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OFFICIAL REPORT
(HANSARD)

Wednesday, December 12, 2001

—

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Wednesday, December 12, 2001

The House met at 2 p.m.

Prayers

• (1400)

[*Translation*]

The Speaker: As is our practice on Wednesdays, we will now sing the national anthem and we will be led by the member for Surrey Central.

[*Editor's Note: Members sang the national anthem.*]

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PRIVACY COMMISSIONER

The Speaker: I have the honour of laying upon the table the report of the Privacy Commissioner for 2000-01.

[*English*]

This report is deemed permanently referred to the Standing Committee on Justice and Human Rights.

STATEMENTS BY MEMBERS

[*English*]

OIL MUSEUM OF CANADA

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): Mr. Speaker, it may come as a surprise to some in the House of Commons as to where oil was first discovered in Canada. Some may think it was in western Canada but that is not the case. The truth is it was discovered in my riding of Lambton—Kent—Middlesex.

The North American oil industry began in Oil Springs in 1858. James Miller Williams, who was a coachmaker from Universal Exhibition in Paris, dug the first well in 1858. Although the original boom at Oil Springs was short lived, it had a dramatic impact on the fledgling oil exploration, production and refining industries.

In 1958, 100 years after oil was first discovered, Oil Springs became the home to the Oil Museum of Canada, which was designated an official oil heritage site. The museum was opened to the public on August 12, 1960, with over 7,000 people visiting it each year. Family members are pleased to donate old artifacts to the local museum to ensure history is preserved.

I welcome and encourage members in the House and visitors across Canada to visit this great landmark in my riding of Lambton—Kent—Middlesex.

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NATIONAL MEMORIAL

Mr. John Duncan (Vancouver Island North, Canadian Alliance): Mr. Speaker, since September 11 the prime ministers of Australia, New Zealand and Italy have held memorial services for their citizens killed at the World Trade Center.

Britain held a national memorial service for British victims of the attack and is planning a permanent memorial. New York City plans to present an urn to the family of each victim. Canadians came out in the hundreds of thousands to memorial services across the country.

Meanwhile, the Prime Minister's ultimate response has been to send letters of condolence to the families of victims. There are no plans for a permanent national memorial and the government appears uninterested.

Canadians expect Canada to do no less than our friends and allies to honour Canadian victims. A permanent national memorial is essential. Why is the government waiting for someone else to do it?

* * *

• (1405)

NATURAL DISASTERS

Mr. Sarkis Assadourian (Brampton Centre, Lib.): Mr. Speaker, on December 7 each year Armenians around the world take time to recognize the anniversary of the tragic earthquake of December 7, 1988. Over 25,000 lives were lost and hundreds of thousands of Armenians were left homeless and injured on that sorrowful day.

Each year Armenians reflect on the crippling effect of nature's fury and share with the victims of natural disasters everywhere the common bonds of human suffering, human courage and human resolve to overcome and persevere.

I urge my fellow members of parliament to join me and the Canadian Armenian community in mourning the victims of the 1988 earthquake and to contribute to the efforts to provide relief to the victims of natural disasters wherever they occur.

S. O. 31

[Translation]

REMOTE REGIONS

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, according to an article by H el ene Baril that appeared in *La Presse* on December 9, 2001, Professor Fernand Martin of the University of Montreal believes that remote regions and the rest of the country are definitely not on the same wavelength.

The resource rich regions supply the big cities. Wood from the regions provides work for people in the cities: 67% of the secondary processing of wood is done in Montreal.

Savings from the remote regions are invested in large part in the big cities. The Caisse de d ep ot et placement du Qu ebec gets \$20 million from Abitibi-T emiscamingue and invests none of it there. The Fonds de solidarit e of the FTQ gets \$14 million in savings, and it invests barely \$1 million there.

There is still a future in the remote regions and this future can be found in the quality of life and pure air of Canada's north.

* * *

[English]

MEDALS OF BRAVERY

Mr. Mark Eyking (Sydney—Victoria, Lib.): Mr. Speaker, I recognize two of my constituents who are both neighbours and friends of mine on receiving medals of bravery this past week.

John and Mary-Rose MacLeod were visiting the beautiful Inverness beach on Cape Breton Island where they discovered two brothers in danger about 100 metres out in the gulf of St. Lawrence. Not concerned about their personal risk, they swam out to the boys. They handed a piece of driftwood to the stronger of the two and instructed him to swim to safety. They then turned the other boy on his back and headed for shore.

While Mr. MacLeod struggled to keep the victim's head out of the water Mrs. MacLeod attempted rescue breathing several times along the way, but the high surf and strong riptide made it very difficult. They managed to save one boy but sadly the second victim could not be revived.

I commend John and Mary-Rose MacLeod on their selfless act and the example they are setting for all Canadians to make us a more caring society.

* * *

HEALTH

Mr. Rob Merrifield (Yellowhead, Canadian Alliance): Mr. Speaker, there is not one penny more for health care transfers in the budget. The Liberals are refusing to admit that health care is sliding into a crisis. Seventy-five per cent of our physicians refuse to accept more patients. Operating rooms are being shut down because there are no nurses. People are dying as wait lists grow longer.

The budget ignores the rising costs of drugs, new technologies and an aging population. The federal government's contribution is less now than it was in 1994. Canadians are pleading for some relief for health care.

What they got was the cold shoulder from the finance minister and the sorry sight of the health minister waving a newspaper prop to attack another premier to deflect his own failures.

In the last decade the government spent \$242 million studying health care, but when it comes to actually helping the provinces deliver health care it is not up to the task.

* * *

YMCA

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, in November the YMCA celebrated its 150th anniversary in Canada. It has played an enormous role in the lives of Canadians during the time of its existence.

A good example of a lifelong member is 91 year old Les Chater from Hamilton Mountain. Mr. Chater has been a member of the Y since he was eight. During the second world war Mr. Chater spent three harrowing years in a Japanese prisoner of war camp and credits his survival to what he learned at the Y. The Y not only helped him learn the importance of physical fitness but also instilled leadership skills and respect for his fellow man.

Today more than ever it is important that we recognize the positive mark the YMCA has left on the minds and spirits of countless Canadians, young and old.

* * *

[Translation]

CANADIAN FORCES

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I wish to pay tribute to the ongoing and courageous work being done by the 3rd battalion of the Royal 22nd Regiment, which is now in Bosnia-Herzegovina as part of Operation Palladium.

I had the pleasure of spending time with these troops during a training exercise in Valcartier last summer and was honoured to be deployed with them from November 20 to 30 in Bosnia.

Colonel Brazeau and Lieutenant-Colonel Mattern, who head this 1,500-member contingent, are ensuring the security of Bosnian citizens in southwestern Bosnia.

I was impressed by their professionalism and their devotion to their NATO mission.

Their presence and warm contacts with the civilian population are so completely typical of Quebecers and are greatly appreciated. Although their assignment is a tough one, I know that they will meet the challenge.

I wish to congratulate the troops. We will see them in Valcartier when they return from their mission.

•(1410)

[English]

SENIORS

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, I am pleased to stand in the House to recognize an outstanding facility in my riding of Scarborough Centre, the Birkdale Seniors Community Centre. I recently attended its 25th anniversary open house which was a celebration of its great achievements.

In December 1976 the centre opened its doors to the seniors of the community and provided activities such as woodcarving, oil painting and billiards. Since then its programs and activities have evolved to provide seniors with essential services support and continued recreational activities.

I commend all the volunteers and members of the Birkdale Seniors Community Centre for their dedication and effort in making the centre such a tremendous success.

To the past presidents and executive boards, to the current president and executive board, and to the hundreds of volunteers let me say congratulations and thanks for providing such an excellent venue for our seniors.

* * *

ROBERT THERRIAULT

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Mr. Speaker, I rise today to pay tribute to the memory of retired Brigadier General Robert G. Therriault.

[Translation]

Born in Quebec City, General Therriault was commander of the 2nd battalion of the Royal 22nd Regiment, the celebrated Van Doos. He was also commander of Canada's airborne regiment.

[English]

He enjoyed a distinguished military career spanning 35 years. After joining the permanent forces in 1949 he served in Korea. His military postings took him around the world, including Germany, France, Cyprus and Washington, D.C., as military attaché and senior liaison officer. In Canada he was stationed in Valcartier, Quebec City, Kingston, Edmonton and Ottawa.

Brigadier General Therriault was a past honorary colonel of the Canadian Airborne Regiment. He was past chairman of the St. Vincent's Hospital Foundation, a director of the Canadian Corps of Commissionaires and NCE Petrofund.

I join Robert Therriault's family and former military comrades in saluting his contribution to his country.

* * *

[Translation]

MONTFORT HOSPITAL

Mr. Eugène Bellemare (Ottawa—Orléans, Lib.): Mr. Speaker, Friday, December 7, is a memorable date for all Franco-Ontarians. On that day, the Court of Appeal of Ontario unanimously upheld the decision of the Divisional Court in the Montfort Hospital case.

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The French speaking community of eastern Ontario need no longer defend the importance of this institution as a French language university hospital. The Montfort has also earned the distinction of being one of the best performing hospitals in the province.

This ruling therefore marks an historic moment in the delivery of French language health care services for minority language communities by confirming that they have quasi-constitutional rights.

I take this opportunity to congratulate all stakeholders who have been directly or indirectly involved in the Montfort Hospital cause over the past five years.

