. We should not have to discuss the fact that 81 cents go to the feds and that 19 cents go to Nova Scotia. This is not the scale of justice. It is not imbalance at all; it is completely out of whack.

When Nova Scotia and Newfoundland signed the offshore accords, the intent of those accords was to give undersea revenues

*Government Orders*

to the provinces that brought those revenues into Confederation. In 1867 when Nova Scotia joined Confederation, it brought with it those offshore revenues because it controlled those revenues. That became a net contributor to the economy and in the last 10 years it has been a huge contributor to the economy.

We have to find a way to ensure or enshrine, because the legislation is protected in the constitution, that some of that money goes back to the provinces from whence it came, whether from Alberta with revenues that come from underground, whether from Nova Scotia and Newfoundland with revenues that come from offshore, or from any other province in the country. There has to be some flexibility in the equalization system to accept varying and differing circumstances at different periods in our history. What we have now does not do that. We need some positive change and soon.

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, the member for South Shore talked about the fact that equalization or what Nova Scotia and Newfoundland are asking for is not rocket science. It is not rocket science when they are asking for something that no one else gets, that is preferential treatment.

We should go back to the original principles of equalization. The way equalization is supposed to work is that when a provincial government gets better off by a dollar its equalization goes down by a dollar. When its revenues decline its equalization increases.

In rare circumstances the federal government has reached some accommodations with certain provinces that departs from this. It happened with Quebec for asbestos, Saskatchewan for potash, and Nova Scotia and Newfoundland through special accords. Nova Scotia and Newfoundland are allowed to keep 30 cents on the dollar or more from revenues raised from offshore oil and gas.

It was in the 1980s that the governments of Nova Scotia and Canada discussed the ownership of offshore resources. Both governments agreed that Nova Scotia should be allowed to tax offshore resources as if it owns them.

The member for South Shore talks about the offshore accord. Has he skimmed through it and does he realize that once triggered Nova Scotia is able to shelter about 90% of offshore revenues against equalization? That comes down over 10 years or until it is clawed back. However the equalization was never meant to provide an ongoing benefit. It is meant to be a transfer from the so-called have provinces to the have not provinces.

If oil and gas revenues from Alberta were also excluded, we might be paying equalization to Alberta. How would the member for South Shore feel about that?

**Mr. Gerald Keddy:** Mr. Speaker, I have read the Canada-Nova Scotia offshore accord and it is obvious to me that the member has

not. He should pick it up and take a real good hard look at it because the accord states that the bulk of the revenues coming from the offshore should go to the province involved, either Nova Scotia or Newfoundland.

• (1525)

The separate side deal was for the Hibernia project. Newfoundland got to keep 25% of its revenues because of the cost of bringing the project on stream. It was a huge cost and some of the technology developed for Hibernia was the first time that it had ever been used anywhere on the planet.

The member's other question is really ludicrous. The principle of equalization is that when a province makes a dollar the federal government will claw it back. That is why we are standing on our feet today discussing the issue. That is what is not working.

If we read the history books and take a look at what happened between 1957 and 1965 we find that Alberta kept its equalization payments. Why not? It allowed the province the opportunity to build its infrastructure, to dig itself out of the hole that it was in and to climb up the ladder of opportunity.

We are saying all the provinces should be allowed to do that. It would not be forever. We cannot expect to implement it forever. The provinces should be given an opportunity to climb out of the hole and to get on top of their debts instead of looking up at them. They should be able to bring in the revenues they richly deserve.

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, with reference to the comments made by the Parliamentary Secretary to the Minister of Finance, I note that it was his own Minister of Industry who as premier of Newfoundland said that the government should seriously consider allowing provinces for a period of time not to be penalized through the welfare trap by withholding equalization payments pursuant to growth through non-renewable resource revenues.

I would like to follow up the remarks made by member for South Shore. At the outset they confused me. He said that he was in favour of lifting the ceiling on equalization altogether. That was not a position taken by his finance critic during his opening remarks on the bill. Lifting the ceiling on equalization is a matter entirely different from the substance of his remarks related to non-renewable resource revenues.

If the member wants to lift the ceiling on equalization, the federal government will ask that the floor be dropped, which protects the provinces on the other side. He is treading into very dangerous waters. I encourage him to focus on allowing provinces more flexibility with respect to resource revenues than completely changing the system. We might as well throw the formula out if he lifts the ceiling, as the floor will go and the provinces will suffer.

*Government Orders*

**Mr. Gerald Keddy:** Mr. Speaker, I recognize the member's very good comment. We need a ceiling and a floor. The four Atlantic premiers are meeting in Charlottetown as we debate the bill. They are looking at the caps on equalization.

A press release is expected from them by 3 p.m. Atlantic time. I will let them speak for themselves because it is always dangerous to speak for someone else. However it is expected that they will be asking for the caps to be removed in some fashion.

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**PRIVILEGE**

## CANADIAN HUMAN RIGHTS COMMISSION REPORT—SPEAKER'S RULING

**The Acting Speaker (Mr. Bélair):** Before I go to the next speaker I want to rule on a point of order raised by the hon. member for St. Albert last week.

On March 29, 2001, the 2000 annual report of the Canadian Human Rights Commission was tabled in the House of Commons. At that time the hon. member for St. Albert raised a point of order concerning the fact that copies of the report were not available for distribution, contrary to the usual practice for tabled documents.

[*Translation*]

I made a commitment to review the situation and report back to the House.

[*English*]

I understand that copies of the report were in fact available for distribution. However the copies of the CHRC report were packed in boxes under a second report from the commission, a report on employment equity. Employees looking for the annual reports could not immediately find them. Only after checking back with the commission did we learn about the packaging of the two reports and find the errant copies of the annual report. These were then immediately made available to members.

I apologize to hon. members for any inconvenience caused by the confusion that resulted from the simultaneous delivery of the two reports. Members will be pleased to learn that steps have been taken to avoid such a situation in the future.

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● (1530)

**FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT**

The House resumed consideration of the motion that Bill C-18, an act to amend the Federal-Provincial Fiscal Arrangements Act, be read the second time and referred to a committee.

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, it is good to have an opportunity to participate in this debate on Bill C-18, which really goes to the heart of what we as New Democrats have been trying to do in the House and what so many Canadians are concerned about.

It was interesting to hear the comments of the Parliamentary Secretary to the Minister of Finance. I want to register concern about his suggestion that opposition attempts to lift the ceiling on equalization and to eliminate the cap are in any way, shape or form preferential treatment for one province over another. His comments do a great disservice to a fundamental concept, a philosophical instrument, that has been very much a part of the history of this country in shaping it into what it is today.

I am not sure what the parliamentary secretary's main point was in raising his question on the Conservative member's comments around lifting the ceiling, but it strikes me that what we are hearing from both the Liberals and the Alliance in this debate is a fundamental questioning of a principle grounded in the notion of equality. Surely that is what the debate should focus on. That is why it is so important for the government to hear and to act upon the recommendation, which is not just to lift the cap for the fiscal year 1999-2000 but to in fact lift it permanently.

Many of my colleagues in the New Democratic Party have said very eloquently how important equalization is as a principle in the country. It has been said to hon. members in the House that equalization is not only a moral principle but a constitutional principle. In this debate, we are asking the question: if something is a moral principle, is it not in fact morally reprehensible to disband the concept entirely? Is it not morally wrong to remove or to erode a program that has been fundamental to the notion of equality in this country? If it is, as my colleagues have said, a constitutional principle, is the government not wrong not to address the error of its ways when it so arbitrarily put a cap on equalization in the past, and is the government now not wrong not to act to remove it forever?

That is the point of our submission throughout this debate. We very much believe that equalization is there for a reason. It has been part of our history for a long time in order to ensure some measure of equality among all regions in the country. It is in the constitution for a reason. It has been part of our tradition as a nation in terms of building links from one end of the country to the other.

It is our view that it was wrong on the part of the Liberals to implement this cap on equalization in the first place and that it is wrong of the government at this moment not to lift it permanently. Obviously it is a small step in the right direction to lift the ceiling on equalization for one fiscal year. That is a tiny step. It is an improvement. It deals with some of the concerns that have been raised. However, today is an opportune time and this parliament is an opportune moment for the government to put back in its entirety

*Government Orders*

the full equalization program, without its limitations, without its ceilings, without its caps.

It is interesting to hear such clear support from the Conservative member, the hon. member for South Shore, for lifting the ceiling on equalization on a permanent basis. We appreciate that support and that position. However, it is important to point out that in many ways today we are in this dilemma of trying to address and correct a major assault on social policy in the country because of Conservative policies then and Liberal policies now.

• (1535)

I do not think we should let this moment pass without remembering just what kind of damage has been caused to the social fabric of the nation as a result of the Mulroney Conservatives and now the Liberal government which has followed so steadfastly not only in implementing but in adhering to and accelerating the Mulroney Conservative agenda. It is worthwhile to point out that we are really talking about a decade or more of Conservative and Liberal cuts to social programs, a very deliberate assault on our social policies, which is causing such serious ramifications today and around which we are trying to regroup to redress the errors of the past caused by these governments.

It would be fair of us who have been working so hard on these issues for more than a decade in terms of the right wing agenda of both the Conservatives and the Liberals, at least from the New Democratic Party's point of view, to draw the attention of the House to the consecutive cuts and the slashing of programs over the last while, starting with Brian Mulroney and the Conservatives.

Let us not forget that it was under the Conservatives that a cap on the Canada assistance plan was first introduced. Let us not forget that the Mulroney Conservatives used three consecutive acts to amend fiscal legislation in the country, putting funding for education and health on very shaky ground. It was under those steps taken by the Mulroney Conservatives that the country faced the threat of seeing cash for health care and education entirely dry up.

Under the Conservatives, the changes to the established programs financing formula restricted growth in the formula and made it such that given the combination between cash and tax points, cash for health care and education would dry up in at least one province by this year, right at this very moment as we are speaking in the House today.

Incredible damage was done to our social policies, which had to be corrected. Unfortunately, the Liberals came into office in 1993 and by and large continued with that kind of slashing and hacking at our social policies and at our important health, education and social assistance programs. Let us not forget, in fact, that the

Liberals promised in the 1993 election campaign to redress those egregious errors and those horrific cuts of the Conservative government. Instead, they very much perpetuated that direction.

We had hoped that the Liberals, once back in power, would lift the cap on CAP and would put back into the formula for health and education arrangements in order to allow for growth in the transfers to provinces, so that our provincial jurisdictions could keep up with the growing threats to the preservation of health care because of demands, needs and changes in the system.

Instead, as my colleague from Winnipeg Centre pointed out earlier, the Liberal government proceeded to make the most regressive social policy change in the history of the country. It took the single biggest bite out of financing and cash transfers for health and education that we had ever seen in the history of medicare.

Enormous damage was done by the Conservatives and it was perpetuated by the Liberals. Today we are trying to catch up. We are trying to address the fact our medicare system, our public post-secondary education system and our equalization program, the programs that are pride of our country, were dealt enormous damage and are on very shaky ground in terms of meeting the needs of Canadians. In fact, they are failing to do precisely what they were intended to do, which was to ensure that all people in the country, regardless of where they live or what community they are from, regardless of their income, their cultural background or their ethnocultural heritage, are able to access those programs that are considered to be fundamental rights and fundamentally part of what it means to be a citizen in the country today.

• (1540)

The Liberal approach has been very much a band-aid one in the last number of years. We hear a lot of rhetoric about trying to patch up the system, trying to move forward based on the resources available and trying to do things in a balanced and responsible way. However, the band-aids are so small and the approach is so ad hoc that we are not able to put a stop to the bleeding and actually start to build again for the future.

For example, I think of all the rhetoric and the great fanfare from the government around money that it claims to have put back into transfer payments. In the February 1999 budget the government made a great deal of the millions of dollars being put back. In fact, it turned out to be two cents for health care for every dollar in tax cuts. Then of course last fall as we tried to convince the government to take its responsibility seriously, the answer was an supposed additional massive influx of money through the federal-provincial agreement in the September accord. That turned out to be enough money to get us back to 1994 levels.

*Government Orders*

This is hardly the kind of strategy and leadership that one would expect if medicare was so central to who we are as a country and if our social programs were so fundamental to the very definition of what it means to be Canadian. The parliamentary secretary does a disservice to the definition of equalization when he talks in terms of preferential treatment. Probably the accurate definition of equalization is as my colleague, the hon. member for Winnipeg—Transcona put it: to ensure a comparable level of public services in the country. Regardless of the fiscal capacities of the province, regardless of the wealth each province is able to generate based on natural resources and other economic advantages, no one region should be able to have greater benefits.

It would be fair to define equalization as something that was instituted in order to allow provinces with lower fiscal capacities to fund health, education and other provincial programs at tax rates comparable to those in more affluent provinces. That is certainly the understanding of provincial governments. That is certainly the understanding of the government in the province I come from.

In fact, I just quoted from a letter from the minister of finance from the province of Manitoba. The parliamentary secretary may very well be aware of a very detailed letter from that province. I am sure he has received similar presentations from other provincial finance ministers, who are all concerned about the way in which this government has failed to address the concerns that provinces brought to the table and also concerned about the failure of the government to live up to the Prime Minister's words and the commitment he made in September 2000. In fact, the finance ministers in all of our provincial and territorial governments are very mindful of those words and hopeful because of the wording that was agreed to in the communiqué around the September accord.

I would like to quote a sentence from that communiqué because it shows just how much people and the provinces feel they have been let down by the bill before us today, Bill C-18, and by the failure of the government to restore the equalization program on an ongoing basis and to lift the ceiling on equalization on a permanent basis. That communiqué states:

First Ministers raised the issue of Equalization. The Minister of Finance will examine this issue further after consultation with provincial Ministers of Finance. While final revisions for Equalization purposes for the fiscal year 1999/2000 likely will not be known until October 2002, the Prime Minister agreed to take the necessary steps to ensure that no ceiling will apply to the 1999/2000 fiscal year. Thereafter, the established Equalization formula will apply, which allows the program to grow up to the rate of growth of GDP.

● (1545)

The provinces believed from that communiqué that the ceiling on equalization payments would be lifted for the year 1999-2000,

as specified in the bill, but they also expected the Prime Minister to actively pursue an extension to that lifting of the freeze for at least another fiscal year. They also expected to see the Prime Minister and the government address their concerns for a growth factor in the formula so that there would be some way for less affluent provinces to keep pace with the needs and demands on their systems.

As an example, I will outline the kind of impact this would have for a province like Manitoba. Manitoba is a wonderful province with great potential but it is not one of the most affluent provinces. It depends very much on the federal government's fairness and commitment to ensuring that cash transfers meet the growing needs in the fields of health and education. It is a province that depends heavily on the federal government to be firmly committed to the notion of equalization.

In a letter to the government, the province of Manitoba pointed out that its potential cost for 2000-01, given the government's failure to lift the cap for that year, was about \$100 million. Application of the ceiling to 2000-01 equalization entitlements may actually result in lower payments than for 1999-2000, despite a significant increase in entitlement as generated by the formula.

The minister of finance for the province of Manitoba, Mr. Greg Selinger, goes on to make a very important case to the federal government for lifting the ceiling on equalization for at least another year and for the government to look seriously at the need to fully restore the program as it was originally intended.

The most important message we can bring to the House today, in hopes of shaking up the government and persuading it to amend the legislation while it has a chance, is to appeal again to the sense of what it means to be Canadian, what is a part of our identity and what is very much central to any notion of national unity in the country today. I do not think I need to repeat this as many members have said it so eloquently. It is our notion of equality between regions and between all people in the country.

What we bring to the debate is the notion based on an old cliché "from each according to his ability to each according to his need". That is the essence of the debate. We are looking at ways to ensure that the wealth of regions can be shared equally across the country and that everyone has access to decent public service, universal health care, education, decent housing, clean water and clean air to breathe. Those are basics. That is the role of the federal government. That is why we have the equalization program.

I appeal to the parliamentary secretary, who I know has been listening intently throughout the debate, to find a way to amend the bill or to accept our amendment before pushing it through. The government has the fiscal flexibility today to do that.

I hear the rhetoric time and time again. It is now time for the government to show what it means to put its money where its

*Government Orders*

mouth is and lift the ceiling on the equalization program for not only this fiscal year, which is referenced in the bill, but for the next fiscal year, and to look at it as a permanent feature of our system.

As has been noted so many times in the debate, it is a moral principle, is it not? If it is, how can we in any sense of the word dismantle a concept that is about equality and about achieving that kind of adherence to that kind of moral principle?

If it is a constitutional principle, how in any way can we justify that there should be a cap on a constitutional principle? How can we justify a cap on morality? How can we justify a ceiling on equality?

I appeal to the government to amend the bill and to act in the best interests of all Canadians.

• (1550)

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, I enjoyed the speech from the member for Winnipeg North Centre. I thank her for raising many very important and very relevant themes as they affect the province that we share, the province of Manitoba.

I also thank her for reminding the House of Commons of the many shortcomings of the Mulroney Tory government. Sometimes I think people forget that a lot of the negative trends that we are seeing lately and that we are actively fighting against found their origins in the philosophy of the Mulroney Tories.

What is hard to imagine today is that even though the Mulroney years were cruel, heartless, callous and meanspirited, many of us look back fondly at those times because compared to the Liberal government today, those times seem benevolent by comparison. The Liberals have taken those trends farther than Mulroney ever had the guts to do. Even though he warned us that we would not recognize the country when he was through with it, frankly, after seven years of Liberal government, we are starting to realize that we do not recognize the very country that we are so proud of building.

Would the hon. member elaborate a little bit more on the equalization formula in the year following? We all understand that relieving the cap for the year 1999-2000 is based on the demands of the various first ministers and ministers of finance as they met over the years. However, the reinstatement of the cap in the year following, which, as I understand from the hon. member's speech, could be at a rate lower than it was before and would give us a one year holiday on the cap, may in fact end up being a lower cap than it was originally. In other words, we are going backward on this

idea of greater equalization. That is the first thing I would like her to comment on.

Second, would the member speak about the clawback ideas? Is it not true that if we allowed some of the have not provinces to keep the increased revenue that they might have instead of losing dollar for dollar, they may climb out of the trap that they are in now, relying on equalization solely?

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, I appreciate the comments from the MP whose riding is next to mine in Winnipeg and where we share many of the same concerns. These are two constituencies where poverty is at a very high rate and where people have felt the impact in real, human, hurtful terms of a decade of Liberal and Conservative cuts.

It is important for us to remember, not just what the Liberals have done in the last seven years but what the Conservatives did leading up to that. Probably the best description of that came from an article by Daniel Drache and Meric Gertler who, in describing and summarizing the Conservative's policies, which fit with those of the Liberals, said:

No area of government policy has been spared. Across a broad front that includes not only trade but regional development, tax and fiscal policies, old age pensions, family allowance, labour market policy, social income programs, and collective bargaining, the government has moved persistently and systematically to reshape the institutional and legislative character of Canada. Its strategy is to water down Canadian redistributive programs so as to make them equivalent to the lowest common denominator, and to cut the direct and indirect labour costs to business.

I think that sums up both the Mulroney Conservative agenda and the Liberals today. We have been dealt one blow after another by this government and I think the assault on our social programs has to end.

The question pertaining to the impact of the failure to lift the ceiling for the next fiscal year on a province like Manitoba is a very good one and it is a serious problem. I have indicated the impact it will have based on a letter from the Manitoba minister of finance. He clearly indicated that with this kind of approach by the government, Manitoba would be worse off than if the government had just left well enough alone.

In his letter, the minister of finance for Manitoba said:

I would respectfully suggest that the removal of the ceiling—especially for 2000/01—does not appear to be an issue of affordability for your government.

Recently, your Department issued a press release, which stated that the federal government would have a surplus in 2000/01 of at least \$10 billion. The revenue revisions that would result in the ceiling being triggered would almost certainly imply that federal revenue is substantially higher than your current official projections.



*Government Orders*

• (1555)

The case has been made by provincial governments for fiscal affordability in terms of lifting the ceiling on equalization. The case has been made by provinces like Manitoba about the very serious impact that would occur if the government does not act. The fact that the government of Manitoba, like other have not provinces, would see a tremendous hardship in meeting its needs without a lift on the equalization ceiling should be enough for the government to act. That is the only reasonable approach.

I would hope that if the parliamentary secretary has not thoroughly read this correspondence from Manitoba he will do so and give us his comments and his feedback.

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I listened carefully to the comments by the member for Winnipeg North Centre. In looking at the federal transfers to Manitoba, a one year removal of the ceiling on equalization payments was agreed to at the first ministers' conference. Because of the pressures on equalization payments, the Prime Minister agreed to lift the ceiling for the year 2000. After that, it would be based on growth in GDP year by year. It will go back to the original year so we will not know what the equalization will be for another year or two once all the numbers are in.

By lifting the ceiling on equalization payments, Manitoba would receive a further \$76 million, which would be the second highest increase in equalization payments to Manitoba. In fact, if we look at total federal transfers to Manitoba for the year 2000-01 it would be \$2.3 billion. That would account for approximately 35% of Manitoba's estimated revenues. Canadians are doing a pretty good job in terms of recognizing Manitoba's needs.

The member is quite right when she says that equalization is meant to ensure that there is equality in services and programs across Canada notwithstanding where one lives in Canada. It is not an exact science but that is the intent. When provinces have offshore revenues, the idea is to allow them to take advantage of some of those revenues but over time to bring them back to the intent of the equalization program.

I wonder if the member knows about the impact on Manitoba as a result of lifting the ceiling and about how that is good news for Manitoba.

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, we again see the failure of members of the Liberal government to recognize the kind of damage their policies have done to provinces like Manitoba over the last seven years.

It is true that there has been some reinjection of funds through cash transfers and equalization by lifting the ceiling for one year,

but the amount that flows to a province like Manitoba and the benefit to less affluent provinces still falls short and hardly makes up for what was taken out of the system. We are still dealing with an enormous shortfall and without the resources to counter the growing demand on the system and changes in the health and education fields that require a much more balanced and involved approach by the federal government.

It is true that finance officials from all provinces thought that lifting the freeze for one year would provide ample room to accommodate entitlements over the present renewal period. However, further work and recent estimates have proven these projections to be incorrect. The current estimate of equalization entitlements for the 1999-2000 fiscal year, the very first year of the new arrangement, exceeds the ceiling by close to \$800 million.

• (1600)

The Manitoba government goes on to indicate the impact on Manitoba. If I had more time I would love to read into the record every detail of the letter. Suffice it to say, the new estimates show that the changes will not meet the demand and that there is a real need on the part of provinces to extend the ceiling on equalization.

[*Translation*]

**The Acting Speaker (Mr. Bélair):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Mr. Bélair):** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Mr. Bélair):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Mr. Bélair):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Mr. Bélair):** In my opinion the nays have it.

*And more than five members having risen:*

**The Acting Speaker (Mr. Bélair):** Call in the members.

*And the bells having rung:*

**The Acting Speaker (Mr. Bélair):** The division on the motion stands deferred until 6.30 p.m. tonight.

*Government Orders**[English]***BUDGET IMPLEMENTATION ACT, 1997**

**Hon. Jane Stewart (for the Minister of Finance)** moved that Bill C-17, an act to amend the Budget Implementation Act, 1997 and the Financial Administration Act, be read the second time and referred to a committee.

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I am delighted to have the opportunity to speak today at second reading of Bill C-17.

The bill amends the Budget Implementation Act, 1997, by providing funding increases for the Canada foundation for innovation. It also contains amendments to the Financial Administration Act relating to the Canada Pension Plan Investment Board and the borrowing power of federal departments.

I will begin my remarks by discussing the additional funding for the Canada foundation for innovation. I had planned to talk about the history of the Canada foundation for innovation but I think members in the House are familiar with the story. With the bill, funding for the foundation will rise to \$3.15 billion. That demonstrates the government's commitment to fostering a knowledge based economy and a climate of innovation.

I will move to the specific measures of the bill which pertain to the CFI and I will explain the funding provisions in detail.

• (1605)

The \$500 million announced last October will be invested in two ways. First, \$400 million will allow the foundation to contribute to the operating costs of new awards. Second, \$100 million will help support the participation of Canadian researchers in leading edge international research projects and facilities that offer significant research benefits to Canada.

The recent announcement of an additional \$750 million for the CFI will build on that funding by providing additional stability to universities as they plan their future research priorities. At the time of the announcement the finance minister said:

Giving the knowledge economy of the 21st century a preferred home in Canada will lead to higher incomes, better jobs and increased opportunities for all Canadians.

In addition to establishing the Canada foundation for innovation with a series of funding initiatives that now total \$3.15 billion the government has implemented other funding initiatives for research over the past four years.

The initiatives include: one of the most generous R and D tax regimes in the world; increased funding to the granting councils, including the creation of the Canadian institutes for health research, to maximize the advantage Canada enjoys in medical research; funding of \$900 million over five years for the Canada

research chairs program which would establish 2,000 research chairs at Canadian universities; increased funding for the network of centres of excellence; funding of \$300 million for Genome Canada; the sustainable development technology fund; and a Canadian foundation for climate and atmospheric sciences.

*[Translation]*

As announced in the Speech from the Throne in January, the government is committed to at least doubling its current federal investment in R and D by 2010.

*[English]*

The Speech from the Throne also specified that during its mandate the government intends to increase investment in granting councils, accelerate Canada's ability to commercialize research discoveries and turn them into new products and services, and pursue a global strategy for Canadian science and technology so that Canada can be at the forefront of collaborative international research.

Increased funding for the Canada foundation for innovation, CFI, is not the only component of the bill. Bill C-17 also contains amendments to the Financial Administration Act which I will now discuss briefly.

I should first explain that the financial administration of the Government of Canada, the establishment and maintenance of its accounts and the control of crown corporations all fall under the purview of the Financial Administration Act, the FAA.

*[Translation]*

In addition, the Financial Administration Act sets out the statutory framework under which the government can borrow money. The Minister of Finance needs authorization from parliament through borrowing authority acts before the government can borrow new money. Authority to refinance maturing debt is contained in the Financial Administration Act. The finance minister is also responsible for debt management under the Financial Administration Act.

*[English]*

The first FAA amendment in the bill concerns the Canada Pension Plan Investment Board. When the Canadian Wheat Board Act was amended in 1998, the Canada Pension Plan Investment Board was inadvertently deleted from subsection 85(1) of the Financial Administration Act.

The error meant that legally the Canada Pension Plan Investment Board was subject to various crown corporation control provisions under the FAA which put it in conflict with its own mandate. Clearly that was not intended. Bill C-17 rectifies the situation.

*Government Orders*

The Canada Pension Plan Investment Board will again be included in the list of crown corporations exempt from part X of the Financial Administration Act. The change will be retroactive to December 1998 to ensure that the Canada Pension Plan Investment Board has always operated within the laws of Canada.

The second amendment reinforces the authority of parliament over any borrowing by or on behalf of the crown. It also strengthens the role of the Minister of Finance in ensuring the appropriate management of government indebtedness.

• (1610)

The amendment provides for greater certainty that it is parliament that specifically authorizes borrowings made on behalf of Canada. Bill C-17 ensures that all borrowings, not just money but instruments like capital leases, are covered under section 43 of the Financial Administration Act and are subject to supervision by the Minister of Finance.

In closing I will summarize. The amendments to the Financial Administration Act are designed to improve the operation of the act.

[*Translation*]

The changes to the Budget Implementation Act, 1997, to provide additional funding to the Canada Foundation for Innovation and extend its activities are consistent with the government's commitment to at least doubling its current investment in R and D by 2010.

[*English*]

The Canada foundation for innovation is about looking forward. It is about education and investing in the future. In other words, it is making a down payment today for a much greater reward tomorrow. Let me quote the Minister of Finance when he spoke on October 18. He stated:

—success in the new economy will not be determined by technology alone, but by creating an environment of excellence in which Canadians can take advantage of their talents, their skills and their ideas.

The Canada foundation for innovation and its successes reflect the minister's sentiments. The CFI deserves this increased funding so that it can continue to promote research in Canada and inspire young Canadian researchers, thus contributing to the environment of excellence.

[*Translation*]

I am confident that hon. members from all sides of this House will agree that investing in education, research and innovation is the most significant investment Canadians can make to foster future success.

[*English*]

Clearly the government is on the right track. I encourage hon. members to give this legislation their full support.

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, I am pleased to rise on behalf of the official opposition in the debate on Bill C-17. I thank the parliamentary secretary for mercifully abbreviating his remarks.

I will say at the outset that the bill, as the parliamentary secretary has indicated, deals with amendments to two statutes. One deals with funding for the Canada foundation for innovation and the other deals with amendments to the Financial Administration Act, the FAA. Neither are related, but the government has decided to parcel them together in the one bill. Both elements of the bill are evidence of how the government approaches legislation in an inappropriate fashion.

Let me address the bill as it concerns the Canada foundation for innovation. It proposes to give statutory authority to an announcement already made by the Minister of Industry to increase funding to the CFI by some \$750 million.

I think many of my colleagues will share this sentiment: I find it troublesome, to say the least, that parliament is constantly putting forth legislation to authorize spending that has already been announced as a fait accompli by the government, in this case by the Minister of Industry.

Rather than coming before the House of Commons to seek the authority of parliament before making public and political commitments, the government ignores the ancient prerogatives of parliament and abuses its executive authority. It makes announcements outside this place and then later comes along to say it needs parliament's approval. After 900 years of parliamentary struggle to give representatives of the House of Commons the power to scrutinize, reject or authorize the spending plans of the crown, this is what we are facing. This is just part of an endless pattern of the centralization of power, the abuse of power and the contempt of parliament, not just by this Liberal government, but its predecessor governments, that increasingly diminishes the prerogatives of this place to authorize spending.

• (1615)

The government might say that it knows for sure that it will get these things passed anyway. How does it know that? The last vote which I was at in this place the government lost. We cannot be certain that announcements made by the Minister of Industry will end up as authorized appropriations by this parliament. There is no certainty in that. To assume otherwise is to exercise a great degree of arrogance.

Also I found it troublesome that the Minister of Industry, that very thoughtful, reflective gentleman and that great contributor to public policy debate in this country, announced this. The Minister of Industry, that great friend of industry, through the Voisey's Bay debacle acted like the dictator of a banana republic by telling a private company that it could not, after having received all regulatory authorization, benefit from its private investment in a major capital investment in his own province. It is an embarrassment that he is the Minister of Industry.

*Government Orders*

When the minister stood up about a month ago and made this announcement of \$750 million for the Canada foundation for innovation, he did so in a context that was completely without any reference in the federal so-called mini budget, the finance minister's political statement of last October and in lieu of a conventional spring budget. He announced nearly \$1 billion in new public spending without any broader fiscal context.

We find this troublesome. The fact that he did so at the very end of the fiscal year, which ended this past week, is part of the pattern of spend it or lose budgeting, or March madness, of which this government is a brilliant practitioner. Departments know if they do not fully exhaust money which is on the table or which is available in a given fiscal year, it will be returned and will not be available to them to spend in future years.

The government tells us that this \$750 million, and I look forward to questioning representatives of the ministry at committee on this point, will be spent over the duration of something like 10 years. I asked officials in a briefing whether the \$750 million would be spent in 10 years. They said "No, something like 10 years". What does that mean? It is nearly a billion dollars of tax money and the government is not even sure over what duration this will be rolled out.

One thing is for sure. The government wants to book it all in this current fiscal year as part of the well established practice, which has been much criticized by the auditor general, of trying to diminish the size of the surplus in any given fiscal year for political reasons. Then the government can turn around and tell taxpayers that it is sorry it cannot afford to give more real, meaningful tax relief because the surpluses are just not big enough. Year after year we hear this sad story, precisely because the surpluses have been overwhelmingly consumed by huge spending projects and the March madness represented by the announcement which found its way into the bill.

Major spending commitments ought to come before this place in a budget speech in parliament before they are announced by a hyperpolitical minister, like the minister responsible for industry. They ought to be authorized by this place in the context of an overall, long term fiscal plan.

Many private sector economists are agreeing with the official opposition in its assessment that the government's spending program is out of control. Its spending this year will be \$35 billion higher than it was projected to be the year before last. That is discretionary spending. That does not include things like the increases for CHST. Spending is out of control.

• (1620)

We see that Canada is headed into choppy economic waters. Growth projections for the current calendar year have been on

average cut in half from where they were when the minister's political statement came out in October. At that time he projected a 3.5% growth. We are now looking at an estimated growth of something like 1.5% to 2% this year. That will clearly have an impact on government revenues.

Many economists suggest that in the second quarter of the year, which we are now entering, there will actually be a flat, if not negative growth in Canada. We have a dollar which is teetering on the brink of a near record historic low, having lost 25% of its value under the tenure of the government. Our dollar is now declining against that famed currency, the Mexican peso. The government's reaction is "don't worry, be happy" and that it does not need to bring forward a budget, as is the convention in the House, this spring or even next fall. When the Prime Minister decides by fiat that he is going to deign to come before parliament with a budget he will do so and not before then, notwithstanding that the entire economic landscape has changed dramatically since this government's political statement in October.

Instead of coming before us with a framework to control spending in light of these new realities what does the government do? It presents piecemeal major new spending programs which have not been accounted for in the overall fiscal framework and which have no recognition of the new economic circumstances in which we find ourselves, through the nearly \$750 million proposed in the budget.

While we have great consternation about the manner in which this is handled, the amount of spending and the lack of a budgetary authority for it, the official opposition does in principle support the policy objectives of the Canada foundation for innovation. We believe that Canada needs to greater investment in both the public and private sectors in research and development, particularly with respect to hard applied sciences. We have long been an advocate of this kind of policy.

It has been widely remarked that Canada's expenditures and investments in research and development are significantly lower than the average in the OECD and the G-7. This is something we need to correct. Toward that end the Canadian Alliance policy states:

We will appoint a Senior Advisor on Technology with private sector technology experience to report directly to the Prime Minister. We will bring the best ideas in business, government, and universities together to facilitate the transition to the new economy and position Canada as a global leader. We will increase support to Canada's research granting councils and appoint a chief scientist of Canada to co-ordinate science activities in all government departments and ensure that science, not politics, prevails.

We also committed further to that in our election platform an increase in funding for research and development to the various granting councils of some \$500 million, an amount far exceeded by the bill before us today. While we believe it is important that both the public and private sectors invest more in R and D, we think that

must happen within the context of fiscal responsibility. That means every dollar must be watched with great care.

Another concern that my colleague, the member for Calgary Southwest and critic for science and technology for the Alliance, raised was the manner in which these public moneys were allocated through granting councils, such as the CFI. He interrogated the Minister of Industry on this point at the industry committee, that the government had no clear and impartial framework for granting moneys out of foundations such as the CFI. Also, there was no clear certainty that grants would be done in a completely non-political way and strictly on their merits, as pointed out by the auditor general.

• (1625)

There is no proper reporting on the administration of the grants at research institutes and universities, nor does parliament get proper feed back on the results so we can see what bang taxpayers are getting for their buck.

These are all things that need to be changed. The government constantly comes before parliament or its committees with new ideas about spending on science, technology, research or development. There is a proposal now for major new funding for astronomy. There are various other projects on the table, all which have been dealt with in a piecemeal fashion.

We in the official opposition, and I think my colleague from Calgary Southwest will later speak to in this bill, believe there is a need for a broader framework for funding of science, technology, research and development rather than the kind of political piecemeal approach which we have before us in this bill.

Let me turn my attention to the second section of the bill with respect to the legislation affecting the Canada pension plan investment board and its adherence to the Financial Administration Act.

I find it quite humorous because there are two things that happen in the bill. First, clauses 4 and 5 of the bill clarify the borrowing authority that departments, crown corporations and agencies have. They clarify what we all know ought to be the case, and thought was the case, that parliament delegates to the Minister of Finance the authority to borrow certain sums and he has the delegated authority to authorize or reject borrowing requests from various departments, agencies, boards and commissions.

It turns out that due to typical legislative errors on the part of the government, there are a couple of departments that are not covered by this convention, or legal tradition, of delegated borrowing authority. The Department of National Defence, apparently, had obtained a legal opinion indicating that it had the power to borrow money on its own without any authorization from the Minister of Finance or authorization by parliament. The legal officials in the

### *Government Orders*

defence department and the justice and finance departments had a great brouhaha over the past year about whether or not defence department bureaucrats could borrow money without proper legal authorization by this parliament and the minister.

How could we have let that situation get out of control? It is quite conceivable that they could have gone out, done so and contravened a long standing convention of parliament, which is a restriction on the borrowing authority. Because of the government's incompetence and oversights it has taken years to finally come forward with this amendment to tighten up and clarify the delegation of the borrowing authority saying that bureaucrats cannot charge money on the public credit card and tell taxpayers to "pick up the bill, see you later".

Today it could happen. After this bill it will not be able to but this has stood for far too long without correction on the part of the government.

Then we get to my favourite section of the bill, clause 6. It is really quite marvellous. The government House leader is so proud of his legislative prowess. The problem is that he so often brings bills before this place that are riddled with drafting errors. I spoke about this in debate on Bill C-22. We were making all sorts of corrections to legislation to correct mistakes made in drafting errors in bills brought before parliament by the government.

**Hon. Don Boudria:** They're legislative improvements.

**Mr. Jason Kenney:** The House leader calls them legislative improvements. Sometimes they are euphemistically referred to as housekeeping amendments. It just sounds so pleasant.

The real ugly face of it is legislative incompetence on the part of the government. The House leader is the first, whenever the opposition drags out debate on a bill as we occasionally do, to raise the alarm about the cost to parliament and the value of debating time in this place.

• (1630)

We spend hours, days and weeks in every session debating bills such as this one, which are, in substance, corrections to legislative errors that the government made in the first place. If the government got these things right in the first place, we would not be spending scarce parliamentary time debating legislative errors such as those contained in Bill C-17.

Sometimes these errors are not just of a minor, technical or dilatory nature. Sometimes they are very serious and grave mistakes. The Canada Pension Plan Investment Board is a good example. In the immediate past parliament, the government introduced Bill C-2 in order to make some major changes to the Canada pension plan and to authorize and introduce the single largest tax increase in Canadian history. My colleagues will recall

*Government Orders*

that massive tax grab that will cost tens of billions of dollars. They brought—

**Mr. Roy Cullen:** Mr. Speaker, I rise on a point of order. I did not want to interrupt my colleague on the other side, but I was just wondering about the relevance of what he is speaking about. I have been listening very carefully and I thought we were debating Bill C-17, which has to do with the Canada foundation for innovation and the Financial Administration Act.