* * *

[English]

THE MEDIA

Ms. Wendy Lill (Dartmouth, NDP): Mr. Speaker, diverse voices across Canada are being silenced. Southam journalists are condemning CanWest Global for narrowing debate and corrupting both news coverage and commentary to suit corporate interests. CanWest's owners now dictate editorial policy, control TV commentators and tell Aislin what cartoons will be published.

At the same time CBC is cutting again. Saturday radio shows like *The House*, *Basic Black* and *DNTO* are on the chopping block while CBC management locks out its technicians because they want meal breaks on a 12 hour shift.

The government has to bear responsibility for silencing these voices. The cabinet put its seal of approval on the Aspers' media empire a few weeks ago when it renewed its licence. This week's budget leaves the CBC a couple of hundred million short of what it had before the cuts of the last decade.

Our democracy can only survive if there is a free exchange of many views in our newspapers and over our airwaves. Without it, all the security in the world will not make one whit of difference.

* * *

[Translation]

ÉRIC LUCAS

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Mr. Speaker, our champion is still undefeated.

For the first time in the history of boxing in Quebec, a Quebecer has defended his title as world champion before local fans. In Montreal, on November 30, Éric Lucas successfully defended his WBC World Super Middleweight title.

Oral Questions

Once again, his immense talent was evident in his decisive victory over the South African, Dinga Thobela, in a match stopped by the referee in the eighth round. He totally dominated the match from start to finish, assailing his opponent with a skillfully delivered and rapid fire series of combinations, while at the same time holding his ground against the South African's punches. The brilliant victory of this native of Sainte-Julie confirms that he is the best boxer in the world in his category.

This young man is admired by Quebecers for his courage, determination and tenacity, as well as his great generosity. I therefore take pride today in joining with people in every corner of Quebec in celebrating his great performance and in assuring him of our support in future successes.

Good for you, Eric.

* * *

•(1415)

MATHIEU CUSSON

Ms. Diane St-Jacques (Shefford, Lib.): Mr. Speaker, I would like to pay tribute to a very young hero from the riding of Shefford, Mathieu Cusson.

Last Thursday, Her Excellency the Governor General presented Mathieu with the Medal of Bravery for a heroic act he performed on July 5, 2000.

During a fishing trip, Mathieu, his father and a friend were returning to shore with their catch when their canoe was capsized by two large waves. As they fought the waves and the coldness of the water, hypothermia began to set in.

Although weak himself, the young hero managed to swim with his father and friend in tow to a large rock.

He and his father survived their five hour ordeal; sadly, his friend Jared, despite a courageous struggle, did not.

I am proud to draw attention here in the House to the courage of this heroic 13 year old, who has proven that a person's worth is not measured by his age.

Bravo, Mathieu.

* * *

[English]

EMPLOYMENT INSURANCE

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR): Mr. Speaker, the recent recession has resulted in numerous layoffs throughout the country. The Trenton steel works plant in Nova Scotia has been hit especially hard. Many workers have been laid off since last May leaving only a skeleton crew at the plant. As Christmas approaches their EI benefits are coming to an end leaving angst and apprehension for the new year.

In the United States President Bush has been extending EI benefits to help workers affected by the downturn in the economy. Yet in Canada the Liberal government prefers to use the EI fund for its own special interests.

The Liberal budget failed to address the crippling EI and CPP premiums which are a tax grab and devastating to employees, employers and businesses like Trenton Works.

There is a \$36 billion surplus in the EI fund that continues to be exploited for a purpose that it was not intended for. If the government refuses to lower EI and CPP premiums, it should at least return some of the surplus to the workers by extending EI benefits and programs for those who have lost their jobs in this economic downturn.

It is disturbing. It is terrible to be without work and certainty before Christmas.

ORAL QUESTION PERIOD

[English]

The Speaker: The hon. Leader of the Opposition.

Some hon. members: Hear, hear.

* * *

THE BUDGET

Mr. John Reynolds (Leader of the Opposition, Canadian Alliance): I am sure, Mr. Speaker, the warmth will last all of about 35 seconds.

This budget was a wasted opportunity for the government and, unfortunately, for Canadians.

Some hon. members: Oh, oh.

The Speaker: Order, please. The Leader of the Opposition is new and everyone will want to hear his question.

Mr. John Reynolds: Mr. Speaker, with a 9.3% increase in spending, this is the largest increase in spending since the Prime Minister was finance minister.

The government has not cut waste. It has thrown money away to pet projects of the Liberal leadership candidates and has neglected the real priorities of Canadians.

Could the Prime Minister explain to Canadians and to the auditor general how the government could not find one cent in wasteful spending to cut?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I welcome the member for West Vancouver—Sunshine Coast. I know it is sunshine for us to see him there. I have known him for a long time and I am very happy that he is my seventh Leader of the Opposition.

However, something is very unusual. Never in the history of Canada has a Prime Minister gone to a fundraiser to help the Leader of the Opposition. He was a speaker in British Columbia but since he did not like the Tories any more he needed a speaker to raise money and he asked your humble servant to do the job.

We are so tight with money on this side that I went there. He made \$20,000 and he paid me no money.

Oral Questions

• (1420)

Mr. John Reynolds (Leader of the Opposition, Canadian Alliance): Mr. Speaker, I might ask him again some day but I want to tell him that he is not the first Liberal Prime Minister I have ever faced and I can assure him that I will do my best in this role to make sure he is the last one I face.

This year the government will spend \$1.9 billion more than it collects in revenue. By U.S. accounting standards, we are already in a deficit.

The auditor general identified \$16.3 billion in poorly managed grant programs.

Could the Prime Minister not have found ways to cut rather than pushing us to the brink of a deficit?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have had five budget surpluses in a row. When we started we had a \$42 billion deficit. Our plan at the moment is to still have a balanced budget and to have money to stimulate the economy, to develop the infrastructure, to help health care and to help many sectors of our economy.

We will do that. At the same time, the ministers, the President of the Treasury Board and everybody will make sure that when money is not well spent, it will be corrected immediately.

Mr. John Reynolds (Leader of the Opposition, Canadian Alliance): Mr. Speaker, I would not brag about the mess that was left in 1993. Anybody could have done better than what was there in 1993.

Last week the Prime Minister's press secretary said that he was writing the budget, not the finance minister, and it shows. With his tax hikes, wasteful spending and near deficit, this is a budget that only unreconstructed sixties Liberals would appreciate.

The question is: Will the real author of the budget please stand up?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Minister of Finance is responsible for the budget but the Prime Minister has to approve the budget. On top of that, the Prime Minister is a former minister of finance so he has an interest in the budget.

What is great is that we have managed to have nine budgets that have served the Canadian population very well. Never ever has the Minister of Finance complained about the Prime Minister or the Prime Minister complained about the Minister of Finance.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, I see the finance minister was dutifully applauded.

Last spring the Canadian Alliance predicted that the finance minister's out of control spending would lead us back into a deficit. Now we learn that is exactly what has happened, but he is trying to cover it up by cooking the books.

According to the TD Bank, the finance minister was only able to avoid showing a deficit by "fancy accounting footwork". Both J. P. Morgan and Meryll Lynch say that a deficit is likely next year.

Why does he not just admit that without his creative accounting Canada would be headed back into a deficit?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, Canada is not in deficit. We are the only G-7 country not in deficit. We are not in deficit this year and we will not be in deficit next year, nor will we be in deficit the year after.

The hon. members talk about wasteful spending. I would like to talk about the \$16 billion in wasteful spending, so I have gone back to take a look at what they are talking about.

Let me tell the House what their wasteful spending is: \$1.5 billion pension and health benefits for veterans; \$1.1 billion for labour market training, employment assistance to persons with disabilities and helping the homeless.

• (1425)

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, I think he is referring to his record. It is certainly not anything we proposed. It is simply not true.

The finance minister had to break every known accounting rule by pushing \$2 billion of revenue from this year into next year in order to show a bare surplus. If he was treasurer of a public company that kind of snake oil would land him in court and out of a job.

There is no debt reduction, no tax relief, no support for health care or agriculture and yet he still had to cook the books in order to show a surplus. Why does he not just admit that he is leading the country back into deficit as the economic experts are telling us today?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, why does the hon. member not tell the Canadian people what his real agenda is? The fact is the Alliance members talk about agriculture. Of the \$16.5 billion that they said was wasteful spending, \$800 million of it went to farmers; \$1.1 billion went to universities to support research and scholarships; \$5 billion went to aboriginals for health care, education and social services.

The real agenda of the Alliance is to gut the social fabric of the country and the Canadian people will not put up with it.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the creation of an infrastructure foundation will do nothing to stimulate the economy.

Instead of acting immediately, the government preferred to wait until the fall of 2002, not to build, but only to establish the budget of the new foundation, on the condition, of course, that the government runs a surplus. At best, work will begin in the spring of 2003.

Had the government really intended to invest immediately in the economy the \$2 billion it claims to want to allocate to the foundation, why did it not simply improve the existing infrastructure program, as Quebec is asking it to?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we were very clear about the fact that, as soon as the legislation is passed, by March 31 next year, the foundation will be ready to function and certainly ready to meet with anyone, province, municipality or private sector, in order to begin work as soon as possible.

Oral Questions

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the current program has barely begun to pick up momentum. The project approval mechanism is finally working, such was the shortage of funds available compared to the demand.

Would it not have been better to put the money back into something that works now, than wait until 2003? The results will have to come in—that is what the budget provides—before the \$2 billion appears in the expenditure column.