**The Acting Speaker (Mr. Bélair):** I am sure the hon. member for Calgary Southeast has listened to the comment and that he will tie his remarks to the bill.

**Mr. Jason Kenney:** Mr. Speaker, I am doing precisely that. This is an indication that the parliamentary secretary does not even know what is in his own bill. I am talking about the Canada Pension Plan Investment Board, which is precisely what clause 6 of the bill refers to. No wonder the government makes legislative mistakes when the parliamentary secretary responsible for managing the debate on the bill does not even know what is in it. We see this time and again.

The parliamentary secretary wants to know what the relevance is. If he would listen maybe he would learn something.

With regard to Bill C-2, members of the official opposition raised grievous concerns about the \$120 billion in equity, which belonged to Canadian taxpayers, that was taken from them through the CPP payroll tax. The amount will reach \$120 billion in about the year 2015.

We raised grievous concerns about the potential for this or future governments to reach their politically motivated hands into that \$120 billion pot of taxpayer money and to abuse the fund either by appointing patronage appointees to the Canada Pension Plan Investment Board or by directing its investment strategy by stripping cash out of it.

The government at the time said that we should not worry, that we should not be alarmist because there will be safeguards in place, that the bill will be exempted from the Financial Administration Act, and that the finance minister will not be able to muddy himself in the business of the Canada Pension Plan Investment Board.

Well, lo and behold, what happens? The parliamentary secretary tries to just skate over the issue very briefly hoping that no one would notice. When it comes to complex and technical legislation we often do not have the time or expertise to understand it, but the parliamentary secretary said that clause 6 in the bill would exempt the CPP Investment Board from part 10 of the Financial Administration Act, "to ensure retroactively that it always operates as it was intended."

What does that mean? It means that there was a drafting error or a legislative mistake. I do not know if it was a mistake or if it was deliberate, but today the CPP Investment Board is covered under of part 10, subclause 85(1) of the Financial Administration Act, which means that the finance minister could today, through a ministerial order, strip cash out of the Canada pension plan fund. He could hire or fire officers who are employees of the CPP Investment Board. He could change their compensation. He could reject their business plan. The minister has all sorts of financial powers to intervene in the operation of the Canada Pension Plan Investment Board. This is precisely what we were concerned about when we debated Bill C-2.

• (1635)

That is the state of things today. The Liberals now say that it was a mistake. It has taken them four years to figure it out and finally correct it. That is four years too long.

The opposition will support the amendments. However we will bring forward one of our own that is similar to an amendment that we introduced at report stage of Bill C-2. The amendment would ensure that the operations of the Canada Pension Plan Investment Board are subject to scrutiny by the auditor general. My colleague, the chair of the public accounts committee and our treasury board critic, will be bringing an amendment forward to that effect.

This is another example of the government committing to spend money without proper parliamentary authorization. It is doing this without a budget at a time when spending is growing far too quickly and when we are headed into choppy economic waters. That is grounds enough upon which to oppose the bill. The government is also seizing the parliamentary agenda to correct serious mistakes which it has made.

It would be refreshing if the parliamentary secretary or his minister would stand in this place and take some responsibility for the mistakes which they and the department have made in allowing the minister to monkey around with the business of the CPP investment board, and in allowing bureaucrats and the defence department to borrow money without proper parliamentary authority.

The government is undermining the long and important tradition of ministerial accountability and responsibility. It feels that it can make these kinds of serious mistakes with impunity. The Canadian Alliance feels that it should be held accountable for these kinds of errors. There should be some sort of accountability when time after time it seizes the parliamentary calendar to correct serious mistakes of this nature.

I will make one additional very amusing point regarding clause 6 of the bill. The parliamentary secretary said that the clause would retroactively ensure that the bill always operates as intended. Is that not kind of Orwellian? The government made a retroactive amendment in the bill. George Orwell's *1984* talks about the ability

*Government Orders*

of totalitarian governments to change history and facts that have already occurred.

**Mr. Jim Gouk:** Kind of like a retroactive bill of sale.

**Mr. Jason Kenney:** Yes, it reminds me of that marvellous bill of sale in the Shawinigate affair. The government says it would never have made the mistake that it is now seeking to address because the change is retroactive.

What complete and utter nonsense. It is an insult to the legislative process to suggest that. If the finance minister wanted, he could interfere inappropriately in the activities of the Canada Pension Plan Investment Board because of its non-exemption from the Financial Administration Act. That would be completely within his legal purview. Changing this retroactively will not remove the mistake the government made. Again we see retroactive changes in legislation that in principle are somewhat offensive. The notion that the government can retroactively change history is contrary to logic and common sense.

For all these reasons the official opposition will oppose Bill C-17. I look forward to the debate and hearing from my colleagues as they outline ways by which we could increase financial accountability on the part of the government and invest more in research and development, but do so in a context that is fiscally responsible and mindful of the choppy economic waters into which we are headed.

[*Translation*]

**The Acting Speaker (Mr. Bélair):** Before resuming debate it is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Cumberland—Colchester, Lumber industry; the hon. member for Sackville—Musquodoboit Valley—Eastern Shore, Multiculturalism.

• (1640)

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, just to put everyone in context, today we are debating Bill C-17, an act to amend the Budget Implementation Act, 1997, and the Financial Administration Act.

This is the result of several announcements made by the government regarding, among others, the reinvestment of a further \$750 million in the Canada foundation for innovation, in addition to the \$500 million announced last October in the economic update.

In their eagerness to go to the polls, the Liberals brought down a minibudget, which turned out to be the real budget. Since there is no budget this year, this is how they are putting money into the Canada foundation for innovation.

I will talk mostly about this part of the bill and support for research in general, and less about the other measures contained in

this bill, which amends several other acts to correct mistakes, as mentioned earlier, or add things that were missing or corrections that had to be made to the Financial Administration Act.

The federal government, after going through an era of major cutbacks—mainly in 1995, 1996 and 1997—has now started to reinvest in support for research. Granting councils and many other bodies were hit hard, and they had urgent needs. However, they had to wait and this had a negative impact on their ability to support research.

Similarly, cash transfers were drastically cut. As we know, transfer payments to the provinces were used to fund three different programs for health, education and social assistance. They were cost shared programs. However, the money was earmarked and we knew how much of the transfer payments went to social assistance, health and education.

Not wanting to be blamed for making \$1 billion cuts in health care, \$1.5 billion cuts in education and \$800 cuts in welfare, the federal government decided to roll these three programs into one, which it called the Canada health and social transfer. Then it reduced the funding under this new transfer, letting the provinces decide exactly where to cut in those three areas.

The cuts were drastic. Transfer payments fell from about \$17.5 billion to \$18 billion to a low of \$11.5 billion, which meant the provinces had to make cuts in health care and post-secondary education. Of course the latter includes a research component.

Now that the government has the financial means to do something, its first tendency is not to increase transfer payments. It did increase them slightly but mainly for health care. Everybody agrees that health care is important but the government invested very little money in post-secondary education. This is due to the fact that it chose a more visible way of investing in that area, a way which could be effective to a certain extent.

We are not disputing this but the government made this choice not for the sake of effectiveness but rather because it wanted more visibility than it would have had by simply putting more money in transfer payments so the provinces, including Quebec, could support research initiatives based on their own priorities.

We are not talking about petty cash. We are talking about substantial amounts. Of course the granting councils have seen their budgets increase. I could name each of them individually but this is not what we want to do today. However, these councils' regular core budgets are being increased.

It has been said that the government wants to double the research effort by 2010. A timetable has been established and the reinvestments are major. There is therefore a reinvestment aspect in the granting councils.

*Government Orders*

• (1645)

University research chairs have also been established. We are talking about several university chairs, with a lot of money. Funding for this program will be in the hundreds of millions of dollars over the next few years.

The third component is the Canada foundation for innovation also mentioned in the bill. The foundation will receive \$750 million more than originally planned. It has already received more than \$3 billion or has assets of over \$3 billion. This is a lot of money.

Later on I will talk about some difficulties, some problems that are still unsolved. I will first talk about the first problem that we have with an organization such as the Canada foundation for innovation, without criticizing the people who work for the foundation. It is something governments tend to do, particularly the current government. The same thing happened with the millennium scholarship fund. The same is happening with the Canada foundation for innovation. The government is funding an external organization that does not have the same accountability toward parliament as the department itself.

For members of the opposition, and it should be the same for the government members, it is a bit frustrating to see such huge amounts of money being given to people who are not directly accountable. Of course they are accountable to parliamentary committees but they do not have to justify their decisions here every day.

When a minister is questioned on some contentious issue or a decision that is not in sync with the priorities of the government or of parliament, it is something that has to be dealt with outside the chamber. The minister says that it is an independent agency that carries out its duties as best it can and that the minister cannot always interfere in the operations of such agencies.

Things happen. Take, for instance, the Canada foundation for innovation. More so outside Quebec but even in several regions in Quebec, smaller universities are complaining because they do not have the same capacity as the bigger universities to get the funding and the projects they want.

We have a moral influence over the foundation. We can raise this problem and, in fact, we will do so tomorrow. The chair will be at the committee hearing and we will be able to consider the issue. Parliament put money into this foundation but not without adding some requirements as specific as the ones I just mentioned. That left us with no influence over these decisions and no influence over a minister who would have some say because the money would be spent by his department.

The corrective measures are way too slow and too complex and there is still the problem of accountability. We are talking about

public funds. Taxpayer money is handed out to outsiders who have to abide by some rules, but are not subject to the same process as a minister who has to manage a department and account daily for his actions.

If this principle is that good, we will end up—and the process is well underway—handing over all government operations to outside agencies. What role will be left for parliament to play? We cannot support this, whether it is a lofty cause or not. We cannot let the government send money to an outside agency saying “Now you can manage this money as you see fit. We trust you”.

What I have left unsaid is that appointing board members is a way for the government to keep some degree of control. However, this process involves a very small group of people. Very often it involves the Prime Minister, since appointments are made by his office, or the minister himself in the best case scenario. Whatever the case may be, it still creates a situation where the minister and the Prime Minister can influence the board of directors or the senior officers of an organization.

Of course the foundation is sort of a more noble organization. The heads of the granting council are there to ensure a certain cohesion but the fact remains that it should not be independently managed. We have no problem with the department being accountable here. At any rate, when the time comes to make decisions of a more delicate nature, nobody can be sure that these people will have enough neutrality to resist pressure from those who appointed them. It is pressure at a very high level.

Pressure at another level, more appropriate pressure, namely pressure from the people and their elected representatives, is much more indirect and much more difficult to exert. That is the first problem.

• (1650)

For the second problem, taking the case of Quebec, which is in the process of developing a science policy, it is hard to set oneself targets, objectives and a work plan when one has control over only part of the tools. Obviously, there is also health research, but I will focus more on the education sector because this is generally where there is more investment in funding councils and the foundation. The same logic could apply to health, however.

These are matters that are essentially provincial but there is a significant portion still administered by Ottawa, or subject to made in Ottawa decisions or priorities, even if only on the amounts allocated. After that, the areas of focus need to be defined.

When the money is there, the complications of jurisdiction are not something that anyone needs. The government has stupendous financial means and uses that financial clout to become the government that plans future priorities. For many Canadians, this is



*Government Orders*

fine with them. As for us in Quebec, the principal government of the people is the government of Quebec. While it does administer post-secondary education, it does not have all of the means to properly plan the development of its science policy.

Adjustments do need to be made. There is always some way of doing contortions in order to make ends meet. Our system of universities is highly efficient and so is our research. We have no complaints about the amount of funding our universities can manage to get together, for they are successful at getting the job done. They are very good. However, it becomes difficult to be consistent in this kind of situation.

These are the two main problems: accountability and the increasing inability of the provinces to influence the framing of a real scientific policy because Ottawa is using its accumulated surpluses—which came from cuts in transfers, from the EI fund, and so on—to play a planning role and to impose its own vision.

There is no doubt about that, as evidenced by the fact that the federal government is not reinvesting any significant amount of money in transfer payments for post-secondary education. It has reinvested some money in health care but very little in post-secondary education. New funding in this area is administered by the federal government or by an agency appointed by it, that is closer to it.

I cannot ignore one area of criticism that is beginning to emerge but it is constructive criticism. Now that we have said that we would prefer this not be an independent organization, the ideal situation would be to put the money back into transfer payments to the provinces so they can do that themselves, we know it will be very difficult to convince Liberal members to support us in that regard. The day will come when people will be able to settle this debate or to put more pressure so we can at least be more consistent in our actions, instead of having two governments acting separately. This will not always lead to bad results but very often it makes things more difficult. A lot of time is wasted in co-ordination.

Another thing the government must realize is that with all these investments in research chairs, the Canada foundation for innovation and granting councils, two very serious problems are emerging. Clearer directions will have to be given in the short term to correct a problem which, if we wait too long, will become even more serious and create a lot of difficulties, especially for small universities.

Let us be clear. There are not many big universities in Canada. The vast majorities of our universities are small. In Quebec, for example, the Université du Québec network is considered to be a small university by Canadian standards. We have the Université de Montréal, McGill University and maybe the Université Laval that might be called big universities.

Quite often smaller universities cannot rely on private foundations, unlike McGill University in Quebec, or on bequests left to them by some rich donors. Without such financial assistance, they have a hard time covering the indirect cost of the projects. The bigger universities have the same problem but at least they have more leeway than the smaller ones.

• (1655)

Since smaller universities do not have their own source revenues and cannot cut their education budget, because they do have classes to give and not only research to carry out—when they ask granting councils for a subsidy, indirect costs are incurred. From what people in the know tell me, on average, for every project, we have to add 40% for indirect costs.

Provincial programs in Quebec, for instance, pay for about a third of these indirect costs and the rest of the money has to come from elsewhere, by cutting something or making hard choices. Trying to get the money needed to do research can often penalize universities.

This applies to both the bigger universities and the smaller ones. I believe things are tougher for smaller universities because they have fewer tools and fewer choices when cuts have to be made and priorities need to be set. If we do not react quickly, the gap between the bigger universities and the smaller ones will only widen.

The other problem faced by smaller universities is that project approval is based on peer review, which is carried out by a network of peers, and they do not feel like they are really a part of the network. When these tools were brought in, they were not as ready as the big universities, which already had their waiting lists, their contact networks and so on, as well as a much stronger lobbying capacity. They feel they are at a disadvantage because of the initial commitments that were made.

This is even more true in other provinces where small universities have their own specialized areas. Some of them were successful in the first phases. We will have to remember that.

As with the chairs and all those tools, if we do not pay special attention to our small universities, they will have difficulty retaining their good researchers when the big universities or foreign universities from the States or elsewhere come to raid our researchers. This is an emerging problem that could become very serious.

Everybody recognizes that we have to make efforts to keep our researchers in the country and to make sure that our best minds are not exported but if this is true for Canada as a whole, it is also true for the small communities and for the small universities. I certainly hope the government will soon find ways to solve the problems of small universities as compared to bigger universities and of indirect research costs.

*Government Orders*

Would the best solution be to tell the provincial governments "Listen, we know that you already have formulas to compute payments. We will put money back into transfer payments so that you can better support indirect costs"? It would be one solution. There could also be automatic amounts. When the granting councils provide funding, they could immediately include with it an envelope to help with indirect costs, as do American granting councils.

There is one problem. There is a link missing in the whole research incentive operation. Considerable efforts are being made, admittedly, to increase research capacity. There is also a message that needs to be sent to the private sector. As elected officials, we have a duty and a responsibility to get that message across. Research efforts in any country must not be the sole responsibility of the government. The government must do its part but there is something a little disturbing in Canada.

I will take the case of Quebec. We have very good tax credits and many tools. The private sector has also come up with some of its own, although not as many as comparable countries. A way must be found to stimulate the spending culture, or investment in research, within private enterprises, because their ability to be competitive depends on it. It is not always solely the government's responsibility. Yes, the government must do its part. It must increase its contribution but private enterprise must not shirk its duty to conduct research and always look to the government for help.

The government will always have much of a monopoly on certain very specialized fields, even if there are economic spinoffs. This is clear because there are fewer private enterprises, or because their size does not allow them to conduct certain more fundamental research activities. Here again there must be a more direct dialogue with the private sector to ask it why it is not doing more research than it is at the present time.

• (1700)

Private enterprise is doing more, or trying to do more, but there is room for more to be done.

My other colleagues would perhaps like to address certain other aspects of the bill with which I am less familiar. I am more familiar with the Canadian foundation for innovation.

We will not be voting in favour of the bill for the reasons I have given. First, because allocating money to outside organizations puts them somewhat beyond the control of parliament, if not considerably beyond its control. Second, it is odious and has potential for considerable inconsistency for governments to be competing in the area of public support of research.

I cannot speak for all the provinces but I can speak of Quebec, with which I am familiar. Quebec has a science policy. Ottawa has and spends a lot of money. One does not get the impression that all this spending is necessarily aimed at efficiency alone. There is always a kind of war of visibility being waged by Ottawa and no one finds this healthy.

No one can fault reinvestment in research. That is something on which we will all agree. However, the primary motivation must be efficiency and nothing else. I have some doubts on the government's motivations in this area.

I am convinced that within these organizations, even within the government itself, there are some people whose main concern is efficiency, I am convinced that when the powers that be allocate money, the notion of visibility is foremost in their mind. It has been the case with every decision since 1995, by this government, which is slightly paranoid, thinking that people supported the yes side for this reason, because they had not noticed how effective the government was or because they had seen it as less effective than it really was. This is something we will debate again when the time comes.

With regard to the bill before us today, we will be voting against it for the reasons I mentioned earlier. I urge the government to pay attention to the problems emerging between small and big universities.

Small universities want to expand. They want to retain their scientists but indirect costs and possible raiding from other universities are a problem. And of course there is raiding from foreign universities, but we have no control over that. I am thinking about raiding on the part of our major universities if they are able to raise money faster than our smaller universities.

This is a very real problem for smaller universities. The university in Rouyn-Noranda is very effective, one of the most effective in Quebec in terms of getting funding for research. I know other universities are effective as well; also partnerships are formed.

There is something positive in all this funding issue, namely networks are being created more than ever before. Universities are forming partnerships and I am convinced they are possible in many areas, to find a niche. Universities are faced with similar situations. They can establish partnerships but they need the resources to do it and right now they do not have enough to pay indirect costs.

This is the message I wanted to send. Tomorrow, we will have the opportunity to repeat our message to the chair of the Canada foundation for innovation, who will be appearing before the committee, but for the time being we are saying to all the members of the House and to the government that we want more consistency. We also want smaller universities to have the same ability to grow as the bigger ones.

*Government Orders*

[English]

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Mr. Speaker, I would like to say a few words in the debate on the bill before the House today. In a way it is an omnibus bill and it deals with a couple of radically different items.