So, my question is: what exactly is the purpose of this foundation?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the purpose is the one identified by the representatives of the Union des municipalités du Québec, when they said “We are pleased with the added investment of \$2 billion in major infrastructure projects. As for the mechanism planned for the new strategic foundation, we consider it to be a reasonable approach, at first glance”.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, this latest sleight of hand will allow the federal government to keep the provincial governments out of future negotiations and deal directly with the municipalities.

Will the Minister of Finance acknowledge that by setting up this foundation, the federal government will be able to systematically shut the government of Quebec out of infrastructure projects?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the purpose of the foundation is to ensure that funds are being allocated constantly, because there is an incredible demand for infrastructure throughout Canada, including in Quebec. We intend to satisfy these demands, be they from the provinces, the municipalities or the private sector.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, if he recognizes that demand is so great, why did the minister not simply put more money into the existing program? That would have been faster.

Is the real purpose of this foundation not to interfere in Quebec's areas of responsibility and create more squabbles and additional delays, when it would have been so much simpler, faster and preferable to invest directly in infrastructure to jump start the economy? There are needs; all he had to do was put money towards them.

• (1430)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, that is absolutely ludicrous.

There is already the \$2 billion infrastructure program that we are ready to move on, if the provinces are ready, if Quebec is prepared to stop delaying the situation. There is the \$680 million affordable housing program. We have just doubled the money set aside for municipalities to undertake green projects, such as water treatment.

Now we have created a new structure that will ensure that there is continued confidence in the economy, and that these infrastructures are put in place. So, the member should be supporting us.

[*English*]

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, my question is for the Minister of Finance.

The Minister of Finance is reported as having said that he gave an advance briefing on the budget to American treasury secretary, Paul O'Neill. The *Globe and Mail* even said that he got a thumbs up from Mr. O'Neill.

What I would like to know is since when does the Canadian government seek pre-approval on its budget from a foreign government and why is the Minister of Finance taking his marching orders from Washington instead of the Canadian people?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I must say that it is quite clear we are getting to the end of the year and running out of questions.

The fact is the Minister of National Revenue and myself met with Mr. O'Neill. We told the Americans what we intended to do. We then confirmed it in a press conference after that particular meeting and then we asked the Americans to follow our lead.

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, is the Prime Minister satisfied that this was not a breach of budget confidentiality? If it were, it is a serious matter. If the Prime Minister had any control over his would-be successor he would call him onto the carpet now and demand an explanation.

Will the Prime Minister now take the Minister of Finance out to the woodshed on this matter, which is a very important issue for the Canadian people?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we can discuss the programs we have with other governments and that we intend to invest money in infrastructure at the border. It was discussed here in the House of Commons and in committee. The ministers talked about it, we agreed to do it and money was allocated this week. We have been discussing the subject since September 12.

Mr. Scott Brison (Kings—Hants, PC/DR): Mr. Speaker, this year, for the first time in six years, the Canadian government will have to borrow to cover its costs. The government is going to private capital markets to raise \$1.9 billion this year and \$1 billion next year.

Does the finance minister admit, based on accounting practices used in the U.S., Japan and Germany, that his government will be in a deficit position this year?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member's information is correct. The government will not have to go to the markets to borrow new money.

What the government is doing, which is being financed internally, is providing institutions like Canada Post and a number of other institutions with the funds to go into the market because it is more important for them to do so for pension fund liabilities.

Mr. Scott Brison (Kings—Hants, PC/DR): Mr. Speaker, even the minister's fancy footwork is not going to work on this one. The fact is that the senior economist of J.P. Morgan is saying that a budget deficit this year is “highly likely”. TD Bank economists are accusing the minister of “fancy accounting footwork” to avoid the appearance of deficit.

Instead of fancy footwork to avoid the appearance of deficit, why does the minister not listen to the auditor general and cut wasteful Liberal spending so that Canada can avoid the reality of deficit?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the only thing I can do is do exactly what I did with the Alliance, which is to point out the wasteful spending to which the hon. member is referring. It is money for health care, for pensions, for international assistance and for labour market training.

I cannot believe that the hon. member, who up until now I thought had a social conscience, would identify with the Alliance Party in the gutting of the social fabric of the nation. Maybe they ought to merge.

Mr. Grant Hill (Macleod, Canadian Alliance): Mr. Speaker, let us talk about the wasteful spending. How about home heating fuel rebates to the dead? How—

Some hon. members: Oh, oh.

The Speaker: Order, please. The Chair has to be able to hear the question of the hon. member and I know other hon. members will want to hear it too. The hon. member for Macleod has the floor.

Mr. Grant Hill: Mr. Speaker, let me try again. The wasteful spending we are talking about is home heating fuel rebates to the dead. How is that for wasteful spending?

[Translation]

The Minister of Finance has increased the payroll tax, and this is killing jobs. He has done nothing to reduce the debt, and has not cut back one cent on waste.

Can the Minister of Finance explain to the public why he has not done the smart thing and cut back on waste?

• (1435)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, when the hon. member speaks of payroll tax, if he means contributions to the Canada pension plan, there is an agreement between the federal government and the provinces, one signed, I might point out, by the former treasurer of Alberta and his former leader, the man he would like to replace.

Furthermore, if he is referring to employment insurance contributions, what can I say? We have just cut these once again, for the eighth time in a row. This makes \$6.8 billion that have been put back into the pockets of Canadians.

[English]

Mr. Grant Hill (Macleod, Canadian Alliance): Mr. Speaker, opposition politicians often get accused of just being critical for no good reason, but listen to what Brian Costello said yesterday about the finance minister's budget. He said not to let this finance minister trick anybody into thinking there were tax reductions in this budget and that taxes had in fact gone up.

Why did the finance minister try and trick every single Canadian with his "fiberal", Liberal budget?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, if he would like, we certainly can exchange quotes. Ernst & Young said:

(The government's) determination to preserve the promised, and largely enacted, tax reductions and to maintain the fiscal discipline that has led to the dramatic improvement in the federal financial picture...

Oral Questions

I have quote after quote, and I would be delighted to give them to number eight if he wants them.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, page 207 of Monday's budget addresses surpluses in the EI fund as follows, "The Report recommended, therefore, that employment insurance rates be set on the basis of levels of revenues needed to cover program costs over the business cycle looking forward, and not take into account the level of the cumulative surplus or deficit".

Will the Minister of Finance admit that, in plain English, what this means is that the government is unilaterally paying down its debt and officially sanctioning the theft of \$44 billion from the EI fund?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, what we are doing is following the auditor general's 1986 recommendation that we include the revenue from EI premiums in our consolidated revenue fund. That is what we did.

This money is then invested in health, education, and job creation, sectors Canadians view as priorities.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the auditor general also said that the government had an unacceptable surplus.

On Monday, the Parliamentary Secretary to the Minister of Finance confirmed that the surplus in the EI fund is fictitious, that it has been spent.

Will the Minister of Finance confirm what his parliamentary secretary said and admit that, in fact, the fund's \$44 billion surplus has been used to pay for more than just EI benefits?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it is very clear, this is an accounting practice. It has been discussed on many occasions in the House.

I remember giving this same answer to the member for Roberval at least three or four years ago.

It does not exist. It is an accounting practice. The money comes in like other revenue, and the expenditures go out like other expenditures.

[English]

Mr. Joe Peschisolido (Richmond, Canadian Alliance): Mr. Speaker, the Minister of Finance once said "We believe there is nothing more ludicrous than a tax on hiring, but that is what high payroll taxes are".

If the Minister of Finance still believes that, why are hard-working Canadians paying \$610 more in payroll taxes than they did in 1993?

Oral Questions

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I have said it here, and the numbers are very clear, that we have reduced employment insurance premiums substantially. They were \$3.07 when we took office. They are now \$2.20. That is a \$6.8 billion reduction.

If the hon. member is referring to the Canada pension plan, it has now been judged to be very secure and one of the best in the world by an independent actuarial evaluation. Is the hon. member now saying that we should scrap the Canada pension plan? Is he now once again raising that spectre before the Canadian people?

Mr. Joe Peschisolido (Richmond, Canadian Alliance): Mr. Speaker, it was a specific question on payroll taxes. Yes, the numbers are very specific. Since 1993 payroll taxes and CPP premiums have gone up \$916 while EI premiums have gone down \$306, which is still an increase of \$610 in payroll taxes. It is very simple. The numbers are clear.

We are in a recession. The finance minister has practically admitted that. Why then on Monday did the finance minister hike payroll taxes and kill jobs in this fragile economy?

• (1440)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member ought to know, and if he does not I will tell him, that Canada's payroll taxes are among the lowest in the world. They are substantially lower than those in the United States. It is for that reason that our priority has been to cut personal taxes.

Let us get to the nub of this. Is the hon. member saying that he does not support the Canada pension plan? Is the hon. member saying that he does not believe that the Canada pension plan is a worthwhile endeavour? Is he now picking up the old Alliance position that the Canada pension plan should be scrapped? If that is his agenda, let him stand up, say it and take the wrath of Canadians.

* * *

[Translation]

AIR TRANSPORTATION

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, a couple of months ago, the Minister of Transport was opposed to the idea of putting air marshals on Canadian aircraft.

It would appear that he has changed his mind, judging by recent government decisions. Yet their presence represents a very real danger. Not only could the marshal be overpowered and disarmed, but as well a stray bullet could easily go through a cabin window at an altitude of 35,000 feet.

How can the Minister of Transport justify this abrupt about-face?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, the hon. member's concerns are the same as my own.

They are the reason we gave this some serious thought. We decided, however, that it was in the best interests of the travelling public to have the RCMP on board aircraft for general security.

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, not only does the Minister of Transport want to put armed guards on our planes, his government has also today

signed an agreement which might open the door to armed U.S. customs officers on Canadian territory, at airports and at the preclearance stage in factories.

The Prime Minister has said on several occasions that, when dealing with the terrorism crisis, our values had to be preserved, first and foremost.

Is it not a major assault on our values to allow armed officers on Canadian soil?

Hon. Martin Cauchon (Minister of National Revenue and Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.): Speaking of customs preclearance, I would just like to point out to the House that we already have this in Canada, particularly in the international airports, for preclearance of U.S. customs.

The Americans are doing this in Canada without firearms, essentially by making use of local police forces. This has always worked out well and they have always done an excellent job.

Obviously, we are going to start discussing the matter of preclearance at border crossings. An excellent agreement was signed this morning, one that is in fact an excellent working plan. We are going to continue with a view to improving our border—

The Speaker: The hon. member for Calgary East.

* * *

[English]

MINISTER FOR INTERNATIONAL COOPERATION

Mr. Deepak Obhrai (Calgary East, Canadian Alliance): Mr. Speaker, yesterday the Prime Minister quoted from the Ontario Municipal Elections Act in an attempt to clear his minister from wrongdoing. Let me read another part of the act:

The place to which the person most frequently returned to sleep or eat during the five weeks preceding the determination is his or her residence.

Did the minister set up a cot in her constituency office five weeks prior to vote in the last byelection?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I said yesterday that the minister had received information that she could vote there. She had received a card in her office indicating that she could vote. Of course, it is an interpretation of the law. Some argue one way or the other.

I have asked the ethics counsellor to clarify the situation and report. When he makes his report that will be made public.

Mr. Deepak Obhrai (Calgary East, Canadian Alliance): Mr. Speaker, when the Liberal MPP for Ottawa—Vanier faced an investigation for wrongdoing, the Liberal leader in Ontario removed her from her duties pending the outcome of the investigation.

Oral Questions

With the serious allegation of improper voting, a behaviour serious enough to have the Prime Minister ask the ethics counsellor to investigate, why does the Prime Minister not follow the example of Dalton McGuinty and remove the minister from her duties until this matter is settled?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, every time an accusation is made very often the counsellor takes a look into the matter. He has looked into matters with many ministers. He has looked into a matter in relation to myself too. We are not going to resign every time. We would like him to do his job.

If there is something serious that leads to a need for a resignation, it will occur. However, an accusation like that is not enough. We have an ethics counsellor who has the responsibility to look into these matters and he will look into this one too.

* * *

• (1445)

THE BUDGET

Ms. Susan Whelan (Essex, Lib.): Mr. Speaker, we have almost \$1.9 billion of trade with the United States each day, yet infrastructure congestion and now security issues have ensured delays at the border. In my riding of Essex county and in the city of Windsor, our economic viability depends on a just in time delivery system.

Could the Minister of Finance tell us how this budget provides both the Canadian people and the Canadian economy with a secure and efficient border?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the member for Essex has taken a very strong leadership position on this whole issue. Her position along with a number of the other members, border members of our caucus, has led the government to take very strong action, and I congratulate her.

Let me just say that \$1.2 billion will be invested in new technologies, in advance information sharing technology, better equipment and detecting explosives. At the same time, over \$600 million will be invested as soon as possible in improving the border infrastructure. That is a result of this caucus and that member.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, guns and planes do not mix. In September the transport minister agreed. He said that the government was really not moving in the direction of having armed personnel on airplanes.

Yet the budget provides for armed air marshals on our planes. Why has the minister now agreed to put guns on our planes? Why the change in course?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, I already answered that question when the hon. member from the Bloc put the reasons for not having armed personnel on planes.

It is very serious when weapons are introduced in a confined space such as an airplane at 37,000 or 39,000 feet. It is a decision we did not take lightly, but upon reflection and certainly after discussion with stakeholders, including the change of heart of the Air Canada Pilots Association, the government acted and it acted in the best interests of the travelling public.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, to Canadians it looks an awful lot like another cave-in to American pressure. On September 17 the transport minister said here in the House, and I quote:

We are committed to providing enhanced security on the ground so we will not need air marshals on planes.

That is pretty clear, but what did the foreign affairs minister say earlier today? Now he is talking about giving guns to Canadian customs agents. What is the next brilliant idea in Canada's smart border policy?

Hon. Martin Cauchon (Minister of National Revenue and Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.): Mr. Speaker, this gives me the occasion to remind the House that a wonderful agreement and working plan was signed this morning. It will allow us to keep going and make progress in order to make sure that we keep the border open to trade while offering a very safe society.

Of course the hon. member is referring to the notion of customs pre-clearance. That exists in our country. It has been put in place at the international airports. It works well and U.S. customs officers are working without any sidearms.

* * *

MINISTER FOR INTERNATIONAL COOPERATION

Miss Deborah Grey (Edmonton North, PC/DR): Mr. Speaker, yesterday the Prime Minister was caught in the act about the CIDA minister. The Ontario municipal elections act, section 19, requires that her name actually be on the voters list in the subdivision in which she resides, or if she is an owner or tenant of the land. It cannot be both of them.

It also requires in section 24 that she apply to the clerk to have her name removed from one list and actually put on the other, and that the clerk approves or disapproves it.

When will the minister stand in the House and table the approval that she received from the clerk to vote for her pal?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it was a byelection. It was not an election, so it was only in one district. We have asked the ethics counsellor to look into this matter and report. When the report comes we will advise.

Miss Deborah Grey (Edmonton North, PC/DR): Mr. Speaker, at least the Prime Minister has admitted that this is a serious problem. It is off to the ethics counsellor. It is too bad it will not be treated that way all the way through.

The cabinet looks like a focus group on rule breaking for the elite. They break the law in good faith. They blame subordinates. They write to quasi-judicial bodies. They use government charge cards for personal expenses. They give untendered contracts for cash. They make unilateral announcements and now they vote whenever, wherever.

Oral Questions

How can the Prime Minister defend keeping this serial voter in this cabinet?

• (1450)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, talking about serial promises, there was a member of parliament who three times promised her electors that she would never take a pension from parliament. After that she broke her word with her voters and got the pension, so I do not take her very seriously.

* * *

TERRORISM

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, Osama bin Laden's Al-Qaïda terrorist network had a foothold in Canada. The solicitor general's continual denial of any Canadian connection ignores the fact that we are vulnerable to the infiltration of terrorists.

I ask the solicitor general, will he now pull his head out of the sand and acknowledge, as proven yesterday with the indictment of Zacharias Moussaoui, that Al-Qaïda is present and active in Canada?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, I have said many times that the terrorism web covers the world. This country is no exception, but I have to tell my hon. colleague again, as I have told him many times, there is no direct link of what took place in New York on September 11 with Canada.

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, repeatedly we have heard and learned about the presence of suspected terrorists operative in this country from foreign countries, that is, from the States, from Jordan, from France and from Great Britain.

This is a sorry indictment of the government, which for almost a decade has financially bled our security and intelligence agencies to the point that there is a shortage of trained analysts here in Canada.

I ask the solicitor general, why did Canadian intelligence fail to uncover the Al-Qaïda terrorists operating in our country?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): It is unfortunate, Mr. Speaker, but my hon. colleague continues to want to discredit CSIS, the RCMP and the government. The fact of the matter still remains that the government saw fit to put just under \$10 billion into the public safety envelope.

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[*Translation*]

TAXATION

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, the Minister of Finance opened the door to tax deductions for mechanic apprentices. I would like to remind him that the Bloc Québécois has been fighting for such a measure since 1993.

Could the Minister of Finance explain why this measure is limited to apprentices, when experienced mechanics are required to spend up to \$20,000 on their tools?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we looked into the situation. We are fully aware that we could provide

many other deductions, but this would cost a great deal. However, in the case of apprentices, those who are really trying to improve their situation, we decided that we had to act. And we did.

I would like to thank all of the members of the House, and certainly the Liberal members, who encouraged us to do this.

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, we would like to remind the Minister of Finance that this is an issue of fairness, because a number of job categories already have this deduction.

Why does the minister refuse to extend this same tax benefit to experienced mechanics, when other job categories already have it?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we had lengthy discussions on this matter with members, including the member who just asked the question, and certainly with members from our caucus.

Our goal is to assist those with the greatest need. This is definitely apprentices, those who must pay these costs for the first time, at the same time as paying for their education, and who do not have high salaries.

* * *

[*English*]

NATIONAL SECURITY

Mr. Myron Thompson (Wild Rose, Canadian Alliance): Mr. Speaker, we heard this morning that the Minister of Foreign Affairs is prepared to allow armed U.S. customs officers to operate within our country. This clearly contradicts what the customs minister has stated repeatedly.

Is the customs minister actually involved in this decision or are the Minister of Foreign Affairs and the U.S. homeland security director calling the shots?

Hon. Martin Cauchon (Minister of National Revenue and Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.): Mr. Speaker, the Minister of Foreign Affairs and I are saying the very same thing. This morning we signed an agreement to make sure that we will have, jointly with the United States, what we call a smart border, using more technology.

What the hon. member is referring to is the notion of customs pre-clearance. That exists in Canada. I have said many times that it exists at international airports. The U.S. customs officers are doing their work without sidearms, using local police forces. It works very well.

• (1455)

Mr. Myron Thompson (Wild Rose, Canadian Alliance): Mr. Speaker, Tom Ridge stated clearly that he feels both U.S. and Canadian customs officers should be armed to adequately protect the border.