The first one is the appropriation of considerable sums of money to the Canada foundation for innovation. In fact we would appropriate, if this bill passes in the House of Commons, \$1.25 billion to that particular foundation. The other item deals with a small but important change to the Canada pension plan.

I notice a greater propensity now on the part of the government to introduce omnibus bills and I think it is wrong in principle. We are dealing with two fundamentally different items here, and it would be easier to vote intelligently on a bill like this if these items were separate.

• (1705)

We have just come through that with Bill C-8, the changes to the financial institutions legislation. There were massive changes in the bill, which was 900 pages thick and amended 1,400 pages of statutes. That makes it difficult for members of parliament to properly scrutinize bills.

That being said, in terms of the Canada pension legislation change here I would like to say a few words about the Canada Pension Plan Investment Board. They are important to put on the record. The investment board is an innovation of the Government of Canada, whereby a small portion of CPP deductions from employers and employees will be or are invested privately in the stock market. Overseeing that investment in the stock market and advising where to invest is of course the new investment board of the Canada pension plan. The board has 12 directors. If my memory serves me correctly there is one director per province, which makes nine, because the Quebec pension plan is a totally separate organization and institution, and three from the federal government. The chair of the board is named from among those 12 people. The Minister of Finance will seek advice from each of the provincial ministers of finance and then appoint the 12 members of the board.

What is missing here is a small move to democratize the board. The Canada pension plan is a plan which has ordinary Canadian workers' money in it, so I think that on the board there should be representatives of the working people themselves, from trade unions, from retirees, who can provide valuable advice regarding the investments of the board. When we are looking at the investment of workers' money this should be one of the amendments the government should accept, that is, to have on the board people who represent the workers and the trade unions themselves. That is only fair in terms of dealing with the workers' money. There should be representatives of the workers on the board. That is a fundamental

principle of democracy and it is important in order to democratize that particular institution.

In terms of the Canada foundation for innovation, I think all parties in the House are in support of the concept or the principle that we need more money for research and development. If we look at the history of our country, we will see that we are one of the few industrialized countries in the world that does not put much of our GDP into research and development. We have a very small proportion of our GDP in research and development compared to the United States, Germany, France or many countries in western Europe. We have to move more in that direction in terms of money going into R and D. This is a bill that is going in the right direction in those terms.

The Canada foundation for innovation became law in the 35th parliament, which is two parliaments ago. If memory serves me correctly it became law in April 1997. I had a chance today to take a look at some of the expenditures of the foundation. I must add that this is not a foundation that utilizes only public money. There is also money from the private sector. I assume the universities and provinces all participate in the foundation.

I would like to take a few minutes to read into the record the kinds of projects the foundation is supporting. Up to March 31 of this year, 1,175 projects had been funded, for a total of \$873 million. That is a considerable amount of money going into research and development, technology, research centres and so on, which I believe is very important.

I will round off these figures to the nearest million. In British Columbia, 134 projects were approved for \$110 million. That represents about 14.2% of the total amount spent by the foundation. In Alberta, there have been 112 projects for \$58.7 million, representing about 7.6% of the funding from the Canada foundation for innovation. In my province of Saskatchewan, there were 28 different projects for \$20.4 million, which is around 2.6% of the total. In Manitoba, there were 57 projects for \$16.3 million or 2.1% of the total.

So far, western Canada has received about 26.5% of the total amount being funded by the Canada innovation centre. That is roughly in accordance with our population, which I guess should be one of the criteria.

• (1710)

Ontario had 434 projects and \$311.7 million for some 40.2% of the funding. The province of Quebec has had 315 projects and \$230.7 million for 29.7% of the funding.

New Brunswick has had 26 projects and \$5.2 million or 0.6% of the funding. Nova Scotia has had 47 projects for \$15.8 million or 2% of the funding. Prince Edward Island has had two projects for \$730,000, which is .09% or one one-hundredth, roughly, of the funding. Newfoundland has had 17 projects for \$6 million, which is

*Government Orders*

0.7% of the funding. The total in Atlantic Canada is about 3.7% of the funding.

That is a bit of an update as to where the money has gone. It is fairly evenly distributed across the country with the exception of Atlantic Canada, which seems to be receiving less than its fair share if we divide on a population basis the funds from this particular program. The program of course is ongoing and I assume that these figures and balances would change over time.

I think this is a worthwhile project. A lot of money has gone into it. I think members of the House would support it.

We would want, of course, to have time to scrutinize some of these projects to see what their value is and whether the taxpayers are getting the bang for the buck, so to speak, from the hundreds of millions of dollars we are investing. That should be looked at by a parliamentary committee. It might be one of the projects the committee could undertake in the months and years that lie ahead.

When it comes to the Canada pension board, we should look at democratizing the board and bringing in some representatives who are working people to contribute to the agency. There should be representatives from the trade unions of the country. Perhaps there should be a representative of retirees on the board, who can offer advice from a retiree's point of view. In other words, the board must be democratized.

If we look at the composition of the board now and at the 12 members on that board, we see that almost all of them come from business backgrounds and would be acceptable to the business community or to the business half of that equation of who pays into the CPP legislation in the country. However, there are really very few who have a background that might be more relevant to the ordinary working people or trade unions or retirees across Canada. Let us make that change.

In terms of the foundation, I think this is a step in the right direction. It should improve our country's investment in research and development. The relevant committee of the House of Commons should look at some of these projects to make sure due diligence is done. After due diligence is done, the committee should determine whether or not we are getting the impact in terms of R and D, learning and innovation, jobs and skills, and added value to the Canadian economy that is the vision behind the bill before the House today and that was the vision of the bill in April 1997.

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I listened with great interest, but to only part of the hon. member's speech, I regret to say, because I was called away.

The hon. member discussed the Canada foundation for innovation and its allocations and also, perhaps, the research chairs and

the research funding now tied to them. It is very interesting that not only is the federal government providing, as it were, the salaries and that kind of thing for 2,000 researchers and professors across the whole country, but it is also providing research money to get them started, which I think is very important.

I think I have the same concern as my colleague from the NDP who was just speaking. I am concerned about the way in which a program like this—and I will come to the CFI in a moment—is impacting some regions and also some of the smaller institutions. I was very pleased when research moneys were attached to the chairs themselves, because very often a small institution receiving one or two or three of these chairs would find itself faced with additional expenditures simply to take on an extra employee.

However, with regard to the Canada foundation for innovation, I would like to ask my colleague a question. He is interested in the equity of the allocations. So am I.

• (1715)

The purpose of the Canada foundation for innovation is to provide research infrastructure moneys not only to large research institutions but to many others. There is one component of it which is quite different from the research chairs or the money coming from the research granting councils, that 10% which is available to community colleges across Canada.

This is something which is quite new. Normally we think of a distinction between the colleges which are extremely important in rural areas and in smaller communities and the universities with respect to research. I was pleased this time that particularly the applied research role, work which ranges from looking after senior citizens properly through to robotics, is being conducted in colleges.

I have a question for my colleague. What are his thoughts about the fact that the Canada foundation for innovation for the first time reaches our community colleges and is encouraging the sort of applied research they do?

**Hon. Lorne Nystrom:** Mr. Speaker, the answer to that very difficult question is that I am certainly pleased part of the funding from the CFI is for community colleges. I believe he said 10%. I think that is the figure involved.

That is very important. Many community colleges are in the smaller cities, the rural parts of the country. My province of Saskatchewan has several community colleges. Many are located in the smaller towns and smaller cities in particular that would not have access to this kind of funding unless it were built into the act itself. I certainly agree with that.

One of the problems in our modern society is that there has been too much of a shift into bigger centres. I am not talking about our

country only, but in terms of the modern world where bigger is better. The big institutions are there and one has to always go to the bigger cities to get better jobs and to have better opportunities.

With the new technology today it does not really matter where many of the plants and industries are established. With the Internet and technology, it can be done in a small town, in a rural area, in a big city or in a medium size city. They have access to the same technology. This reflects the reality that we have perhaps gone too far the other way in terms of all the money going into larger centres.

One reason I put those figures on the record in terms of the province by province breakdown was not to criticize the CFI by saying that there has been too much into certain regions and areas, but to put on the record that we as parliamentarians should be watching where the grants go. I should also like to see a rural-urban breakdown, not just a province by province breakdown. I should like to see how much of it goes into communities that have fewer than 50,000 people or fewer than 10,000 people, compared to the 8 or 10 big cities in the country.

It is a legitimate role for parliament to make sure we watch where the funds go and to make sure there is some kind of a balance in terms of the overall vision of the country, which is to provide equal access to opportunity. Whether someone lives in a place like Peterborough, Montreal, Vancouver, Kamsack, Saskatchewan, Pembroke or wherever, everyone needs to have equal opportunities within reason. I think that is one thing we should be watching as a parliament.

Once again perhaps the relevant committee of the House should take a look at these projects and do a study to see whether or not the money is going where the drafters of the legislation two parliaments ago intended it to go.

**Hon. Robert Thibault (Minister of State (Atlantic Canada Opportunities Agency), Lib.):** Mr. Speaker, it is quite pertinent that the hon. member points out the distribution of the funds and the number of programs that were given in parts of the country.

I recognize, as he does, that the Atlantic participation has been underrepresented. It has been a little bit less than its population base would indicate. I let the member know that it is not lost on this side of the House.

That is why the Prime Minister announced last year the Atlantic investment partnership. Part of that is a \$300 million program for innovation to help with some capacity building in Atlantic Canada so that our research institutes and our private sector are able to benefit or participate equally in the country or within programs like CFI.

The comments the hon. member made about Canada's role in the past and in the future on research and development are quite

### *Government Orders*

pertinent. If we want to fully participate in the new economy, I believe it is incumbent upon all of us to do our very best to make sure that our institutions and our country in general is taking full advantage of the opportunities out there, and research and development is how we will get there.

• (1720)

**Hon. Lorne Nystrom:** Mr. Speaker, maybe one of the reasons our standard of living in general has fallen in the last decade or so is that we have spent far too little in terms of research and scientific development.

We have fallen behind in many different areas. There are things we could have done better, things we would be natural at doing better. I am thinking of the whole agricultural sector because we are a great food producing nation. I am thinking of transportation and communications because of our geography. I am thinking of the mining resource industries because of all our resources. Maybe if we had spent more in the last 30 or 40 years in terms of R and D, it would have been of benefit to the country in terms of a better standard of living.

This is the kind of direction we should be going. Again, let us keep an eye on it so that we have a balance between rural and urban Canada in different regions of the country. Then everyone would be a part of the new and innovative society.

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, it is with pleasure that I rise today to speak to Bill C-17 amendments to the Budget Implementation Act, 1997. The absurd nature of being in this place in the year 2001 debating retroactive changes to the budget of 1997 is self-evident. In any case, I will focus most of my comments on the Canadian foundation for innovation fund.

The government has consistently, particularly beginning in 1994-95, slashed transfers to the provinces to such an extent that it created a tremendous vacuum in funding for universities throughout the country. The provinces were simply not able to maintain adequate funding to our post-secondary universities and community colleges across the country.

As a result of the deficit that existed in the funding of post-secondary education we saw, for instance, the doubling of the average amount of student debt after a four year program in Canada. We saw tuition doubling not just in one province but across the country.

The Canadian foundation for innovation was introduced in 1977. The government has tried to make up with its federal granting programs some of the ground it eroded from beneath the provinces in the disabling effect of federal cuts to the transfers to the provinces, which created in many ways havoc across the country.

It is still my belief that in terms of education and health care spending the best decisions are typically made by the government closest to the people affected by those decisions. As such, prov-

*Government Orders*

inces are in many ways much better suited to make long term and visionary decisions on behalf of the people they represent than the federal government, particularly in the areas of education and health care.

While the government has cut and slashed transfers to the provinces, which are in many ways the most appropriate vehicle for delivery of funding to our post-secondary education infrastructure, it has now tried through the foundation for innovation to make up for lost ground and to try to directly fund infrastructure investment focused on the areas of research.

The notion of government helping in investing in the research infrastructure that is so important for Canada's competitiveness in the new economy is not a bad one. I would argue that the investment being made by federal or provincial governments, preferably by provincial governments, is extremely important. There are some flaws, however, in the Canadian foundation for innovation model as applied over the last three years.

• (1725)

One benefit in a perverse way of debating amendments to the Budget Implementation Act, 1997, in the year 2000 is that we actually have the opportunity to be talking about some of the devils in the detail or the flaws in the implementation that are now more self-evident than they would have been in 1997.

In a realistic and applied sense, and not simply as a perceived issue, there is an anti-small university bias in the Canada foundation for innovation granting scheme. As a result smaller universities do not have the same level of access to these grants as some of the larger universities.

This is unfortunate because one of the cornerstones of Canadian post-secondary education infrastructure is the network of undergraduate program universities which perform a very important service to the future of Canada by providing a steady stream of enthusiastic graduates in science programs that may perhaps have graduated with a decision to pursue graduate or post-graduate studies.

In that way the undergraduate programs are performing a very important service to post-graduate institutions by providing an ongoing stream of students and young people with the enthusiasm to pursue post-graduate studies in many of those areas.

Representing a riding in Nova Scotia, and Nova Scotia being the cradle of higher education in Canada, there is a strong tradition in our province of providing some of the best post-secondary university experiences in the country.

There are some challenges. In my riding of Kings—Hants I am very proud to have Acadia University. Acadia University, like many of Canada's smaller universities, simply does not have the

same access to the Canada foundation for innovation funding as some of the larger universities.

I have heard the arguments about a need to create levels of critical mass when it comes to research. Some of them are anachronistic. Critical mass can exist through a less parochial approach to research. Universities can co-operate to a greater extent and we should be working to encourage that. Certainly with the death of distance as a determinant in the cost of telecommunications, researchers can be connected via technology and do not necessarily have to be in the same classroom or the same lab, discussing and sharing their ideas.

We should be ensuring that the parochial approach to research which has existed in the past in the university environment is reduced somehow by working with the provinces to ensure and encourage a greater level of sharing of intellectual property between universities.

As a country we need to develop a better approach to commercialization of intellectual property at the university level and to technology transfer. In many ways American universities are much more successful at commercialization and tech transfer than we are in Canada.

As we try to achieve those two goals in that environment we should ensure that granting programs like the Canada foundation for innovation reflect the realities of the diversity of Canada's post-secondary university infrastructure and do not focus purely on some of the larger universities. It should try to address and invest in some of the smaller universities which are providing such an important contribution.

• (1730)

The other issue deals with matching funds. I believe 60% of the funds need to be matching funds. In provinces like Alberta or Ontario where there is a stronger fiscal position than there is in a province like Nova Scotia or Newfoundland, there is an inability on the part of the provinces to participate to the extent of the requirements of post-secondary institutions.

The matching fund issue is very serious and needs to be addressed more thoroughly. We would create a ghettoized post-secondary education granting system if we only contributed through matching fund schemes to universities in those provinces where the fiscal conditions permit an equal or greater investment by provinces and other entities within those provinces.

There has been a problem in the past where not enough foundation for innovation grants were making their way to Atlantic Canada. The government tried to address it last summer with the Atlantic innovation fund. That program was announced in the summer in a pre-election Hollywood-style announcement to try to enrapture Atlantic Canadians with the generosity and general

*Government Orders*

kindness of the Liberal government. It did not work because most Atlantic Canadians saw through this shallow and feeble attempt to make up for past wrongs by a Liberal government that only found Atlantic Canada a few weeks before an election.

The Atlantic innovation fund has not even congealed to an extent that it can deliver any funding. Months later that fund, with its pot of money, is still sitting somewhere in Atlantic Canada with no notion as to how to deliver the money to the universities.

What is really bizarre is that while the government dilly-dallies and dithers with that fund to come up with a delivery mechanism with which to deliver the funding, the Canadian foundation for innovation is still in a position where it is providing money. Over the last several months it has provided an even more disproportionate level of funding to other parts of the country. Atlantic Canada is actually getting less because the notion is that the problem is solved, the Atlantic innovation fund is in place and the Canadian foundation for innovation does not have to be as vigilant now in Atlantic Canada.

That is simply not the case at all. There are also some concerns with ACOA acting in a role of a delivery vehicle for that funding. Concerns have been raised by people in the post-secondary environment and in the technology and high tech sectors. People in the economic development areas of Atlantic Canada have approached me directly to talk about this. They fear there is not enough understanding of technology in ACOA. They feel that ACOA can be an effective vehicle through which to develop a delivery mechanism for the Atlantic innovation fund but that it may not have the level of technical expertise necessary to develop a delivery mechanism for the Atlantic innovation fund. It therefore may not be able to achieve the ends that the government would like to see.

• (1735)

The fact is that if we are to be successful investment needs to take place in our post-secondary infrastructure. The devil is in the details. How are we to find the most appropriate way to ensure that the needs are met and that our competitiveness in this regard has improved?

There is a \$3 billion deficit not just in research infrastructure but in general university infrastructure. It is a result of deferred maintenance among other issues and the government's callous disregard for education and health care funding. It let health care and education atrophy as it took its slash and burn approach to fiscal management and offloaded responsibilities to the provinces without considering what the end result would be. We will see a significant price paid over the long term for the loss in future competitiveness in these areas.

One of the fundamental flaws that needs to be addressed by the Canadian foundation for innovation would be the anti-small uni-

versity bias which denies some of Canada's greatest educational facilities like Acadia University full and unfettered access to important funding opportunities.

The matching fund provision also needs to be addressed. It too discriminates against universities which happen to be in provinces that are less fiscally sound on a current basis. As a representative from Nova Scotia, the cradle of higher education in Canada, it is incumbent on me to defend the interests of my province in that regard.

Some of the macro issues are not addressed in Bill C-17. They deserve some level of debate and discussion when we are talking about amendments to the Budget Implementation Act, 1997.

Looking at Canada over the last 30 years and some of the changes that have taken place in terms of its competitiveness relative to other countries, our investment in post-secondary education can play a role in reversing what has been a very negative trend, particularly in terms of our competitiveness with the U.S.

However there are other issues too. In 1990 Canada had the fourth highest standard of living within the OECD. By 1999 we sank to seventh place with countries like Japan, Norway and Denmark overtaking us. In the last 15 years our real income per capita plummeted from 86% to 78% of the U.S. real income per capita. Ireland soared from 47% to 76%. Over a 10 year period Ireland increased its GDP per capita by 95%. In that same period Canada increased its GDP per capita by 5%. Our performance has been anemic.

We have seen a cyclical decline in the Canadian dollar over the last 30 years. This decline has become precipitous under the government. Over nine years of the Mulroney government the dollar lost one penny relative to the U.S. Since the Liberal government took power the dollar has declined by 12 cents. In 1990 as a Liberal leadership candidate the current finance minister said that if he were given the opportunity he would manage the dollar downward to about 78 cents. He did really well. He overshot his wildest expectations. The dollar is down to 63 cents.

• (1740)

The Prime Minister says that is just fine, that low dollars are good for tourism. The logical corollary of his argument is that if we reduce the dollar to zero we could be the greatest export nation in the world and be really successful. We all know how absurd and perverse is that logic or lack thereof.

There are things we have to do. In terms of government spending Canada's GDP represents about 40%. In the U.S it is 30%. Thirty years ago it was about the same, 30%. Our government's program spending has ballooned in Canada, but it has remained about the same in the U.S.