The Minister of Foreign Affairs now acknowledges that American customs officers stationed in Canada should be armed. Why the double standard?

How can the Minister of Foreign Affairs still leave our Canadian officers protecting our nation unarmed? Is it more important to protect Americans than it is Canadians? What is—

Oral Questions

The Speaker: The hon. Minister of Foreign Affairs.

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, I am afraid the member has this all fouled up. He should know from his background that people do not chase foul balls.

Clearly what we agreed to this morning is that we will try to work toward a model such as we have for pre-clearance at airports. Of course everyone is concerned about the safety and security of the customs officers. Currently, safety for pre-clearance customs officers in Canadian airports is provided by armed personnel who are members of Canadian police forces.

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[Translation]

TRADE

Mr. Nick Discepola (Vaudreuil—Soulanges, Lib.): Mr. Speaker, this morning, the Minister for International Trade took part in the inauguration of the Canada-Italy Business Council here, in Ottawa.

Could the minister inform this House of the benefits of this fine initiative?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, indeed, this morning, my Italian colleague and I officially launched the Canada-Italy Business Council and its first important undertaking. It involves creating a strategic partnership between Canadian and Italian SMBs in the information and communications technologies sector.

By co-operating in key sectors, Canadian and Italian companies will be able to form strategic alliances that will afford them easier access to their respective commercial spaces, in other words, NAFTA and the EU. The governments of Canada and Italy support this council.

* * *

[English]

THE BUDGET

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, the transport minister says that the \$24 round trip fee to pay for his new airport security fees is not a huge tax grab when in fact it is.

I would ask him to turn to page 92, table 5.1, of his own budget. It authorizes, in year 5, \$306 million in new spending and in the same year \$445 million in new revenue. That is a profit of \$139 million. How can the transport minister say that he is not overtaxing consumers and providing a huge disincentive to travelling?

Will he lower the rate to provide people with a proper incentive and to bring real balance to this plan?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, in the initial years, in fact, there is going to be a number of very important upfront costs which the government is going to have to absorb and which these air charges will not cover, so there will be a shortfall in government revenues as a result of this. Then, over time, this will pick up and it will be compensated for over the course of the next five years.

I assure the hon. member, as the Minister of Transport said yesterday, that there is no intention for the government to make any money on this. If the cash drops so in fact will the charge.

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, rather than creating a system that is so unbalanced and runs huge surpluses into the future for the government, why did this government not follow the recommendations that were tabled by the transport committee which said that there should be a balanced approach to financing this? Asking air carriers to ante up more money for the protection of their assets is not a radical suggestion. It is common sense.

Will this transport minister reconsider his \$24 fee, which is a huge disincentive and is triple the rate the Americans are charging, and implement a common sense policy that gets people flying?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, the standing committee said that Canadians need to be provided with the security of knowing that we have a national, single, accountable, consistent and seamless system of transportation security. That was what the Minister of Finance announced in the budget: the Canadian air transport security authority will provide just those guarantees for the travelling public.

The hon. member then said that the committee's report reflects his own thinking absolutely. Once again we have the hon. member in a political contortion act in the House of Commons, arguing against his own logic.

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[Translation]

MINISTER FOR INTERNATIONAL COOPERATION

Ms. Caroline St-Hilaire (Longueuil, BQ): Mr. Speaker, the Prime Minister has the annoying habit of blindly exonerating his ministers, even when they blunder badly.

Sometimes, he calls it an error in good faith, other times, he says it was the fault of subordinates. In short, the Prime Minister always has good reasons. Now, he is submitting the case of the Minister for International Cooperation to the ethics counsellor, which is not going to reassure anyone.

Will the Prime Minister agree this is not a matter for the ethics counsellor, but more a matter of judgment and morality on which he himself can decide?

● (1500)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I have answered this question at least six times in two days.

Routine Proceedings

[English]

NATIONAL DEFENCE

Mrs. Elsie Wayne (Saint John, PC/DR): Mr. Speaker, last week the auditor general said that the government's claim that our Canadian forces have never been more combat ready "should be taken with a grain of salt". Despite this critical report, this week the finance minister allocated a measly \$300 million to purchase and maintain the equipment needed for our forces for combat.

Has the government made a major policy reversal and decided that our Canadian forces will no longer be a combat ready force and is—

The Speaker: The hon Minister of National Defence.

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, in the Christmas spirit I must say, however, that the auditor general to my knowledge has not had military service, but the chief of defence staff has and he says that we are more combat capable than we were a decade ago.

Furthermore, what we put into the budget was, yes, \$300 million for new equipment, but we have put in \$1.2 billion, including additional money to help in the campaign against terrorism, over \$200 million, and we also put in some \$400 million in counter-terrorism measures and in critical infrastructure protection and emergency preparedness, some \$80 million. A lot of money was put—

The Speaker: The hon. member for Windsor—St. Clair.

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STEEL INDUSTRY

Mr. Joe Comartin (Windsor—St. Clair, NDP): Mr. Speaker, my question is for the Minister of Industry. Pensioners, unsecured creditors and Sault Ste. Marie city council have overwhelmingly endorsed the plan of arrangement in order to keep Algoma Steel in operation. The majority bondholders have also agreed to the plan. The United Steelworkers, which represents 4,000 workers at Algoma, is in the process of finalizing its part of the plan. The only player missing is the federal government.

Will the minister provide assurances that loan guarantees will be available so that Algoma will have sufficient liquidity when it comes out of creditor protection?

Hon. Brian Tobin (Minister of Industry, Lib.): Mr. Speaker, members on this side of the House have worked very hard on this file and have indeed brought it to the attention of the Prime Minister and the members of the cabinet who have the appropriate responsibility. It is a question we are looking into today, tomorrow and in the next few days. We hope to respond one way or another very soon.

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[Translation]

ABORIGINAL AFFAIRS

Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ): Mr. Speaker, on November 28, the Minister of Indian Affairs and Northern Development told the Standing Committee on Aboriginal Affairs that nothing would stand in the way of his determination to

implement his initiatives for the development of aboriginal communities.

In light of the most recent federal budget, in which billions have been earmarked for security, how does the Minister of Indian Affairs and Northern Development intend to address the many problems affecting aboriginal communities with the meagre \$185 million set aside for him by the Minister of Finance?

[English]

Hon. Robert Nault (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, first I would like to thank the Minister of Finance for recognizing that the most important part of any aboriginal agenda is the agenda dealing with aboriginal children.

It might be of interest to the member to know that \$185 million year after year which goes toward programs dealing with special education, early childhood development and issues of poverty in the communities is not something to sneeze at. In fact, to thank the—

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of Her Excellency Dr. Sima Samar, Deputy Prime Minister and Minister Responsible for Women's Affairs in the transitional government of Afghanistan, which will take up its duties on December 22, 2001.

Some hon. members: Hear, hear.

* * *

● (1505)

POINTS OF ORDER

ORAL QUESTION PERIOD

Mr. Myron Thompson (Wild Rose, Canadian Alliance): Mr. Speaker, I rise on a point of order. It is very important that I point out to the Minister of Foreign Affairs that one does chase foul balls when one thinks one can catch them.

Hon. John Manley (Minister of Foreign Affairs, Lib.): Not if they are grounders, Mr. Speaker.

The Speaker: As umpire in this game, I will say that neither one is a point of order.

ROUTINE PROCEEDINGS

[English]

CANADIAN LANDMINE FUND

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, with the leave of the House, I take this opportunity under Standing Order 32(2) of the House to table, in both official languages, the 2000-01 report on the Canadian Landmine Fund.

Routine Proceedings

The report confirms that significant global progress is being made in eradicating anti-personnel landmines and assisting communities affected by these weapons. Through the Canadian Landmine Fund, Canada has been supporting mine action programs in more than 25 countries in 2000-01. Under Canadian leadership, the world has turned a corner in the fight against anti-personnel landmines.

While recognizing that our efforts should continue, we can all be very proud of this achievement.

* * *

GOVERNMENT RESPONSE TO PETITIONS

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's responses to 10 petitions.

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COPYRIGHT ACT

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.) moved for leave to introduce Bill C-48, an act to amend the Copyright Act.

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

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• (1510)

[*Translation*]

COMMITTEES OF THE HOUSE

JUSTICE AND HUMAN RIGHTS

Hon. Andy Scott (Fredericton, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the tenth report of the Standing Committee on Justice and Human Rights.

[*English*]

Pursuant to the order of reference of Wednesday, October 3, the committee has considered Bill C-30, the courts administration act, and has agreed to report it with amendments.

FISHERIES AND OCEANS

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, I have the honour to present in both official languages the sixth report of the Standing Committee on Fisheries and Oceans.

Pursuant to Standing Order 108(2), the committee completed a study on problems facing Newfoundland shrimpers and related activities.

HEALTH

Ms. Bonnie Brown (Oakville, Lib.): Mr. Speaker, I have the honour to present in both official languages the second report of the Standing Committee on Health.

Pursuant to Standing Order 108(2), the committee has completed its study on the draft legislation on assisted human reproduction and now tables its report. Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this report.

Mr. Preston Manning (Calgary Southwest, Canadian Alliance): Mr. Speaker, I rise to add a brief opposition comment on the report just tabled.

First I want to commend to all members the process which produced this report. It was one case where the draft bill went to a committee prior to first reading. The degree of agreement that was reached as a result is worth noting.

The opposition supports many of the major recommendations of the report, particularly the ban on reproductive and therapeutic cloning, the proposals for a new regulatory body and the mechanisms to hold that body accountable to parliament.

The one major difference between ourselves and the government that is noted in the minority report is an ethical concern about any research, such as embryonic stem cell research, which results in the destruction of the embryo. We would commend to members our recommendations that there be a prohibition on such research subject to a three year moratorium and a much stronger emphasis on supporting adult stem cell research.

In conclusion I would like to remind all members that this field of assisted human reproduction involves complex issues of science, health and ethics. There are two things that this report recommends to the House in order to resolve those things: first, to establish a regulatory arena where all those interests and conflicts can be represented and adjudicated openly; and second, for the House to give direction to that body, just a simple directive that where there is a conflict between what is ethically acceptable and scientifically possible, the ethical perspective would prevail.

I join the chair of the Standing Committee on Health in commending this report on building families to every member of the House.

[*Translation*]

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, like the Canadian Alliance member—

The Speaker: Order, please. Is there unanimous consent to allow the hon. member for Drummond to reply to this report?

Some hon. members: Agreed.

Mrs. Pauline Picard: Mr. Speaker, although the Bloc Québécois supports the broad outline of this report—and we consider essential to further action the broad consensus in it on the dignity of the human being, the non-commercialization of human reproductive material, informed choices, accountability and transparency—we have reservations about the federal government prohibiting certain activities.

We must remember that large areas of medically assisted reproduction come under provincial jurisdiction. I am thinking of the delivery of health care services, including the establishment of fertility clinics, the status of descendants, which has to do with family law, and therefore civil law and, of course, counselling for surrogate mothers and for potential donors, which directly involves the provincial health care systems.

Routine Proceedings

The government must tread carefully in these regulatory areas. It must consult the provinces and work with them in establishing certain regulations, because it is the provinces that deliver the services.

* * *

● (1515)

BROADCASTING ACT

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ) moved for leave to introduce Bill C-420, an act to amend the Broadcasting Act (reduction of violence in television broadcasts).

He said: Mr. Speaker, it brings me great pleasure today to introduce this bill to amend the Broadcasting Act.

This bill has three purposes: first, to register the public's concern regarding violence on television, second, to include in the act a regulation on violence on television based on the standards established by the Canadian Broadcasting Standards Council and others; and finally, to prohibit the broadcasting of violent programs during children's prime time viewing hours.

This bill was developed based on consultations in Quebec, in particular in the riding of my colleague, the member for Berthier—Montcalm. I hope that the bill will be passed.

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

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[English]

PARLIAMENT OF CANADA ACT

Mr. Jim Pankiw (Saskatoon—Humboldt, PC/DR): moved for leave to introduce Bill C-421, an act to amend the Parliament of Canada Act and the Canada Elections Act (fixed election dates).

He said: Mr. Speaker, it is a pleasure to introduce this bill entitled an act to amend the Parliament of Canada Act and the Canada Elections Act (fixed election dates).

The purpose of the bill is to fix federal elections to take place on the third Monday of June every four years. If the bill is passed, the next federal election would be held on June 16, 2003. What this bill would do is bring consistency and accountability to the election process and prevent the current Liberal practice of manipulating election dates for crass political opportunistic reasons by timing them with major government spending announcements for example.

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

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PETITIONS**RURAL MAIL CARRIERS**

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, it is my pleasure to present a petition wherein the petitioners are suggesting that rural mail carriers are earning less money than the minimum wage and have working conditions reminiscent of another era. They also believe that they have not been allowed to bargain collectively to improve their wages and working conditions like other workers. They also believe that section 13(5) of the Canada Post Corporation Act prohibits the RRMCs from having collective bargaining rights.

The petitioners therefore call upon parliament to repeal section 13 (5) of the Canada Post Corporation Act.

FALUN GONG

Hon. Andrew Telegdi (Kitchener—Waterloo, Lib.): Mr. Speaker, I am presenting a petition signed by 1,274 people which calls on the Government of Canada to use its good offices to help stop the persecution of Falun Gong practitioners in China.

AFGHANISTAN

Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.): Mr. Speaker, I am presenting another petition signed by 781 people which calls on the federal government to disengage from military action in Afghanistan.

HUMAN RIGHTS

Ms. Colleen Beaumier (Brampton West—Mississauga, Lib.): Mr. Speaker, today is quite an appropriate time for this petition. It calls on parliament to make the guarantee and assurance that human rights for women be a requisite for any new government before its term of office begins, and that a system for reporting and investigating human rights complaints be established in Afghanistan.

* * *

● (1520)

QUESTIONS ON THE ORDER PAPER

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, Question No. 83 will be answered today:

[Text]

Question No. 83—**Mr. Tony Valeri**:

With regards to the changes made to the financial services sector by the coming into force of the Financial Consumer Agency of Canada Act, does the government have plans to allow for the acquisition of demutualized insurance companies?

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): As required by Bill C-8, the four recently demutualized insurers have a common transition period during which they must remain widely held. No mergers by, or acquisitions of, demutualized firms are permitted during that period. The transition period ends on December 31, 2001.

After December 31, 2001, demutualized insurers with equity of under \$5 billion will automatically be eligible to be closely held, however, transactions involving these companies will continue to require the approval of the Minister of Finance. As a matter of policy, those demutualized companies with over \$5 billion in equity will continue to be widely held.

*The Budget***GOVERNMENT ORDERS**

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from December 11 consideration of the motion that this House approves in general the budgetary policy of the government; of the amendment; and of the amendment to the amendment.

Hon. Ethel Blondin-Andrew (Secretary of State (Children and Youth), Lib.): Mr. Speaker, I will be sharing my time with the hon. member for Egmont. It is with a great deal of pride that I rise before the House to express my enthusiastic support for the budget presented earlier this week by the Minister of Finance.

This prudent and thoughtful document underscores our government's unwavering commitment to build a strong economy and a secure society to improve the quality of life for Canadians. Budget 2001 reinforces that we live in a caring society where opportunity is assured for all, a society where the notion of security extends beyond borders and national economic interests.

This is a strategic budget. The investments that are made are prudent. We cannot pretend things have not changed. We are in a period of cautious optimism. We must be strategic with our investments.

The budget is indicative of a society where, as I indicated, security extends beyond borders and national economic interests to encompass the security needs of the most vulnerable, a society that ensures the full inclusion of all its members. That is why I speak not only as the Secretary of State for Children and Youth but as the member of parliament for Western Arctic.

In my region there is a great need for infrastructure. The \$2 billion strategic infrastructure investment foundation that was announced is welcome in my riding because there are a great deal of needs. In a geography as large as we have with over half a million square miles in which 32 communities cover the expanse, over 50% of the aboriginal people are of Metis, Dene or Inuit descent.

We are demographically challenged because we have a young population. Many of the people are under the age of 25. Therefore the \$186 million announced over a two year period would hit on the expansion and enhancement of head start. It would also include \$60 million for special education needs and early intervention as well as \$25 million over a two year period which would include a reduction of the incidence of FAS and FAE. These are areas that would have a great deal of appeal and acceptance among people in the north.

Of course we have other commitments I would like to speak about, in particular the \$680 million that has been included for affordable housing. These are areas of particular concern to northerners. We have a great need because we have a harsh environment and we are challenged in terms of providing the kind of accommodation people need to live in. Affordable housing is a huge issue in the north.

While companies are always free to hold commercial discussions with one another, the Minister will not consider any applications regarding mergers or acquisitions of these companies prior to January 1, 2002. More specifically, no applications will be considered under financial institutions statutes and no analysis of potential transactions will be undertaken before this date.

[English]

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

The Speaker: Is that agreed?

Some hon. members: Agreed

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MOTIONS FOR PAPERS

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I ask that all Notices of Motions for the Production of Papers be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

COMMITTEES OF THE HOUSE

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.) moved:

That the members of the Standing Committee on Environment and Sustainable Development be authorized to travel to Washington, D.C. from January 27th to 30th, 2002 in relation to its study on climatic change and cross border pollution, and that the necessary staff accompany the Committee.

(Motion agreed to)

CANADIAN HERITAGE

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.) moved:

That, in relation to its study on the Canadian broadcasting system, the Standing Committee on Canadian Heritage be authorized to travel to:

Toronto and Montreal from February 5-7, 2002 and to Winnipeg, Regina, Edmonton and Vancouver from February 24—March 1, 2002,

and that the necessary staff accompany the Committee.

(Motion agreed to)

FOREIGN AFFAIRS AND INTERNATIONAL TRADE

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.) moved:

That the Standing Committee on Foreign Affairs and International Trade, in relation to its studies on North American Relations and Security and the Agenda for the June 2002 G8 Agenda, be authorized to travel and hold hearings in two groups in Atlantic Canada and Quebec respectively from February 24 to March 1, 2002 and that Members of the Committee with the necessary staff be authorized to travel to Washington and Mexico City for consultations from March 10 to March 15, 2002.

(Motion agreed to)

The Budget

We also have the \$600 million that was announced in Budget 2000 but was not implemented. It will be implemented for highways. This element has a great deal of appeal for northerners because of the high rate of non-renewable resource development in mining and minerals, especially the diamond industry. We currently have a producing mine, the Ekati mine. We have the Diavik mine which is under construction and we have a third mine under review and assessment, the Snap Lake DeBeers mine.

There are many other opportunities. We have the looming opportunity of oil and gas development. We have the whole discussion of developing a pipeline to bring northern resources to southern markets. That could involve the marrying of American and Canadian resources in the Arctic. Natural oil and gas in the high Arctic would be for the benefit of northerners as well as all Canadians because of the revenues that would accrue from bringing the resource to market for Canada. The exploration and exploitation of the resources would benefit the whole country.