*Government Orders*

We have to reduce taxes. As a percentage of GDP, taxes in Canada are 10% higher than those in the U.S. We have to reduce our debt. I will propose one idea that over the next 30 years the government could address reversing some of these negative trends. If we were to reduce our debt in real terms over the next 25 years and apply the interest saved to reducing taxes, our economy would grow significantly both in real terms and as a percentage of GDP.

These are the types of forward thinking and visionary policy measures we do not expect from the members opposite but will see in the future under a different government.

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I listened to the higher education part of the member's remarks with great interest, but I lost interest toward the end when he moved away from that.

I have great sympathy with his comment about his province being the cradle of higher education, and conceivably even of education in Canada. I understand exactly what he means. The role of the tiny yet high quality universities in the maritimes has been extraordinary. I am a great believer in cradle to grave education. I would ask the member, although it is not my main question: If he knows where the cradle of education is in Canada, in what region is the grave of education in Canada?

While I understood what he meant I became less sympathetic when he was talking about the role of the government in higher education. He did not mention the extraordinary increases in funding to granting councils, which provide money for research. For example, the old medical research council which funded most of the medical research has been changed. Its name has changed but, more significant, its budget having been increased for a number of years was doubled last year. The increases in the other councils were not that large but they were very large. He also did not mention the millennium scholarships or the Canada foundation for innovation, which has helped Acadia and other institutions with brand new money.

I would like to ask the member opposite about a couple of things which help small universities. One is the network of centres of excellence which has funded and refunded and is still being funded by the government for research across the country. What would his comments be on that?

I would also like to hear his comments on the point I made to the previous speaker that the Canada foundation for innovation extended some research moneys to community colleges, I know there are many of those in the maritime provinces.

**Mr. Scott Brison:** Mr. Speaker, the member has an earned credibility on issues of higher education in this place. He has

defended the interests of higher education quite consistently, if sometimes wearing partisan rose coloured glasses. He speaks from behind those specs today.

I was pleased to hear his empathy relative to the situation of smaller universities and those in Nova Scotia, specifically Acadia. There is a real and not just perceived anti-smaller university bias with CFI. I hope the hon. member's words of encouragement would indicate a pressure on that side of the House for changes in this regard with the CFI.

• (1745)

He and I differ on the effectiveness of the millennium scholarship programs. Only 5% of students seeking higher education have benefited from those programs. A more effective way to adequately fund higher education would be a full restoration of transfers to the provinces, transfers his government played a significant role in slashing and cutting in the mid-1990s.

Transfers will not reach 1995 levels until April 2002. A full and immediate restoration of transfers to 1995 levels would make a big difference in terms of allowing provinces to fund universities and post-secondary education. We often debate post-secondary education in this place but we do not talk about other areas of education. In general we need to invest more in education. The best way to do that is to restore transfers to the provinces.

One of the biggest casualties of the health care crisis has been education. The immediate focus has been on ameliorating the problems of the health care system because of the crisis mode it is in. However there has been a neglect of education issues in a general sense which will cost us dearly in the future. I am talking about primary and secondary education, not just post-secondary. The greatest societal return on investment would be in preschool, head start, early intervention and some of those areas.

In a general sense we agree that some of the issues relative to CFI as a delivery vehicle must be addressed. However we may disagree as to the degree of culpability his government has had in creating a crisis in education through its Draconian cuts to transfers in the mid-1990s.

**Mr. Sarkis Assadourian (Brampton Centre, Lib.):** Mr. Speaker, the hon. member spoke about our dollar being low. However I am sure he knows our dollar is doing very well, thank you very much, compared to all currencies for the last few years.

Today I was following the debate in the U.S. on softwood lumber. A spokesman from the U.S. government complained that the Canadian dollar was very low and that exporters and manufacturers on the Canadian side were taking advantage of the low dollar and shipping goods to the U.S. at a cheaper price.



I wonder if the hon. member recognizes that. I hope he would not ask the government to artificially increase the value of our dollar to compete with the American dollar. I think he would agree that there is a benefit for our manufacturers and exporters when our currency is lower than that of the countries with which we compete, especially the U.S.

**Mr. Scott Brison:** Mr. Speaker, the hon. member is quite right. Our dollar is doing well compared to the ruble. However there are other currencies that are probably equally important. Given that about 80% of our trade is with the U.S. and that we depend on American consumption and imports for our standard of living, the member would be better off to focus on how our dollar is doing relative to the U.S.

The fact is, under his government, the Liberal government, there has been a 12 cent drop in the dollar. That precipitous drop has represented a significant drop in the standard of living of Canadians. He was asking what we could do.

First, he said that I probably would agree with him that a low dollar is good for exports. I do not agree. That is a very short term approach. One cannot, in the long term, devalue one's wage and prosperity. That is a very flawed economic argument.

Canadian companies can do fairly well in exports in the short term. They can do so, not by investing in productivity or taking steps to be more productive in the long term but by simply enjoying the benefits of a lower dollar in the short term.

• (1750)

In two ways the low dollar has a perverse and negative impact on Canadian productivity over the long term. First, some of the productivity enhancement equipment, software or technology, comes from other countries, particularly the U.S. Canadian companies will not invest in productivity enhancement if they do not need to, and certainly not if the cost is elevated by a sinking Canadian dollar and a commensurately valuable U.S. dollar.

Second, because of the dollar Canadian companies do not need to make those kinds of investments. In the short term it makes it a little easier but in the long term it can have a very negative impact, which is what we are seeing. It becomes a self-fulfilling prophecy.

I would urge the member to revisit that notion. Upon further study he would see that we would be better off lowering debt and taxes, strengthening the dollar over the long term and not just blaming it on monetary policy. There is a fiscal responsibility that we in this place should address over the long term.

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, I rise on behalf of the people of Surrey Central to participate in the second reading debate on this bill. I will be

### *Government Orders*

sharing my time with the hon. member for St. Albert, and I am sure the House will look forward to his comments as well.

Bill C-17, an act to amend the Budget Implementation Act, 1997 and the Financial Administration Act, has two components. The first is to add additional funding of \$750 million for the Canada foundation for innovation to the economic statement and budget update of October 18, 2000.

The second component involves amending the Financial Administration Act to clarify that parliament must provide explicit authority for any voting by or on behalf of the crown. I will deal with that later.

I will now turn to the first part of the bill, the Budget Implementation Act. The bill seeks to extend funding for the Canada foundation for innovation by \$750 million to include operation and maintenance costs for research infrastructure. The bill also proposes to extend funding for the foundation to include the purchase access to international research facilities and research projects. The new funding will be spent over an undefined period of 10 years or more but will be booked in the current fiscal year.

The foundation's purpose is to combine government and private sector funding to enhance education and research infrastructure at post-secondary education institutions and research hospitals. The government stated that the foundation would be funded by an upfront investment of \$800 million.

In 1997 funding of the Canada foundation for innovation was included in the deficit as if it were a liability at that time, even though the foundation did not exist by the end of the year. The foundation did not exist but the \$800 million funding was included as a liability. This made the government depart from its own accounting policies, practices and principles for the third year in a row in contrast to the Public Sector Accounting and Auditing Board, PSAAB, guidelines. The auditor general called it inappropriate accounting and a parliamentary oversight.

The foundation is not obliged to report the results it achieves with \$800 million, and parliament may consequently have difficulty obtaining the information it needs on expenditures.

I will quote from the Canadian Alliance policy. It states:

We will bring the best ideas in business, government and universities together to facilitate the transition to the new economy and position Canada as a global leader. We will also increase support to Canada's research granting councils, and appoint a Chief Scientist of Canada to coordinate science activities in all government departments and ensure that science, not politics, prevails.

• (1755)

Let me make it very clear that the Canadian Alliance supports research and development. We regret that the government has overseen and caused our economy to perform so poorly that it is

*Government Orders*

now necessary for the federal government to step in and apply massive doses, hundreds of millions of dollars, to R and D.

The private sector is not encouraged to do R and D by the government because taxes are high. The government is not only arrogant but weak as well. It lacks vision and we cannot trust it. It is unclear what criteria the Liberals would use in granting decisions made by the foundation, which is to be administered by the Minister of Industry.

During the election campaign, the Canadian Alliance proposed an additional \$500 million in R and D funding. We support increased funding for research and development. While we support the objectives of the Canada foundation for innovation, technical innovation would be more likely to happen in an environment of lower taxes and less regulation rather than increased bureaucratic spending with ill-defined funding criteria.

The second component involves amending the Financial Administration Act to clarify that parliament must provide explicit authority for any borrowing on behalf of the crown. The bill would also define regulations surrounding what is considered to be borrowing of money.

The bill would require the Minister of Finance to authorize money borrowing transactions. It would give the finance minister the power to authorize money borrowing transactions under any terms and conditions he considers appropriate.

Finally, the bill would amend an oversight in which the Canada Pension Plan Investment Board was removed from the list of crown corporations that are exempt from aspects of the Income Tax Act, reducing the possibility of ministerial intervention in the pension board.

The Canadian Alliance policy on financial administration states:

To ensure transparency, accuracy, and confidence in the government's finances, we will authorize the Auditor General to examine all federal government documents, including those from government agencies and crown corporations. The government will be required to report to the House within one year on how it has dealt with issues raised by the Auditor General. We will apply generally accepted accounting principles to government finances.

We will apply them not in the way that suits the government, but will use generally accepted accounting principles.

The bill would correct a legislative error made two years ago which opened the Canada Pension Plan Investment Board to interference by the finance minister in various areas such as cash stripping, appointments, and corporate business plan debt.

The government is again wasting parliamentary time with amendments to correct legislative mistakes it has made. The other day I was debating Bill C-4 and was surprised that the government had to amend its own bill six times. That is how poorly designed it was. The government has to recognize that it must draft bills carefully.

Time and again the official opposition finds that we are holding the flashlight for a weak Liberal government that lacks vision. The problem is that when the government passed the Canadian Wheat Board legislation, it took the CPP investment board out of the Financial Administration Act along with the wheat board.

The fact remains that rather than having excuses from the government, the minister responsible for legislation should be responsible for errors. There should be no mistakes because the minister should be carefully scrutinizing the work the government does.

In conclusion, we support the part of the legislation that corrects the government's mistake of two years ago. We support putting a stop to the finance minister's ability to intervene in the affairs of the pension board.

We have seen the government engage in cash stripping when it comes to the EI account. It stripped \$30 billion from that account. We are pleased to put a stop to that.

• (1800)

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I listened with great interest to my colleague's remarks. I was intrigued by them.

First we have to remember that the Canada foundation for innovation was not set up this year. We are discussing additional funding for it. It was set up three or more years ago. It was conceived at a time when the economy was nothing like as robust as it is now, when there was an even more serious problem about research and development in Canada. There was a serious brain drain. We were losing some of our best researchers. At the same time, Canadians who had gone overseas to be trained were simply not coming home and certainly foreign researchers were not considering coming to Canada to conduct their research.

A survey showed that it had nothing to do with salaries, which people often quote. It had to do with the fact the people here who were engaged in research projects either had old-fashioned laboratories or old-fashioned equipment or, in their relatively short productive research years, they simply did not have the research support they needed. It was the same thing with people overseas. People newly graduated from a foreign university could not come here and conduct their experiments because the infrastructure was simply not here.

So with regard to the hon. member's remarks, the purpose was to provide research infrastructure very quickly to attract these people back here and, by the way, to keep our best people here. Since then that has happened, but there is one other thing he mentioned. We have also changed the R and D tax environment because it was one of the factors the private sector kept telling us about. We now have one of the best, if not the best, research and development tax structures. The effects will be seen this year and in coming years.

We started the CFI and a whole raft of other investments, and we now have the best tax structure. I wonder if the member could comment on those things in light of my remarks.

**Mr. Gurmant Grewal:** Mr. Speaker, I thank the hon. member for Peterborough for asking the question. The hon. member says this foundation was set up a few years ago. That is right. It was set up in 1997, and even when it did not practically exist yet, the government had \$800 million shown as a liability and charged to its accounts. The auditor general was very critical about it, but that is another story.

The hon. member mentioned the serious brain drain problems then, but the brain drain problem still continues. Most of the engineering graduates and doctors and nurses leave the country. Last year alone 6,000 doctors and 14,000 nurses left Canada. The figures are very intriguing.

I understand that the hon. member appreciates investing in research and development. We support that intent as well. It is a noble idea. However, the hon. member's party came into power in 1993. It took four years for it to realize this investment. It set up the foundation in 1997. If his party was so interested, where was it for four years? This is too little, too late.

I would encourage the hon. member to put pressure on the government to revisit its priorities. It should set the right priorities and then allocate the money. Rather than distributing some hypothetical or other grants and contributions or favouring its friends, it should invest the money where it would be more productive.

Another point the hon. member mentioned is tax structure. He said the tax structure with respect to research and development in Canada is the best. I doubt that. Our taxes are so high with respect to G-7 and OPEC countries that we are lagging behind in using our taxation structure as a motivation for investors and as a motivation for R and D. I think the hon. member should look into that again. We are really lagging behind.

• (1805)

**Mr. John Williams (St. Albert, Canadian Alliance):** Mr. Speaker, first I would like to recognize that the member for Peterborough on the government side acknowledged that there is a brain drain. I am glad to see that the government side is finally recognizing there is a problem in the country called a brain drain and that we should do something about it.

Unfortunately, the government's answer is to throw more money at the problem. I believe it will put in another \$750 million for research and development. It has already put in \$500 million. I am not sure if my figures are exactly correct, but the allocation is along those lines. However, that is not for this year. This is a "when it gets around to spending the money" type of allocation. It may take

### *Government Orders*

the government 10 years to spend this money on research and development. We are not going to see any great cash infusion into research and development.

This goes back to 1997, which the member for Peterborough alluded to earlier. The government set up the centre for innovation, put in \$800 million cash and said "This is good stuff". It still has not spent that \$800 million. The taxpayer had to come up with a cheque, it went into a bank account, and there it sat. I hope it was getting some interest along the way. It still has not been spent and we will now see the same thing all over again. We will have to write a cheque for the better part of \$1 billion. It will sit in a bank earning interest rather than being put toward the research and development we so desperately need to maintain our competitiveness in the world.

I think back to the millennium scholarship fund that was created around the same time, with \$2.5 billion to educate our young people in order to make sure we would be competitive in the world. The money sat in a bank for over two years and just before the election the government got fed up and started spending it so that every student in the country was getting grants and student loans so he or she could go to university in the election year courtesy of the government.

It is an election ploy. This is not good management. This is not sound public policy. This is an election ploy whereby the taxpayer will have to write the cheque now and the money will sit in a bank while we wait for the next election to come along. The next thing the government will do is announce all kinds of research and development projects courtesy of money that has already been paid by taxpayers and the government will say how wonderful it is. That is no way to run a country, no way at all.

The other thing is that we do not even get to vote on this in parliament. We get to vote on the bill, but this is statutory spending and we do not even get to vote that on an annual basis. If we could, we would say that we would vote for it in the year the government spends it, but as for this idea of putting it in the bank and keeping it there for 10 years or more, I do not agree with it at all.

The other part of the bill is the CPP investment board. This just shows how sloppy the government is. When it changed the Financial Administration Act recently, it dropped the fact that it had previously made the CPP investment board exempt from large chunks of the Financial Administration Act. The Financial Administration Act is the organizational piece of legislation that details specifically what each department has to do, what each organization has to do, the hoops that have to be jumped through, the management of the money, the reporting to parliament and so on. The government had a blanket exemption that the CPP investment board, which has \$40 billion of Canadians' cash in it, does not

*Government Orders*

report to parliament, and the government wants to keep it that way. I think not.

Not only does the government not want the investment board to report to parliament, but it does not want the auditor general taking a look at it to see how things are. That does not sound like good public policy to me, yet that is what the government wants to do. There is \$40 billion of Canadians' money set aside for their pensions to ensure that they will have some kind of income when they retire and we have given it to a dozen or twenty people to play the stock market with, without review by parliament, without review by the auditor general, and we think this is good public policy? I think not. It cannot be.

Why would we want to exempt the largest fund in Canada from public reporting and public scrutiny, especially by our auditor general? I just cannot understand why the government wants to be so secretive with Canadians' money. I just cannot believe it.

• (1810)

The President of the Treasury Board says she will overhaul the human resources management of the public service, and we will get into all these kinds of things, but when it comes to managing Canadian taxpayers' money it is all done behind closed doors. The Minister of Finance wants to sit down and make all of these decisions on behalf of Canadians without telling them what is being done, without telling them how the fund is doing. "We do not want to report to parliament", the government says, which is getting to be a bit of a joke.

Last week, as you know, Mr. Speaker, I was up on a point of privilege, where the Chair of the Canadian Human Rights Commission, who is an officer of parliament and reports to this House, had a report all over the media the day before it was tabled in the House of Commons. That shows the disrespect that the government and the different organizations that report to the government have for this institution of parliament. I say it is time that we brought back that respect and got their attention.

Mind you, we got the government's attention last Thursday afternoon on the vote, Mr. Speaker. Unfortunately it was not a big enough motion to really jerk the government's chain so that its members would realize that parliament does have powers and that we are the guardian on behalf of the Canadian taxpayer and the Canadian people to ensure that the government does things and does them right.

If that is the case, why would the CPP investment board be exempted from reporting to us? Why would it be exempted from the auditor general taking a look in to see how well the board is doing? The expertise that exists in the office of the auditor general to perform management audits, value for money audits, is the best in the country. Our auditor general, who just retired last Friday night, was recognized around the world as being a man of integrity

and stature and one of the most competent people around in doing these types of things.

The government does not want to hear about it. The government does not want to hear about Shawinigan. The government does not want to hear about the Grand-Mère golf course and hotel and the Auberge hotel. The government does not want to hear about these things. It says "don't worry, we're doing fine". Appearances would suggest otherwise.

Why would we allow the government to build this wall around the Canada Pension Plan Investment Board so it can just say "don't worry, everything is fine" without a real third party analysis to say "yes, it is fine"?

My colleague, the previous speaker, talked about the Canadian Wheat Board. For almost 50 years now it has been exempt from reporting to parliament and exempt from scrutiny by the auditor general. We know how sorry a state the Canadian Wheat Board is in, how it has lost the confidence of the Canadian wheat producers, how it has seen its mandate as selling wheat to wherever it could find a market, to sell it on credit with the government picking up the tab, so if it was a bad loan we would end up giving it away. We cannot get that information because it is protected and we do not need to know that. We do not need to know how much wheat the Canadian Wheat Board has sold on credit for which it has never collected the debt. We do not need to know how much these commissioners are making. They make maybe a quarter of a million dollars a year or more, and what are they producing? The government thinks Canadians should not ask these complex questions. I say they should.

The Canadian Wheat Board's mandate was basically to sell wheat. We now take wheat from the Canadian prairies, ship it to the states where they make pasta and ship it back to Canada where we buy it, because it was not in the board's mandate to create jobs on the prairies. We allow the jobs to be created in the United States because it is easier to sell 100,000 tonnes or a million tonnes with one contract than have value added pasta manufacturers across the prairies.

We will see the same situation with the Canada Pension Plan Investment Board. We already see it with the centre for innovation, where the stated facts from the government are quite different from the real facts when we get behind them. That is why we oppose this bill.