• (1525)

On the heels of that, when we talk about aboriginal communities we also talk about things that were perhaps not in the budget but are a work in progress.

The north is a progressively developing area politically, socially, culturally and economically. It will have opportunities once these developments are onstream. The mines have 25 year lifespans. A pipeline could have the same lifespan. These would be producing and are producing already. The mines are putting money back into federal fiscal coffers.

We now get a \$19,000 per capita transfer for each individual in our territory. Once we have all these developments online we should be able to return to fiscal coffers revenues of about \$98,000 per person.

With half the aboriginal population that exists in the north it would be unprecedented for Canada to have a territory with many provincial-like responsibilities which could become a have territory that sustains itself. This is something we anticipate could happen.

However we need further assistance. Many developments across the country did not happen on their own. Hibernia did not happen on its own. It was listed in the 1998 or 1999 budget that we would get a northern economic development strategy. We still have a need for a pan-northern economic development strategy and we have called for it in previous budgets.

We also need an investment of about \$250 million for a non-renewable resource development strategy. This would include capacity building. It would include making sure we have trades-people and specific skilled individuals such as mechanics, electricians and high pressure welders who would help build the pipeline if we do that, and I anticipate we will.

Everyone knows we are vulnerable. We have two huge border areas in our territory. To the north we have the circumpolar region. We are exposed and vulnerable. We are hard pressed to maintain Arctic sovereignty with the kind of monitoring that goes on. We need to look at part of the \$7 billion security package for the north. We also need to beef up the Alaska, U.S. border to the west of the territory which seems to be loosely monitored.

If we are to pay the \$12 air safety fee which is \$24 return we need to receive that service. Nunavut and the Northwest Territories do not have the kind of air security service other areas have. Northerners are like all other Canadians. They want to contribute. They want to play a significant role in Canada as a whole. We cannot do that if we do not get the same level of service. It becomes impossible for us to justify.

There is only one mode of transportation in the majority of the regions of Nunavut and the Northwest Territories by air. We are captive to air travel. We do not have the choice of train, bus, highway or other ground transportation. We cannot travel by boat because we have four seasons in our region.

We are thrilled with the budget. There is potential in it. We are realistic about it. We accept it and we can work with it. We also believe the work must come both ways. We must understand that the \$186 million intended for children on reserves speaks to a northern community where there are no reserves.

We also need to know the \$680 million for affordable housing would be equitably distributed to our people. We need to know the \$600 million that is there for the highway addresses the issue of the formula that is used. Existing highways are limited and that is what the formula is based on. We need to get around that to give the north what it needs to continue with the development that is happening.

We cannot underscore how important the budget is for us at this time. We need people to know that the north is moving on as a region of Canada. It has unprecedented 19% economic growth.

• (1530)

We need opportunities, investment from the federal government and the partnership. It would be remiss of me not to mention the champions of that road, Chief Cece MacCauley and her women warriors. They have pushed hard to demonstrate the need for that road. I mention them because they are real champions. They help us all along with the leaders and the successive ministers.

Mr. Joe McGuire (Egmont, Lib.): Madam Speaker, it is a pleasure to address the House today in regard to the budget. I will ignore for the most part the security section of the budget. Most members mentioned the reasons we are having a budget at this time and where the majority of the funds would be spent.

I will go over the major initiatives: \$2.2 billion to make air travel safer, \$1.6 billion for intelligence and policing, more than \$1.6 billion for emergency preparedness and support for the military, \$1 billion for more efficient screening of immigrants and refugees, and \$1.2 billion for U.S. border measures.

The Budget

There are some members opposite who do not seem to think that we live on the same continent as the United States or do not believe that the United States is serious about protecting itself against another terrorist attack. It is asking its neighbours both north and south of its borders to participate and to help it in the war on terrorism. We are doing this to the point of \$7.7 billion. That has been discussed by many members and members who follow me will expand on those efforts.

I will address a few of the things that have not been mentioned or are rarely mentioned. These are little nuggets or fairly large nuggets in a way. I will address the Farm Credit Canada initiative. In the new tax measures it says that the budget would provide that Farm Credit Canada, a crown corporation, be no longer subject to federal corporate income and capital taxes.

That has not been commented on at all by anyone. This measure is an important one for farmers and the corporation. Farm Credit Canada up until yesterday would pay taxes if it had a good year. If it had a bad year or number of bad years it would have to come back to parliament to get a bailout.

With this move it would be on the same basis as the Federal Business Development Bank and the Export Development Corporation where its profits would not be taxed. If we look at its annual reports it would mean that it would save or have available to lend to farmers \$30 million which it would otherwise lose.

With the leverage ratio of 12:1 it would mean an additional \$360 million that would be available to Farm Credit Canada to lend to farmers, agribusiness and agricultural pursuits because its mandate would be expanded much wider.

We could extrapolate further but if we take just one year it would mean an addition of \$360 million. The opposition says we are not doing anything for agriculture. This is one move that would make those kinds of dollar available for the farming community across the country.

Atlantic Canadians are interested in the small craft harbours program. There were a number of questions on that recently. I remember being in opposition, sitting over there where the member from Calgary is sitting, and watching the government of the day spend all its dollars in Conservative held ridings.

I had to take a picture of the harbour at Howard's Cove where a number of fishermen stood in the middle of the harbour on a sand dune to illustrate to the minister of fisheries at the time that something had to be done to help that harbour get some dredging done.

I made it a goal then that if we became government the harbours in my riding in eastern Canada and in Prince Edward Island would never have to go through those embarrassments again.

•(1535)

Last fall two harbours at Miminegash and Seacow Pond were almost wiped out due to a major storm surge with high tides and winds. They would have been wiped out if the storm had continued much longer. This cannot be allowed to happen again. We were able to repair those harbours last fall. There is much more work left to be done to protect the harbours across P.E.I. and Atlantic Canada from

the more frequent storm surges and storms than we have been used to over the past number of decades.

We met with the Minister of Finance. He recognized that we had a problem in Atlantic Canada with small craft harbours and he provided \$100 million to that program over the next five years. That is \$20 million for the small craft harbours program which will be appreciated by the fishermen of Prince Edward Island.

Another item that has not been mentioned much is the initiative on wind energy. For the first time we now have a national program in place where we will be assisting producers of wind energy. There have been some experimental efforts in Alberta, Saskatchewan and the Gaspé.

Recently in Prince Edward Island we invested \$4.5 million to construct a wind farm in North Cape, which is in the northwest part of my riding. The windmills have been built and are onstream. They are the only power source for Prince Edward Island. We do not have hydro, coal, natural gas or any other sources of energy, but we do have lots of wind.

This is a further incentive for the expansion of wind production sites like North Cape so provinces or individuals can get into the wind power industry. We would be providing a subsidy of almost \$260 million over 15 years to encourage people to develop that source of energy.

I commend the Minister of Finance and the government for addressing the issue of protection and security. We are facing a new reality with a security budget and we are doing it with a balanced budget. We are able to have a balanced budget even with these new expenditures of \$9 billion to \$11 billion over the next couple of years.

We are able to do that because we laid the foundation. We had contingency funds. The economy was in a situation where we were able to absorb some unforeseen event such as September 11. We were able to do that and have a balanced budget. In fact we are the only G-7 country that was able to do so.

•(1540)

Mr. Inky Mark (Dauphin—Swan River, PC/DR): Madam Speaker, in listening to the debate I am hearing the member opposite talk about agriculture, which is one topic missing from the budget. Farmers still have a tough time. I have noted that since 1977 when I first came to the House. Opposition parties raised the issue on the floor many times this past year. It is an uphill battle to make a living on the farm.

The government refuses to go to bat for the farmer who is struggling to make a living. The government will not go to bat to combat the huge subsidies the Americans are providing to their farmers. The government would go a long way if it would listen to the agriculture report done by government members in terms of the needs of the country.

Does the hon. member believe that the budget should have had some provisions and dollars for struggling farmers?

The Budget

Mr. Joe McGuire: Madam Speaker, it is interesting that the member has asked this question. When he was in the House with a different party he was to do away with the department of agriculture. He was to devolve it into a department. It was to be called the department of sustainable development. Fisheries and natural resources were to be a part of it and most of the subsidy programs we had at the time were to be eliminated.

All of a sudden it is like Paul on his way to Damascus. The scales have fallen from his eyes and he now sees that we were on the right track. We were providing support programs for farmers and we continue to provide them. We have created a disaster relief fund which was the third line of defence.

The Minister of Finance indicated there would be a new initiative on agriculture with the provinces very soon. Parliament cannot do things for agriculture unilaterally as it is a shared responsibility with the provinces. Our minister would be conducting conferences with the other provinces. What we do for agriculture we do together.

• (1545)

Right Hon. Joe Clark (Calgary Centre, PC/DR): Madam Speaker, that was an interesting, if not misleading, review of history. Would the hon. member indicate why the budget proposed no new spending for agriculture?

Mr. Joe McGuire: Madam Speaker, if the right hon. member for Calgary Centre had been listening I indicated that we were. The Farm Credit Canada initiative will be making \$360 million of new money available to agriculture.

We will also create a sectoral council for agriculture. The amount of money will be doubled to \$60 million for those sectoral councils. Agriculture is like most businesses and the human part of the business will be addressed by this new sectoral council in agriculture.

Mr. Scott Brison (Kings—Hants, PC/DR): Madam Speaker, yesterday in the House of Commons during question period the Minister of Finance stated in response to a question:

What is important in a budget is the way in fact it is received by the public.