• (1815)

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, while listening to the comments of the member just now, I noticed an inconsistency in the debate that emerged from the Alliance Party across the floor. I was not totally surprised or shocked by that because it is quite commonplace.

*Government Orders*

If I recall, earlier on in the debate the member's colleague, the finance critic, attacked the amendment that dealt with the amendments made to the Canadian Wheat Board Act in 1998, and the Canada Pension Plan Investment Board was deleted in error. The member for Calgary Southeast commented that because of that the government, through the finance minister, could have been involved in some decision making with respect to the investment board. He went on in quite a diatribe about that.

The argument of the member for St. Albert went along quite a different track. He asked why we would exempt the pension plan investment board from the Financial Administration Act. It seems to me that the party is really inconsistent. Could the member for St. Albert would comment on that?

**Mr. John Williams:** Absolutely, Mr. Speaker. The Financial Administration Act is about an inch thick and has an awful lot of stuff in it.

This particular bill says that it wants to exempt itself from divisions I to IV of the Financial Administration Act, which is the bulk of the Financial Administration Act. We are saying we have no problem with that, except we should leave in the small sections that say the auditor general can audit it and that it should report to parliament.

The amendment says that sections 89 to 119, 127 to 130.2 and 153 to 154 will not apply to the Canada Pension Plan Investment Board. It is simple to say let us keep the good stuff and exempt it from the stuff that should not be there. This is not rocket science. It is called good public policy. Yet the government just wants to make a blanket policy and exempt it from everything.

The Financial Administration Act is about an inch thick. We are saying do not exempt it from everything. Exempt it from the things that are appropriate and leave it responsible and accountable for the rest. We thought that was simple stuff.

**Mr. Alex Shepherd (Parliamentary Secretary to President of the Treasury Board, Lib.):** Mr. Speaker, I listened to the member for St. Albert intently. Does he mean to suggest or tell the general public that somehow this board will not be audited? He is leaving in everybody's mind that somehow it will not be audited. I think what he is trying to say is that he wants the auditor general to audit the fund as opposed to an outside party.

People have been concerned about their investment funds for a long time and think that the Canadian pension plan has not been an appropriate vehicle to see their moneys grow. The government put this legislation in place to segregate this.

There may well be a good number of people who can see why maybe they do not want politicians involved in the decision making

that affects their retirement pension because they have had such a bad track record. Is the member suggesting that the members of parliament should have some kind of judgmental authority over people's investment funds?

**Mr. John Williams:** Mr. Speaker, the member is a chartered accountant. He knows full well that when an auditor audits the financial statements he or she certifies that the financial statements are correct.

However, the auditor general has a far greater latitude value for money management auditing to ensure that Canadians are being well served. It is not just the fact that somebody did not run off with the cash, it is the audit of the management of the fund.

He raised another point. We are not asking for politicians to get involved in the decision making. We are asking for the fund to report to the House so that all Canadians know exactly what is going on with their pension plan. Is that too much to ask? I do not think so.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance):** Mr. Speaker, I know I only have a few minutes, but I will get right down to business. Bill C-17 is about innovation.

• (1820)

I would ask the government to allow innovation to start at home in this House. I have been here for seven years and never have I been in an environment where we have seen the death of innovation like this. Every member of parliament has had their rights to speak out freely destroyed and innovation has been choked off. If MPs try to be innovative, they are forced to put their ideas through an interminable series of committees where their ideas are chewed up and destroyed. At the end there is nothing more than pabulum, gruel and useless stuff that does not challenge the status quo.

The press cannot speak to MPs. It is directed by parties as to who it can or cannot speak to. The individual MP cannot be innovative.

If the public wants to know why their MPs are having a very difficult time being innovative and challenging the status quo, it is because they are not allowed to. They are ostracized if they do. We should be dealing with issues like reforming health care and saving pensions. We should be putting forward new ideas to improve our environment. We should be putting forward new ways to deal with federal-provincial issues, defence issues, our role in the world, innovation that prevents conflict, innovation that enables people to get jobs and innovative ways to reform our tax structure. We should be dealing with large issues in the House. That is a pox on all of us if we do not do these things.

The bill before us is about creating a Canada fund for innovation and spending \$1.25 billion. As my colleague from St. Albert

*Government Orders*

mentioned very eloquently, why not allow the fund to be audited? Why not allow the auditor general to look at it? Why leave it up to the government? We know that if governments were allowed to dispense funds through such a mechanism, those funds would not be spent wisely. This has to be done in a different way.

There is a model to do that. The government wisely created the Canadian Institutes of Health Research which works well. It is a public-private partnership. It is at arm's length from the government. It has and will be audited. The institute provides public scrutiny for the disbursement of funds. It is innovative. It allows dynamism and flexibility. That is what this fund needs to be.

It not that we do not support the notion of being able to fund and give our Canadian researchers the ability to innovate, it is the manner in which this fund will be disbursed. That is the problem. It is a matter of accountability and transparency. The government is sorely lacking in foresight if it thinks the public will watch \$1.25 billion of its money be given away without having an opportunity to scrutinize it.

There are other things we need to do to allow innovation. First, we must decrease the tax structure. Second, why not put into the tax structure our ability to create foundations like the United States has done? This will enable us to tap into a huge pool of funds that could be used and dispersed according to what the foundations wanted. It will provide researchers and non-governmental and charitable organizations an enormous pool for innovation.

We should allow individuals to donate to non-governmental organizations and innovative groups that do research like the Canadian Juvenile Diabetes Association or the Heart and Stroke Foundation. We should allow individuals the same tax write-off that another individual would receive if they donated to a political party. What is the difference? Why not allow a person who feels compelled to donate to the Canadian Cancer Society the ability to have the same tax write-off as somebody who donates to the Liberal Party or the Canadian Alliance? This is simply an issue of fairness and equitableness.

While the government has been removing funds from these organizations, why not allow the organizations to have the ability to provide for themselves?

**Mr. Peter Adams:** Mr. Speaker, I rise on a point of order. I do not see any relevance in the member's remarks to the bill which is at hand. I think you should rule accordingly.

**The Acting Speaker (Mr. Bélair):** I would ask the hon. member for Esquimalt—Juan de Fuca to tie his comments to the bill that we are debating.

• (1825)

**Mr. Keith Martin:** Mr. Speaker, I will spell it out for the hon. member. It is called innovation. How do we innovate? I am talking

about new innovative ways the government should look at in terms of enabling this particular fund to be used wisely. I am tying my comments to those of my colleague for St. Albert.

I know the hon. member has a strong desire to make sure that this fund will to be used wisely, not improperly. What we are doing is saving the government's backside. We are providing it a way to make sure that this money is spent wisely, with temperance, and usefully. At the end of the day the money is not ours, it is that of the Canadian taxpayer.

If we are going to have innovation and spend the money wisely, it must be spent by those who will be innovating. If we look into a crystal ball, we will have a enormous lack of individuals who have the ability to do the innovation. There is a crisis and it will only worsen because of lack of professors and teachers in our research institutions. Not only is there the brain drain but there is not enough money in the system right now to provide for these people. Many of them are moving to other parts of the world.

How do we rectify the problem? The following can be done. Let us get back to basics. Let us make sure our children are taught properly and that they are taught the basics of arithmetic, reading, writing and other skills, such as computer skills. We need national standards. They are important if we are to measure our functioning and ability against those in other parts of the world. We need to ensure that we invest in education so that professors can engage in the research.

We have a serious crisis in our education system today. We need to address this by working with the provincial ministers of education. If we do not have the teachers for our youth, they will not be able to utilize this fund. They will not be able to interact or be at the centre of excellence. They will not be the producers of the cutting edge research, which is required if Canada is to be on the leading edge.

The cost of education has gone up so much. For example in the field of medicine, I could not go to medical school today because the tuition fees are about \$14,000 a year. The professional faculties are becoming the purview of the rich.

In my alma mater, the University of Toronto, the average family income is over \$65,000 for those who are in medicine. How can someone who makes \$35,000 a year send their child to medical school? They cannot do it. As time passes our professional faculties and the students who attend will merely be children of the rich and privileged. That is not what we want in Canada. We want to make sure that everyone, regardless of socio-economic status, has an equal ability and opportunity to engage in his or her chosen profession based on the merit of that individual. That is not happening.

This is a clarion call. It is a call for the government to wake up and listen, to work with its provincial counterparts to make sure that we have an education system that is affordable to all students.

We have produced the income contingent loan replacement plan which would have been very useful in enabling that to happen.

In closing, we have to innovate in the House, We have to give MPs the ability and freedom to innovate. We have to revamp this bill and fund so that it is accountable to members of the public from coast to coast.

\* \* \*

[Translation]

**EMPLOYMENT INSURANCE ACT**

The House resumed consideration of Bill C-2, an act to amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations, as reported (with amendment) from the committee.

**The Acting Speaker (Mr. Bélair):** Pursuant to order made earlier today, the House will now proceed to the deferred recorded divisions on Bill C-2 at report stage.

Call in the members.

• (1845)

*Before the taking of the vote:*

**The Speaker:** The question is on Motion No. 4.

• (1855)

(The House divided on Motion No. 4, which was negated on the following division:)

(Division No. 61)

**YEAS**

Members

Abbott	Ablonczy
Anders	Anderson (Cypress Hills—Grasslands)
Bellehumeur	Bigras
Blaikie	Brien
Burton	Cadman
Cardin	Casson
Chatters	Comartin
Davies	Day
Duceppe	Duncan
Elley	Epp
Fitzpatrick	Forseth
Fournier	Gagnon (Québec)
Gallant	Gauthier
Godin	Goldring
Gouk	Grewal
Grey (Edmonton North)	Guimond
Hanger	Hill (Macleod)
Hilstrom	Hinton
Jaffer	Johnston
Kenney (Calgary Southeast)	Laframboise
Lancôt	Lebel
Lill	Lunn (Saanich—Gulf Islands)
Lunney (Nanaimo—Alberni)	Marceau
Mark	Martin (Esquimalt—Juan de Fuca)
Martin (Winnipeg Centre)	Mayfield
McDonough	Ménard
Meredith	Merrifield
Mills (Red Deer)	Moore
Nystrom	Obhrai
Pallister	Penson
Peschisolido	Picard (Drummond)
Proctor	Rajotte
Reid (Lanark—Carleton)	Reynolds

Ritz	Rocheleau
Sauvageau	Schmidt
Skelton	Solberg
Sorenson	Spencer
Stinson	Stoffer
Strahl	Thompson (Wild Rose)
Toews	Venne
Wasylycia-Leis	White (Langley—Abbotsford)
Williams	Yelich—84

*Government Orders*

**NAYS**

Members

Adams	Alcock
Assad	Assadourian
Augustine	Bagnell
Bakopanos	Barnes
Beaumier	Bélair
Belanger	Bellemare
Bennett	Bertrand
Bevilacqua	Binet
Blondin-Andrew	Bonin
Bonwick	Borotsik
Boudria	Bradshaw
Brison	Brown
Bryden	Bulte
Byrne	Calder
Cannis	Caplan
Carignan	Carrroll
Casey	Castonguay
Catterall	Cauchon
Clark	Coderre
Comuzzi	Copps
Cotler	Cullen
Cuzner	DeVillers
Dhaliwal	Doyle
Dromisky	Drouin
Duhamel	Duplain
Easter	Eyking
Farrah	Folco
Fontana	Fry
Gagliano	Galloway
Godfrey	Goodale
Graham	Gray (Windsor West)
Grose	Guarnieri
Harb	Harvard
Harvey	Hearn
Herron	Hubbard
Ianno	Jackson
Jennings	Jordan
Karetak-Lindell	Karygiannis
Keddy (South Shore)	Kilgour (Edmonton Southeast)
Knutson	Laliberte
Lastewka	LeBlanc
Lee	Leung
Lincoln	Longfield
MacAulay	MacKay (Pictou—Antigonish—Guysborough)
Macklin	Mahoney
Malhi	Maloney
Marleau	Martin (LaSalle—Émard)
Matthews	McCallum
McCormick	McGuire
McKay (Scarborough East)	McLellan
McTeague	Mills (Toronto—Danforth)
Minna	Mitchell
Murphy	Myers
Nault	Neville
Normand	O'Brien (London—Fanshawe)
O'Reilly	Owen
Pagtakhan	Paradis
Patry	Peric
Pettigrew	Pickard (Chatham—Kent Essex)
Pillitteri	Pratt
Price	Proulx
Provenzano	Redman
Reed (Halton)	Regan
Richardson	Robillard

*Government Orders*

Saada	Savoy
Scherrer	Scott
Serré	Sgro
Shepherd	Speller
St. Denis	St-Jacques
St-Julien	Steckle
Stewart	Szabo
Telegdi	Thibault (West Nova)
Thibault (Saint-Lambert)	Thompson (New Brunswick Southwest)
Tirabassi	Tonks
Valeri	Vanclief
Whelan	Wilfert —152

## PAIRED MEMBERS

Allard	Anderson (Victoria)
Asselin	Bachand (Saint-Jean)
Bergeron	Bourgeois
Caccia	Chamberlain
Collenette	Crête
Dalphond-Guiral	Desrochers
Dion	Discepola
Dubé	Eggleton
Finlay	Gagnon (Champlain)
Girard-Bujold	Guay
Keyes	Lalonde
Lavigne	Loubier
Marcil	O'Brien (Labrador)
Paquette	Parrish
Perron	Phinney
Plamondon	Rock
Roy	St-Hilaire
Torsney	Tremblay (Lac-Saint-Jean—Saguenay)
Volpe	Wappel

**The Speaker:** I declare Motion No. 4 negatived.

The next question is on Motion No. 8.

[*English*]

**Ms. Marlene Catterall:** Mr. Speaker, if you seek it I believe you would find unanimous consent that members who voted on the previous motion be recorded as voting on the motion now before the House, with Liberal members voting no.

[*Translation*]

**The Speaker:** Does the House agree to proceed in this fashion?

**Some hon. members:** Agreed.

[*English*]

**Mr. John Reynolds:** Mr. Speaker, Canadian Alliance members present vote no.

[*Translation*]

**Mr. Michel Guimond:** Mr. Speaker, Bloc Québécois members will vote yes to the motion.

**Mr. Yvon Godin:** Mr. Speaker, members of the New Democratic Party present in the House vote yes to the motion.

[*English*]

**Mr. Rick Borotsik:** Mr. Speaker, members of the Progressive Conservative Party present vote no.

[*Translation*]

(The House divided on Motion No. 8, which was negatived on the following division:)

(*Division No. 62*)

## YEAS

## Members

Bellehumeur	Bigras
Blaikie	Brien
Cardin	Comartin
Davies	Duceppe
Fournier	Gagnon (Québec)
Gauthier	Godin
Guimond	Laframboise
Lancôt	Lebel
Lill	Marceau
Martin (Winnipeg Centre)	McDonough
Ménard	Nystrom
Picard (Drummond)	Proctor
Rocheleau	Sauvageau
Stoffer	Venne
Wasylcyia-Leis—29	

## NAYS

## Members

Abbott	Ablonczy
Adams	Alcock
Anders	Anderson (Cypress Hills—Grasslands)
Assad	Assadourian
Augustine	Bagnell
Bakopanos	Barnes
Beaumier	Bélair
Bélangier	Bellemare
Bennett	Bertrand
Bevilacqua	Binet
Blondin-Andrew	Bonin
Bonwick	Borotsik
Boudria	Bradshaw
Brisson	Brown
Bryden	Bulte
Burton	Byrne
Cadman	Calder
Cannis	Caplan
Carignan	Carroll
Casey	Casson
Castonguay	Catterall
Cauchon	Chatters
Clark	Coderre
Comuzzi	Copps
Cotler	Cullen
Cuzner	Day
DeVillers	Dhaliwal
Doyle	Dromisky
Drouin	Duhamel
Duncan	Duplain
Easter	Elley
Epp	Eyking
Farrah	Fitzpatrick
Folco	Fontana
Forseth	Fry
Gagliano	Gallant
Galloway	Godfrey
Goldring	Goodale
Gouk	Graham
Gray (Windsor West)	Grewal
Grey (Edmonton North)	Grose
Guarnieri	Hanger
Harb	Harvard
Harvey	Hearn
Herron	Hill (Macleod)
Hilstrom	Hinton
Hubbard	Ianno
Jackson	Jaffer
Jennings	Johnston
Jordan	Karetak-Lindell
Karygiannis	Keddy (South Shore)
Kennedy (Calgary Southeast)	Kilgour (Edmonton Southeast)
Knutson	Laliberte
Lastewka	LeBlanc
Lee	Leung



*Government Orders*

Lincoln  
Lunn (Saanich—Gulf Islands)  
MacAulay  
Macklin  
Malhi  
Mark  
Martin (Esquimalt—Juan de Fuca)  
Matthews  
McCallum  
McGuire  
McLellan  
Meredith  
Mills (Red Deer)  
Minna  
Moore  
Myers  
Neville  
O'Brien (London—Fanshawe)  
Obhrai  
Pagtakhan  
Paradis  
Penson  
Peschisolido  
Pickard (Chatham—Kent Essex)  
Pratt  
Proulx  
Rajotte  
Reed (Halton)  
Reid (Lanark—Carleton)  
Richardson  
Robillard  
Savoy  
Schmidt  
Serré  
Shepherd  
Solberg  
Speller  
St. Denis  
St-Julien  
Stewart  
Strahl  
Telegdi  
Thibeault (Saint-Lambert)  
Thompson (Wild Rose)  
Toews  
Valeri  
Whelan  
Wilfert  
Yelich—207

Longfield  
Lunney (Nanaimo—Alberni)  
MacKay (Pictou—Antigonish—Guysborough)  
Mahoney  
Maloney  
Marleau  
Martin (LaSalle—Émard)  
Mayfield  
McCormick  
McKay (Scarborough East)  
McTeague  
Merrifield  
Mills (Toronto—Danforth)  
Mitchell  
Murphy  
Nault  
Normand  
O'Reilly  
Owen  
Pallister  
Patry  
Peric  
Pettigrew  
Pillitteri  
Price  
Provenzano  
Redman  
Regan  
Reynolds  
Ritz  
Saada  
Scherrer  
Scott  
Sgro  
Skelton  
Sorenson  
Spencer  
St-Jacques  
Steckle  
Stinson  
Szabo  
Thibault (West Nova)  
Thompson (New Brunswick Southwest)  
Tirabassi  
Tonks  
Vanclief  
White (Langley—Abbotsford)  
Williams

**The Speaker:** I declare Motion No. 8 negated.

The next question is on Motion No. 9. If Motion No. 9 is negated, Motion No. 10 will be put to the House.

**Ms. Marlene Catterall:** Mr. Speaker, I believe you would find unanimous consent in the House that members who voted on the previous motion be recorded as voting on the motion now under consideration, with Liberal members voting nay.

• (1900)

[*English*]

**The Speaker:** Is there unanimous consent to proceed in this fashion?

**Some hon. members:** Agreed.

**Mr. John Reynolds:** Mr. Speaker, Canadian Alliance members present will be voting yes.

[*Translation*]

**Mr. Michel Guimond:** Mr. Speaker, members of the Bloc Québécois will vote in favour of the motion.

[*English*]

**Mr. Yvon Godin:** Mr. Speaker, members of the NDP present will be voting yes.

[*Translation*]

**Mr. Rick Borotsik:** Mr. Speaker, members of the Progressive Conservative Party will vote yes.

[*English*]

(The House divided on Motion No. 9, which was negated on the following division:)

(*Division No. 63*)

### PAIRED MEMBERS

Allard	Anderson (Victoria)
Asselin	Bachand (Saint-Jean)
Bergeron	Bourgeois
Caccia	Chamberlain
Collenette	Crête
Dalphond-Guiral	Desrochers
Dion	Discepola
Dubé	Eggleton
Finlay	Gagnon (Champlain)
Girard-Bujold	Guay
Keys	Lalonde
Lavigne	Loubier
Marcil	O'Brien (Labrador)
Paquette	Parrish
Perron	Phinney
Plamondon	Rock
Roy	St-Hilaire
Torsney	Tremblay (Lac-Saint-Jean—Saguenay)
Volpe	Wappel

### YEAS

#### Members

Abbott	Ablonczy
Anders	Anderson (Cypress Hills—Grasslands)
Bellehumeur	Bigras
Blaikie	Borotsik
Brien	Brisson
Burton	Cadman
Cardin	Casey
Casson	Chatters
Clark	Comartin
Davies	Day
Doyle	Duceppe
Duncan	Elley
Epp	Fitzpatrick
Forseth	Fournier
Gagnon (Québec)	Gallant
Gauthier	Godin
Goldring	Gouk
Grewal	Grey (Edmonton North)
Guimond	Hanger
Hearn	Herron
Hill (Macleod)	Hilstrom
Hinton	Jaffer
Johnston	Keddy (South Shore)
Kennedy (Calgary Southeast)	Laframboise
Lancôt	Lebel
Lill	Lunn (Saanich—Gulf Islands)

*Government Orders*

Lunney (Nanaimo—Alberni)  
 Marceau  
 Martin (Esquimalt—Juan de Fuca)  
 Mayfield  
 Ménard  
 Merrifield  
 Moore  
 Obhrai  
 Penson  
 Picard (Drummond)  
 Rajotte  
 Reynolds  
 Rocheleau  
 Schmidt  
 Solberg  
 Spencer  
 Stoffer  
 Thompson (New Brunswick Southwest)  
 Toews  
 Wasylcia-Leis  
 Williams

MacKay (Pictou—Antigonish—Guysborough)  
 Mark  
 Martin (Winnipeg Centre)  
 McDonough  
 Meredith  
 Mills (Red Deer)  
 Nystrom  
 Pallister  
 Peschisolido  
 Proctor  
 Reid (Lanark—Carleton)  
 Ritz  
 Sauvageau  
 Skelton  
 Sorenson  
 Stinson  
 Strahl  
 Thompson (Wild Rose)  
 Venne  
 White (Langley—Abbotsford)  
 Yelich—94

Proulx  
 Redman  
 Regan  
 Robillard  
 Savoy  
 Scott  
 Sgro  
 Speller  
 St-Jacques  
 Steckle  
 Szabo  
 Thibault (West Nova)  
 Tirabassi  
 Valeri  
 Whelan

Provenzano  
 Reed (Halton)  
 Richardson  
 Saada  
 Scherrer  
 Serré  
 Shepherd  
 St. Denis  
 St-Julien  
 Stewart  
 Telegdi  
 Thibault (Saint-Lambert)  
 Tonks  
 Vanclief  
 Wilfert—142

## PAIRED MEMBERS

## NAYS

## Members

Adams  
 Assad  
 Augustine  
 Bakopanos  
 Beaumier  
 Bélanger  
 Bennett  
 Bevilacqua  
 Blondin-Andrew  
 Bonwick  
 Bradshaw  
 Bryden  
 Byrne  
 Cannis  
 Carignan  
 Castonguay  
 Cauchon  
 Comuzzi  
 Cotler  
 Cuzner  
 Dhaliwal  
 Drouin  
 Duplain  
 Eyking  
 Folco  
 Fry  
 Gallaway  
 Goodale  
 Gray (Windsor West)  
 Guarnieri  
 Harvard  
 Hubbard  
 Jackson  
 Jordan  
 Karygiannis  
 Knutson  
 Lastewka  
 Lee  
 Lincoln  
 MacAulay  
 Mahoney  
 Maloney  
 Martin (LaSalle—Émard)  
 McCallum  
 McGuire  
 McLellan  
 Mills (Toronto—Danforth)  
 Mitchell  
 Myers  
 Neville  
 O'Brien (London—Fanshawe)  
 Owen  
 Paradis  
 Peric  
 Pickard (Chatham—Kent Essex)  
 Pratt

Alcock  
 Assadourian  
 Bagnell  
 Barnes  
 Bélair  
 Bellemare  
 Bertrand  
 Binet  
 Bonin  
 Boudria  
 Brown  
 Bulte  
 Calder  
 Caplan  
 Carroll  
 Catterall  
 Coderre  
 Coppins  
 Cullen  
 DeVillers  
 Dromisky  
 Duhamel  
 Easter  
 Farrah  
 Fontana  
 Gagliano  
 Godfrey  
 Graham  
 Grose  
 Harb  
 Harvey  
 Ianno  
 Jennings  
 Karetak-Lindell  
 Kilgour (Edmonton Southeast)  
 Laliberte  
 LeBlanc  
 Leung  
 Longfield  
 Macklin  
 Malhi  
 Marleau  
 Matthews  
 McCormick  
 McKay (Scarborough East)  
 McTeague  
 Minna  
 Murphy  
 Nault  
 Normand  
 O'Reilly  
 Pagtakhan  
 Patry  
 Pettigrew  
 Pillitteri  
 Price

Allard  
 Asselin  
 Bergeron  
 Caccia  
 Collenette  
 Dalphond-Guiral  
 Dion  
 Dubé  
 Finlay  
 Girard-Bujold  
 Keyes  
 Lavigne  
 Marcil  
 Paquette  
 Perron  
 Plamondon  
 Roy  
 Torsney  
 Volpe

Anderson (Victoria)  
 Bachand (Saint-Jean)  
 Bourgeois  
 Chamberlain  
 Crête  
 Desrochers  
 Discepolo  
 Eggleton  
 Gagnon (Champlain)  
 Guay  
 Lalonde  
 Loubier  
 O'Brien (Labrador)  
 Parrish  
 Phinney  
 Rock  
 St-Hilaire  
 Tremblay (Lac-Saint-Jean—Saguenay)  
 Wappel

**The Speaker:** I declare Motion No. 9 lost. The next question is on Motion No. 10.

**Ms. Marlene Catterall:** Mr. Speaker, I think you would find consent in the House that members who voted on the previous motion be recorded as voting on the motion now before the House, with Liberal members voting no.

**The Speaker:** Is there unanimous consent to proceed in this fashion?

**Some hon. members:** Agreed.

**Mr. John Reynolds:** Mr. Speaker, Canadian Alliance members present will be voting no.

[*Translation*]

**Mr. Michel Guimond:** Mr. Speaker, members of the Bloc Québécois will vote in favour of the motion.

**Mr. Yvon Godin:** Mr. Speaker, members of the New Democratic Party who are present will vote against the motion.

[*English*]

**Mr. Rick Borotsik:** Mr. Speaker, members of the Progressive Conservative Party will be voting yes to the motion.

(The House divided on Motion No. 10, which was negatived on the following division:)

*(Division No. 64)*

**YEAS**

Members

Bellehumeur	Bigras
Borotsik	Brien
Brisson	Cardin
Casey	Clark
Doyle	Duceppe
Fournier	Gagnon (Québec)
Gauthier	Guimond
Hearn	Herron
Keddy (South Shore)	Laframboise
Lancôt	Lebel
MacKay (Pictou—Antigonish—Guysborough)	Marceau
Ménard	Picard (Drummond)
Rocheleau	Sauvageau
Thompson (New Brunswick Southwest)	Venne—28

**NAYS**

Members

Abbott	Ablonczy
Adams	Alcock
Anders	Anderson (Cypress Hills—Grasslands)
Assad	Assadourian
Augustine	Bagnell
Bakopanos	Barnes
Beaumier	Bélair
Bélangier	Bellemare
Bennett	Bertrand
Bevilacqua	Binet
Blaikie	Blondin-Andrew
Bonin	Bonwick
Boudria	Bradshaw
Brown	Bryden
Bulte	Burton
Byrne	Cadman
Calder	Cannis
Caplan	Carignan
Carroll	Casson
Castonguay	Catterall
Cauchon	Chatters
Coderre	Comartin
Comuzzi	Copps
Cotler	Cullen
Cuzner	Davies
Day	DeVillers
Dhaliwal	Dromisky
Drouin	Duhamel
Duncan	Duplain
Easter	Elley
Epp	Eyking
Farrar	Fitzpatrick
Folco	Fontana
Forseth	Fry
Gagliano	Gallant
Galloway	Godfrey
Godin	Goldring
Goodale	Gouk
Graham	Gray (Windsor West)
Grewal	Grey (Edmonton North)
Grose	Guarnieri
Hanger	Harb
Harvard	Harvey
Hill (MacLeod)	Hilstrom
Hinton	Hubbard

*Government Orders*

Ianno	Jackson
Jaffer	Jennings
Johnston	Jordan
Karetak-Lindell	Karygiannis
Kenney (Calgary Southeast)	Kilgour (Edmonton Southeast)
Knutson	LaLiberte
Lastewka	LeBlanc
Lee	Leung
Lill	Lincoln
Longfield	Lunn (Saanich—Gulf Islands)
Lunney (Nanaimo—Alberni)	MacAulay
Macklin	Mahoney
Malhi	Maloney
Mark	Marleau
Martin (Esquimalt—Juan de Fuca)	Martin (LaSalle—Émard)
Martin (Winnipeg Centre)	Mathews
Mayfield	McCallum
McCormick	McDonough
McGuire	McKay (Scarborough East)
McLellan	McTeague
Meredith	Merrifield
Mills (Red Deer)	Mills (Toronto—Danforth)
Minna	Mitchell
Moore	Murphy
Myers	Nault
Neville	Normand
Nystrom	O'Brien (London—Fanshawe)
O'Reilly	Obhrai
Owen	Pagtakhan
Pallister	Paradis
Patry	Penson
Peric	Peschisolido
Pettigrew	Pickard (Chatham—Kent Essex)
Pillitteri	Pratt
Price	Proctor
Proulx	Provenzano
Rajotte	Redman
Reed (Halton)	Regan
Reid (Lanark—Carleton)	Reynolds
Richardson	Ritz
Robillard	Sada
Savoy	Scherer
Schmidt	Scott
Serré	Sgro
Shepherd	Skelton
Solberg	Sorenson
Speller	Spencer
St. Denis	St-Jacques
St-Julien	Steckle
Stewart	Stinson
Stoffer	Strahl
Szabo	Telegdi
Thibault (West Nova)	Thibeault (Saint-Lambert)
Thompson (Wild Rose)	Tirabassi
Toews	Tonks
Valeri	Vanclief
Wasylcia-Leis	Whelan
White (Langley—Abbotsford)	Wilfert
Williams	Yelich—208

**PAIRED MEMBERS**

Allard	Anderson (Victoria)
Asselin	Bachand (Saint-Jean)
Bergeron	Bourgeois
Caccia	Chamberlain
Collenette	Crête
Dalphond-Guiral	Desrochers
Dion	Discepola
Dubé	Eggleton
Finlay	Gagnon (Champlain)
Girard-Bujold	Guay
Keyes	Lalonde
Lavigne	Loubier
Marcil	O'Brien (Labrador)
Paquette	Parrish
Perron	Phinney
Piampendon	Rock
Roy	St-Hilaire
Torsney	Tremblay (Lac-Saint-Jean—Saguenay)
Volpe	Wappel

*Government Orders*

**The Speaker:** I declare Motion No. 10 lost.

**Hon. Jane Stewart (Minister of Human Resources Development, Lib.)** moved that the bill, as amended, be concurred in.

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

**Ms. Marlene Catterall:** Mr. Speaker, I think you would find consent in the House that the members who voted on the previous motion be recorded as voting on the motion now before the House, with Liberal members voting yes.

**The Speaker:** Is there unanimous consent to proceed in this way?

**Some hon. members:** Agreed.

**Mr. John Reynolds:** Mr. Speaker, Canadian Alliance members present will be voting no.

[*Translation*]

**Mr. Michel Guimond:** Mr. Speaker, members of the Bloc Québécois will vote against the motion.

**Mr. Yvon Godin:** Mr. Speaker, members of the New Democratic Party who are present will vote in favour of the motion.

[*English*]

**Mr. Rick Borotsik:** Mr. Speaker, members of the Progressive Conservative Party will be voting yes.

[*Translation*]

**Mr. Yvon Charbonneau:** Mr. Speaker, I rise on a point of order. I would like to be recorded as having voted in favour of the motion.

(The House divided on the motion, which was agreed to on the following division:)

*(Division No. 65)***YEAS**

## Members

Adams	Alcock
Assad	Assadourian
Augustine	Bagnell
Bakopanos	Barnes
Beaumier	Bélair
Bélanger	Bellemare
Bennett	Bertrand
Bevilacqua	Binet
Blaikie	Blondin-Andrew
Bonin	Bonwick
Borotsik	Boudria
Bradshaw	Brisson
Brown	Bryden
Bulte	Byrne
Calder	Cannis
Caplan	Carignan
Carrall	Casey
Castonguay	Catterall
Cauchon	Charbonneau
Clark	Coderre
Comartin	Comuzzi

Copps	Cotler
Cullen	Cuzner
Davies	DeVillers
Dhaliwal	Doyle
Dromisky	Drouin
Duhamel	Duplain
Easter	Eyking
Farrah	Folco
Fontana	Fry
Gagliano	Galloway
Godfrey	Godin
Goodale	Graham
Gray (Windsor West)	Grose
Guarnieri	Harb
Harvard	Harvey
Hearn	Herron
Hubbard	Ianno
Jackson	Jennings
Jordan	Karetak-Lindell
Karygiannis	Keddy (South Shore)
Kilgour (Edmonton Southeast)	Knutson
Laliberte	Lastewka
LeBlanc	Lee
Leung	Lill
Lincoln	Longfield
MacAulay	MacKay (Pictou—Antigonish—Guysborough)
Macklin	Mahoney
Malhi	Maloney
Marleau	Martin (LaSalle—Émard)
Martin (Winnipeg Centre)	Matthews
McCallum	McCormick
McDonough	McGuire
McKay (Scarborough East)	McLellan
McTeague	Mills (Toronto—Danforth)
Minna	Mitchell
Murphy	Myers
Nault	Neville
Normand	Nystrom
O'Brien (London—Fanshawe)	O'Reilly
Owen	Pagtakhan
Paradis	Patry
Peric	Pettigrew
Pickard (Chatham—Kent Essex)	Pillitteri
Pratt	Price
Proctor	Proulx
Provenzano	Redman
Reed (Halton)	Regan
Richardson	Robillard
Saada	Savoy
Scherrer	Scott
Serré	Sgro
Shepherd	Speller
St. Denis	St-Jacques
St-Julien	Steckle
Stewart	Stoffer
Szabo	Telegdi
Thibault (West Nova)	Thibeault (Saint-Lambert)
Thompson (New Brunswick Southwest)	Tirabassi
Tonks	Valeri
Vanclief	Wasylcia-Leis
Whelan	Wilfert—164

**NAYS**

## Members

Ablonczy
Anderson (Cypress Hills—Grasslands)
Bigras
Burton
Cardin
Chatters
Duceppe
Elley

*Government Orders*

Epp  
 Forseth  
 Gagnon (Québec)  
 Gauthier  
 Gouk  
 Grey (Edmonton North)  
 Hanger  
 Hilstrom  
 Jaffer  
 Kenney (Calgary Southeast)  
 Lanctôt  
 Lunn (Saanich—Gulf Islands)  
 Marceau  
 Martin (Esquimalt—Juan de Fuca)  
 Ménard  
 Merrifield  
 Moore  
 Pallister  
 Peschisolido  
 Rajotte  
 Reynolds  
 Rocheleau  
 Schmidt  
 Solberg  
 Spencer  
 Strahl  
 Toews  
 White (Langley—Abbotsford)  
 Yelich —73

Fitzpatrick  
 Fournier  
 Gallant  
 Goldring  
 Grewal  
 Guimond  
 Hill (MacLeod)  
 Hinton  
 Johnston  
 Laframboise  
 Lebel  
 Lunney (Nanaimo—Alberni)  
 Mark  
 Mayfield  
 Meredith  
 Mills (Red Deer)  
 Obhrai  
 Penson  
 Picard (Drummond)  
 Reid (Lanark—Carleton)  
 Ritz  
 Sauvageau  
 Skelton  
 Sorenson  
 Stinson  
 Thompson (Wild Rose)  
 Venne  
 Williams

PAIRED MEMBERS

Allard  
 Asselin  
 Bergeron  
 Caccia  
 Collette  
 Dalphond-Guiral  
 Dion  
 Dubé  
 Finlay  
 Girard-Bujold  
 Keyes  
 Lavigne  
 Marcil  
 Paquette  
 Perron  
 Plamondon  
 Roy  
 Torsney  
 Volpe

Anderson (Victoria)  
 Bachand (Saint-Jean)  
 Bourgeois  
 Chamberlain  
 Crête  
 Desrochers  
 Discepola  
 Eggleton  
 Gagnon (Champlain)  
 Guay  
 Lalonde  
 Loubier  
 O'Brien (Labrador)  
 Parrish  
 Phinney  
 Rock  
 St-Hilaire  
 Tremblay (Lac-Saint-Jean—Saguenay)  
 Wappel

**The Speaker:** I declare the motion carried.

\* \* \*

• (1905)

[*English*]

**FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT**

The House resumed consideration of the motion that Bill C-18, an act to amend the Federal-Provincial Fiscal Arrangements Act, be read the second time and referred to a committee.

**The Speaker:** The House will now proceed to the taking of the deferred recorded division on the motion at second reading stage of Bill C-18.

**Ms. Marlene Catterall:** Mr. Speaker, I believe you would find consent in the House that members who voted on the previous motion be recorded as voting on the motion now before the House, with Liberal members voting yes.

**The Speaker:** Is there unanimous consent to proceed in this way?

**Some hon. members:** Agreed.

**Mr. John Reynolds:** Mr. Speaker, Canadian Alliance members present vote no.

[*Translation*]

**Mr. Michel Guimond:** Mr. Speaker, members of the Bloc Québécois will vote in favour of the motion.

[*English*]

**Mr. Yvon Godin:** Mr. Speaker, members of the NDP vote no to the motion.

**Mr. Rick Borotsik:** Mr. Speaker, members of the Progressive Conservative Party vote yes to the motion.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 66*)

**YEAS**

Members

Adams  
 Assad  
 Augustine  
 Bakopanos  
 Beaumier  
 Bélanger  
 Bellemare  
 Bertrand  
 Bigras  
 Blondin-Andrew  
 Bonwick  
 Boudria  
 Brien  
 Brown  
 Bulte  
 Calder  
 Caplan  
 Carignan  
 Casey  
 Catterall  
 Charbonneau  
 Coderre  
 Copps  
 Cullen  
 DeVillers  
 Doyle  
 Drouin  
 Duhamel  
 Easter  
 Farrah  
 Fontana  
 Fry  
 Gagnon (Québec)  
 Gauthier  
 Goodale  
 Gray (Windsor West)  
 Guarmieri  
 Harb  
 Harvey  
 Herron

Alcock  
 Assadourian  
 Bagnell  
 Barnes  
 Bélair  
 Bellehumeur  
 Bennett  
 Bevilacqua  
 Binet  
 Bonin  
 Borotsik  
 Bradshaw  
 Brison  
 Bryden  
 Byrne  
 Cannis  
 Cardin  
 Carroll  
 Castonguay  
 Cauchon  
 Clark  
 Comuzzi  
 Cotler  
 Cuzner  
 Dhaliwal  
 Dromisky  
 Duceppe  
 Duplain  
 Eyking  
 Folco  
 Fournier  
 Gagliano  
 Gallaway  
 Godfrey  
 Graham  
 Grose  
 Guimond  
 Harvard  
 Hearn  
 Hubbard

*Adjournment Debate*

Ianno	Jackson
Jennings	Jordan
Karetak-Lindell	Karygiannis
Keddy (South Shore)	Kilgour (Edmonton Southeast)
Knutson	Laframboise
Laliberte	Lancôt
Lastewka	Lebel
LeBlanc	Lee
Leung	Lincoln
Longfield	MacAulay
MacKay (Pictou—Antigonish—Guysborough)	Macklin
Mahoney	Malhi
Maloney	Marceau
Marleau	Martin (LaSalle—Émard)
Matthews	McCallum
McCormick	McGuire
McKay (Scarborough East)	McLellan
McTeague	Ménard
Mills (Toronto—Danforth)	Minna
Mitchell	Murphy
Myers	Nault
Neville	Normand
O'Brien (London—Fanshawe)	O'Reilly
Owen	Pagtakhan
Paradis	Patry
Peric	Pettigrew
Picard (Drummond)	Pickard (Chatham—Kent Essex)
Pillitteri	Pratt
Price	Proulx
Provenzano	Redman
Reed (Halton)	Regan
Richardson	Robillard
Rocheleau	Saada
Sauvageau	Savoy
Scherrer	Scott
Serré	Sgro
Shepherd	Speller
St. Denis	St-Jacques
St-Julien	Steckle
Stewart	Szabo
Telegdi	Thibault (West Nova)
Thibeault (Saint-Lambert)	Thompson (New Brunswick Southwest)
Tirabassi	Tonks
Valeri	Vanclief
Venne	Whelan
Wilfert —171	

## NAYS

## Members

Abbott	Ablonczy
Anders	Anderson (Cypress Hills—Grasslands)
Blaikie	Burton
Cadman	Casson
Chatters	Comartin
Davies	Day
Duncan	Elley
Epp	Fitzpatrick
Forseth	Gallant
Godin	Goldring
Gouk	Grewal
Grey (Edmonton North)	Hanger
Hill (MacLeod)	Hilstrom
Hinton	Jaffer
Johnston	Kenney (Calgary Southeast)
Lill	Lunn (Saanic—Gulf Islands)
Lunney (Nanaimo—Alberni)	Mark
Martin (Esquimalt—Juan de Fuca)	Martin (Winnipeg Centre)
Mayfield	McDonough
Meredith	Merrifield
Mills (Red Deer)	Moore
Nystrom	Obhrai
Pallister	Penson
Peschisolido	Proctor
Rajotte	Reid (Lanark—Carleton)
Reynolds	Ritz
Schmidt	Skelton
Solberg	Sorenson
Spencer	Stinson
Stoffer	Strahl

Thompson (Wild Rose)  
Wasylcyia-Leis  
Williams

Toews  
White (Langley—Abbotsford)  
Yelich —66

## PAIRED MEMBERS

Allard  
Asselin  
Bergeron  
Caccia  
Collenette  
Dalphond-Guiral  
Dion  
Dubé  
Finlay  
Girard-Bujold  
Keyes  
Lavigne  
Marcil  
Paquette  
Perron  
Plamondon  
Roy  
Torsney  
Volpe

Anderson (Victoria)  
Bachand (Saint-Jean)  
Bourgeois  
Chamberlain  
Crête  
Desrochers  
Discepola  
Eggleton  
Gagnon (Champlain)  
Guay  
Lalonde  
Loubier  
O'Brien (Labrador)  
Parrish  
Phinney  
Rock  
St-Hilaire  
Tremblay (Lac-Saint-Jean—Saguenay)  
Wappel

**The Speaker:** I declare the motion carried. Accordingly the bill is referred to the Standing Committee on Finance.

(Bill read the second time and referred to a committee)

## ADJOURNMENT PROCEEDINGS

[English]

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

## LUMBER INDUSTRY

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, I am pleased to rise on the question that I raised in the House some time ago. It turns out that the timing is excellent.

At the time I was asking the government to recognize that the four Atlantic premiers had sent a letter requesting that the maritime accord be renewed. Day after day the parliamentary secretary and the minister would rise in the House and say that nobody wants the agreements renewed.

However I submitted a letter from the four premiers saying that they did want it renewed. On Thursday those four Atlantic premiers signed another letter asking that the maritime accord be renewed.

The softwood lumber issue is a very serious issue for Atlantic Canada. On Thursday the mills in Atlantic Canada received a seven page fax in the middle of the night stating that the rules were all changed, that they were part of a monitoring system for national exports and that they must comply with this system. When the mill owners came to work on Friday morning there was this whole new regime for them. They had to follow all these new rules and they had to start following them on Monday.

● (1910)

In the meantime the mill owners had to make arrangements with brokers and other organizations to make sure their softwood lumber shipments could continue to the U.S. because it blindsided the whole industry in Atlantic Canada. There was no preparation and there was no warning. Even though the government had five years to get ready for the termination of the softwood lumber accord, it left it to the last day to tell the industry that it had to change the way it operated.

It has implemented a monitoring system so that every stick of lumber from Atlantic Canada to the U.S. has to be registered, certified and kept track of. This is an extension of the system that is already in place in British Columbia, Alberta, Ontario and Quebec which now operate under the softwood lumber agreement. Many people believe, including myself, that by extending those regulations an export tax will be established in Canada. We hope this is not the case. The minister says it is not the case, but everything points to an export tax.

When I asked questions about the issue in question period, the minister stood and said that this was done to record the wall of lumber going from Canada to the U.S. upon the expiration of the softwood lumber agreement. That is not a valid argument because Atlantic Canada always had free trade. If there was to be a wall of lumber it would have been last week, last month or last year.

I do not accept his argument or his reasoning for the monitoring system being applied to Atlantic Canada and being extended from the four SLA provinces.

I would like the minister or the parliamentary secretary to rise and confirm that they know that the four Atlantic premiers have sent two signed letters demanding that the accord be renewed. I would like them to acknowledge that and to commit that they will renew the maritime accord as requested by the four premiers.

**Mr. Pat O'Brien (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, with all due respect to my colleague, he represents one riding in the Atlantic provinces. The government has to govern for the entire country. Softwood lumber is of great interest to every region of Canada, not just to the Atlantic provinces.

I have no problem in acknowledging the fact that the premiers recently sent a letter. That is a matter of record. With the expiry of the softwood lumber agreement our trade is now under NAFTA rules. The exchange of letters in 1996 confirmed the U.S. recognition that should a countervailing duty investigation be initiated during the five year period of the agreement, the maritimes would be considered not to have subsidized. That will be of some comfort to the hon. member who represents an Atlantic riding.

### *Adjournment Debate*

The United States accepted that the maritimes would be considered not to have subsidized. Our job as a government is to continue to advocate for free trade in softwood lumber, for free access to the U.S. market for every region of Canada, not just the riding and the Atlantic region the member hails from but for every region of Canada where this is vitally important.

This is not an east-west issue. The member and anyone else who plays that game does a disservice to what we are trying to do nationally on this file. This is a north-south dispute; it is not an east-west dispute. Any MP that falls into that trap is making a very big mistake and is not helping the national cause on this file. I would ask my colleague to reconsider that.

This is about market share. Our lumber people have done very well in the United States. It means that we must have achieved too much of the market share for the American appetite as we are up to 34%. This dispute is about protectionism.

The Minister for International Trade has made very clear, we will continue to vigorously defend the Canadian lumber industry. We do not unfairly subsidize and that will be proven once again.

### MULTICULTURALISM

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I do not know if I am happy or not to be rising today on a very serious issue regarding the member for Vancouver Centre, the Secretary of State for Multiculturalism. As we all know, she made some unfortunate remarks in the House which left a bad taste in the mouths of everybody who lives in Prince George, and for that matter everybody in British Columbia.

● (1915)

I wish to start out by saying that I have honestly seen the minister from Vancouver Centre in other forums in Halifax and in my own riding. I have seen her do some very good work on the promotion of multiculturalism. I have always respected her for her efforts in bringing that issue to the forefront.

Regardless of the good work she has done in the past, she made a very serious error in judgment. Although she has apologized in the House, an apology is not accepted until the people to whom the slanderous remarks were made against accept the apology. So far the people of Prince George have not yet accepted that apology.

I spoke today to his worship, Mayor Kinsley of Prince George, and asked him what we could do in the House or what could the minister do to remedy the situation. I suggested and he agreed that it would be a good idea if she got out of Ottawa or out of Vancouver and personally flew to Prince George, met with the mayor and the council, sat down and resolved the issue once and for all.

*Adjournment Debate*

A lot of people think of Prince George now in a negative light. The fact is that last Monday the British Columbia government gave an award to the city of Prince George for its work in fighting against racism.

I come from a riding where we have Cole Harbour High School. A few years ago it was involved in a very serious issue. Those people got together with the efforts of Department of Multiculturalism and some dollars from the federal government and worked to resolve the issue. I know the good work that the minister's department can do.

It is still left hanging out there. Many people in British Columbia are still very angry with the minister. Many editorials and newspaper accounts have said that she should resign to restore some dignity to that department.

If the minister is not willing to resign or the Prime Minister is not willing for her to resign, what she must do to resolve this issue once and for all is to go to Prince George, sit down and talk with the mayor and resolve this issue. If she did that I believe we would find a conclusion to this resolve. Then maybe the minister would learn by her mistake and move forward in the future.

On behalf of the people of Prince George, I thank the House for the opportunity to speak. I hope the minister takes that advice and goes very quickly to Prince George to resolve this important issue.

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, with specific reference to the hon. member's original question, I am

informed that the Secretary of State for Multiculturalism did not personally call or instruct her staff or department to call the RCMP on this matter.

On Thursday, March 22, the Secretary of State for Multiculturalism rose in the House and stated her regret and gave an apology to the people of Prince George. She further stated that it had never been her intent to disparage communities anywhere in Canada and that she deeply regretted the distress caused by the statement she made. In the tradition of parliament, her apology has been accepted here.

The Secretary of State for Multiculturalism also paid tribute to the people of Prince George and the good work they had done in setting up a task force against hate activities. She has further stated that she wished to continue to work with them in their fight against racism.

I also want to point out for the benefit of the hon. member and the House that the minister has written to Mayor Kinsley of Prince George. She has conveyed personally her own regret. She said that she wanted to convey personally how sorry she was for the distress which her comments may have caused on March 21.

[*Translation*]

**The Acting Speaker (Mr. Bélair):** The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24.

(The House adjourned at 7.19 p.m.)

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# CONTENTS

Monday, April 2, 2001

## PRIVATE MEMBERS' BUSINESS

### Cetaceans

Ms. Davies .....	2585
Motion .....	2585
Mr. Easter .....	2587
Mr. Elley .....	2588
Ms. Picard .....	2590
Mr. Keddy .....	2591
Mr. Martin (Esquimalt—Juan de Fuca) .....	2593
Ms. Davies .....	2593

## GOVERNMENT ORDERS

### Employment Insurance Act

#### Bill C-2—Time Allocation Motion

Mr. Boudria .....	2594
Mr. Gauthier .....	2594
Mr. Strahl .....	2594
Mr. Gauthier .....	2594
(Motion agreed to) .....	2595

### Business of the House

Mr. Boudria .....	2595
-------------------	------

### Act to Amend the Employment Insurance Act

Bill C-2. Report stage .....	2595
Mr. Brien .....	2595
Mr. Pickard .....	2597
Mr. Martin (Winnipeg Centre) .....	2598
Mr. Laframboise .....	2599
Mr. Fournier .....	2600
Mr. St-Julien .....	2601
Mr. Sauvageau .....	2602
Mr. St-Julien .....	2602
Division on Motion No. 4 deferred .....	2603
Division on Motion No. 8 deferred .....	2603
Division on Motion No. 9 deferred .....	2603
Recorded divisions deferred .....	2603

### Financial Consumer Agency of Canada Act

Bill C-8. Third reading .....	2603
Mr. Comartin .....	2603
Mr. Martin (Winnipeg Centre) .....	2605
Mr. Comartin .....	2605
Mr. Martin (Winnipeg Centre) .....	2605
Mr. Comartin .....	2605
(Bill read the third time and passed) .....	2606

### Federal-Provincial Fiscal Arrangements Act

Bill C-18. Second reading .....	2606
Ms. Lill .....	2606
Mr. Martin (Winnipeg Centre) .....	2607
Ms. Lill .....	2607
Mr. Martin (Winnipeg Centre) .....	2607
Ms. Lill .....	2607
Mr. Godin .....	2608
Mr. Martin (Winnipeg Centre) .....	2609
Mr. Godin .....	2609
Mr. Martin (Winnipeg Centre) .....	2609
Mr. Godin .....	2610

## STATEMENTS BY MEMBERS

### Child Care

Mr. St-Julien .....	2610
---------------------	------

### Health

Ms. Skelton .....	2610
-------------------	------

### Helge Ingstad

Mr. Byrne .....	2610
-----------------	------

### Youth Service Canada

Mr. Bertrand .....	2610
--------------------	------

### Music Week

Ms. Bulte .....	2611
-----------------	------

### Veterans Affairs

Mr. Goldring .....	2611
--------------------	------

### Agriculture

Mr. Duplain .....	2611
-------------------	------

### Université du Québec à Rimouski

Mr. Laframboise .....	2611
-----------------------	------

### Prospect High Head

Mr. Regan .....	2611
-----------------	------

### Youth

Mr. Hill (Macleod) .....	2612
--------------------------	------

### Slobodan Milosevic

Mr. Patry .....	2612
-----------------	------

### Housing

Ms. Davies .....	2612
------------------	------

### Free Trade Area of the Americas

Ms. Gagnon .....	2612
------------------	------

### Agricultural Production

Mr. Binet .....	2613
-----------------	------

### Softwood Lumber

Mr. MacKay .....	2613
------------------	------

### The Environment

Mr. Bagnell .....	2613
-------------------	------

### Hepatitis C

Mr. Thompson (Wild Rose) .....	2613
--------------------------------	------

## ORAL QUESTION PERIOD

### Prime Minister

Mr. Day .....	2614
Mr. Gray .....	2614
Mr. Day .....	2614
Mr. Gray .....	2614
Mr. Day .....	2614
Mr. Gray .....	2614
Ms. Meredith .....	2614
Mr. Gray .....	2614
Ms. Meredith .....	2615
Mr. Gray .....	2615
Mr. Duceppe .....	2615
Mr. Gray .....	2615



## GOVERNMENT ORDERS

### Federal-Provincial Fiscal Arrangements Act

Bill C-18. Second reading .....	2624
Mr. Keddy .....	2624
Mr. Herron .....	2625
Mr. Keddy .....	2625
Mr. Cullen .....	2626
Mr. Keddy .....	2626
Mr. Kenney .....	2626
Mr. Keddy .....	2627

### Privilege

#### Canadian Human Rights Commission Report—Speaker's Ruling

The Acting Speaker (Mr. Bélair) .....	2627
---------------------------------------	------

### Federal-Provincial Fiscal Arrangements Act

Bill C-18. Second reading .....	2627
Ms. Wasylcia-Leis .....	2627
Mr. Martin (Winnipeg Centre) .....	2630
Ms. Wasylcia-Leis .....	2630
Mr. Cullen .....	2631
Ms. Wasylcia-Leis .....	2631
Division on motion deferred .....	2631

### Budget Implementation Act, 1997

Bill C-17. Second reading .....	2632
Mrs. Stewart .....	2632
Mr. Cullen .....	2632
Mr. Kenney .....	2633
Mr. Boudria .....	2635
Mr. Kenney .....	2635
Mr. Cullen .....	2636
Mr. Kenney .....	2636
Mr. Gouk .....	2637
Mr. Kenney .....	2637
Mr. Brien .....	2637
Mr. Nystrom .....	2641
Mr. Adams .....	2642
Mr. Nystrom .....	2642
Mr. Thibault .....	2643
Mr. Nystrom .....	2643
Mr. Brison .....	2643
Mr. Adams .....	2646
Mr. Brison .....	2646
Mr. Assadourian .....	2646
Mr. Brison .....	2647
Mr. Grewal .....	2647
Mr. Adams .....	2648
Mr. Grewal .....	2649
Mr. Williams .....	2649
Mr. Cullen .....	2650
Mr. Williams .....	2651
Mr. Shepherd .....	2651

Mr. Williams .....	2651
Mr. Martin (Esquimalt—Juan de Fuca) .....	2651
Mr. Adams .....	2652
Mr. Martin (Esquimalt—Juan de Fuca) .....	2652

### Employment Insurance Act

Bill C-2. Report Stage .....	2653
Motion No. 4 negatived .....	2654
Ms. Catterall .....	2654
Mr. Reynolds .....	2654
Mr. Guimond .....	2654
Mr. Godin .....	2654
Mr. Borotsik .....	2654
Motion No. 8 negatived .....	2655
Ms. Catterall .....	2655
Mr. Reynolds .....	2655
Mr. Guimond .....	2655
Mr. Godin .....	2655
Mr. Borotsik .....	2655
Motion No. 9 negatived .....	2656
Ms. Catterall .....	2656
Mr. Reynolds .....	2656
Mr. Guimond .....	2656
Mr. Godin .....	2656
Mr. Borotsik .....	2656
Motion No. 10 negatived .....	2658
Motion for concurrence .....	2658
Mrs. Stewart .....	2658
Ms. Catterall .....	2658
Mr. Reynolds .....	2658
Mr. Guimond .....	2658
Mr. Godin .....	2658
Mr. Borotsik .....	2658
Mr. Charbonneau .....	2658
Motion agreed to .....	2659

### Federal-Provincial Fiscal Arrangements Act

Bill C-18. Second reading .....	2659
Ms. Catterall .....	2659
Mr. Reynolds .....	2659
Mr. Guimond .....	2659
Mr. Godin .....	2659
Mr. Borotsik .....	2659
Motion agreed to .....	2660
(Bill read the second time and referred to a committee) ...	2660

## ADJOURNMENT PROCEEDINGS

### Lumber Industry

Mr. Casey .....	2660
Mr. O'Brien (London—Fanshawe) .....	2661

### Multiculturalism

Mr. Stoffer .....	2661
Mr. Lee .....	2662

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