That admission by the Minister of Finance speaks volumes about his priorities. According to the minister the budget ought to be judged by polls and by public opinion. That is why the minister's budgets tend to focus on next week's polls and tend to ignore the challenges and opportunities facing Canada in the 21st century.

At a time when Canadians deserve leaders who look years, even decades ahead, this finance minister has barely looked weeks ahead. It is often said that the world changed on September 11. With the budget the government is pretending that the world began on September 11.

The budget does nothing to address some of the serious issues facing the Canadian economy prior to September 11 such as agriculture. There was an agricultural crisis before September 11. At a time when the government speaks of security, what could be more important to national security than the ability for us to produce our own food?

If only the Minister of Industry had been minister of agriculture perhaps then the Prime Minister would have stepped into the Liberal

leadership sandbox and demanded \$110 million for Canadian farmers.

In terms of health care Canadians, who are waiting months for MRIs and years and months for major surgery, know that there is a crisis in the health care system in every province in Canada not because of provincial governments but because of this government's callous cuts to health care and its lack of priorities.

There is a productivity crisis. Lagging productivity levels have reduced the standard of living of every Canadian. Yet in the budget we see no reduction in investment killing capital taxes and no reduction in job killing payroll taxes.

In fact in none of the minister's budgets have we seen forward thinking, courageous and visionary policy initiatives, the types of policy initiatives that were hallmarks of the previous government.

During times of global economic growth a lack of vision is easy to overlook. The Canadian economy would not have enjoyed the high level of growth throughout the nineties that it has enjoyed had it not been for the foresight, risk taking and innovative policies of the previous government.

That government took big steps. It thought big. It focused on what was good for Canadians, which did not always win votes but was certainly the best way to build a stronger country.

The government and the finance minister like to take credit for the elimination of the deficit. However the overwhelming majority of economists give full credit to the previous government. In fact the 1998 *The Economist* magazine world preview said that the credit for deficit reduction in Canada belonged largely to the structural changes made by the previous Conservative government.

The Economist magazine went further and listed specifically free trade, the GST and deregulation, all of which were policies that the current finance minister and the current Prime Minister fought vociferously in opposition. Clearly having fought these policies in opposition they cannot take credit for the results of these policies now in government.

When asked by my leader last fall during the general election to name one accomplishment of his government during one of the leaders' debates, the Prime Minister could not after seven years in government name one accomplishment.

The question we must ask is what has the government accomplished in eight years of government. We have identified why the government and the finance minister cannot lay claim to the elimination of the Canadian deficit. The government has not initiated any visionary policies that have paved the way to a more prosperous country.

If we look at the performance of the Canadian economy under the government we see a lost decade during which Canadian productivity and growth fell behind those of our competitors.

The Budget

Under the government the Canadian dollar has lost 20% compared with the U.S. dollar. The Prime Minister's answer is that a low Canadian dollar is good for exports. The logical corollary of his argument would be that reducing the Canadian dollar to zero would create the greatest export nation in the world. Clearly the Prime Minister's arguments when it comes to economic matters are seriously flawed.

• (1550)

Woody Allen once said that 80% of life is just showing up. For eight years the Prime Minister has just showed up, and Canadians are paying a price for a Prime Minister who just shows up and does not do very much more.

Eighty-five per cent of our trade is with the U.S. Thirty-five per cent of everything we consume is from the U.S. A 20% drop in the Canadian dollar represents a significant reduction in the standard of living of every Canadian family.

Under the government we have seen personal disposable income drop while we have seen American disposable income increase. Wealth is relative, and as Americans have been getting richer Canadians have been getting poorer. It is not just the U.S. Almost every one of our competitors in the G-7 have initiated major tax reform and major initiatives that focus on improving productivity and prosperity. Canada has been left behind by a government that watches the polls, but does not address the policy issues that could create more growth and opportunity for Canada.

The 1990s under this finance minister and this government have been a decade of lost opportunity. The global economy has undergone a greater level of change in the last 10 years than perhaps in the last 100 years and the government has done very little to address those changes.

The government has always focused on politics to the detriment of policy. Never was this more evident than in this week's budget. This is a part time budget from a part time finance minister. Good government means making tough choices. The finance minister is so conflicted by his principle role as a Liberal leadership contender that he refuses to make the types of decisions and choices that would ensure continued prosperity and growth for Canadians.

Last week the auditor general, in her scathing report, identified 16 government departments with out of control spending. She identified \$16 billion of spending that could have been controlled better by the government and areas where a reduction in the spending of taxpayer money by the government would not have reduced significantly the quality of life of Canadians.

The report went on to identify chronic problems the Liberal government had with controlling its grants and contribution spending. She indicated that the HRDC jobs grant fiasco now echoed throughout every federal department with the mismanagement of projects being systemic.

Perhaps most importantly, in the first line of her first report, the auditor general cited "the erosion of parliamentary control over how government raises money and spends it". The finance minister's response to her criticism that under the Liberal government there has been an erosion of parliament in its ability to control the raising and spending of money was to introduce a budget in the last week the

House of Commons was sitting before the holidays, with only four days of debate before the House rises. However that was not good enough for the Liberals. They have been trying to reduce that to two days so that they would not have to come in to work the morning after their Christmas party.

The minister does not want debate. He does not respect parliament. His government does not respect parliament. He supports what the auditor general has called his government's erosion of parliament. If the minister had taken the auditor general seriously or if he had any respect for parliament, he would have led the charge for his government to reform parliament and bring the estimates back to the floor of the House of Commons where they belonged, where ministers would be required to defend their estimates in parliament.

That minister would not dream of doing that. Why would he? Even though it would be good for parliament and democracy, it would not win him many votes in the Liberal leadership race. The minister knows that his prospects as a candidate for the Liberal leadership race would not benefit from clamping down on the out of control spending of the ministers and lack of accountability to parliament.

To pay for some of the new security imperatives, which represent the priorities of Canadians, the minister had choices. He had choices in terms of how the government could pay for these increased priorities. Clearly when faced with tough choices, Canadian families, individuals and households target wasteful spending and prioritize to afford those things that are most important.

Security and defence reinvestment are top priorities for Canadians. Airline security was of particular importance for Canadians and for the Canadian economy. The fact is that improved airline security could be paid for by the finance minister if he were to listen to the auditor general and target wasteful spending by Liberal ministers on their pet projects within their departments. Instead airline travellers in Canada will be paying \$24 in a new security tax to the government for every round trip domestic flight and \$48 for every round trip international flight.

• (1555)

Comparatively, U.S. travellers will be paying \$5 for every round trip. That is three and a half or perhaps even seven times more expensive for Canadian travellers than for U.S. travellers. It is the same security but it is three and a half to seven times more expensive in Canada because this is another Liberal government tax grab by a finance minister who refuses to tackle wasteful Liberal spending in departments that are pursuing their own pet projects. Instead he is willing to lay a \$2.2 billion tax on what is perhaps Canada's most vulnerable industry, the airline industry.

The Budget

If the finance minister's low dollar does not keep Canadians here in Canada over the holidays, his new tax certainly will. A family of four would pay up to \$200 in new security taxes just to fly to Florida and back over the holidays to see relatives.

Instead of paying for improved security by giving his department a liposuction to remove some of the fat from his bloated government, the finance minister has decided that ordinary Canadians ought to pay more and that this Liberal tax and spend government should once again introduce more taxation and attack Canada's most vulnerable industry.

Why did he make that choice? He did it again because he is internally conflicted between what he ought to do as finance minister and what he knows he should do to shore up support for the Liberal leadership.

In fact, his quick release following his budget address of a comprehensive list of backbench Liberal MPs who could claim to have received something in the budget reflects that true agenda. The auditor general speaks of waste, while the finance minister speaks of pet projects and which pet projects his backbench Liberal MPs can brag about funding.

This is not the first time that the finance minister has put his politics ahead of the prosperity of the Canadian people. In his pre-election mini budget in October 2000, a \$1.4 billion home heating oil lottery resulted in only \$240 million actually reaching families and individuals who were deserved of that program. Over \$1 billion was misdirected, in some cases to prisoners, in some cases to people living outside Canada, in some cases to students who were living in university residences and in 7,500 cases to dead people.

If the government had not blown that over \$1 billion on this initiative, that money could have been contributed to the cost of improved airline security. Good government is about making good choices and about protecting the taxpayer money, not wasting it.

Not only has this budget failed to reduce wasteful spending, it has increased spending in many non-core, non-priority areas at a time when Canadian agriculture needs increased levels of funding. In the face of crisis, Canadian farmers could have used the \$160 million that the government provided to filmmaking for the heritage minister. The \$110 million that went to the industry minister for his broadband project could have benefited Canadian farmers and probably done more for rural Canada than that minister's leadership-based broadband project.

In terms of defence, the auditor general cited the need for \$2.6 billion just over the next two years for operations and maintenance, and that was before September 11. The government is providing \$600 million over five years. The government that has taken over \$10 billion out of the Canadian military wants to be congratulated for putting \$600 million back in. The government has taken money out of the military with buckets and is putting it back in with teaspoons. It is not even keeping up with the demands of the military prior to September 11. Certainly this anemic infusion of capital at this time does nothing to prepare Canadians for a new reality after September 11.

● (1600)

Perhaps the biggest disappointment in the finance minister's latest, most disappointing budget was that prior to the budget we had economists, including private sector economists, including Don Drummond, former associate deputy minister of the Department of Finance and currently the chief economist for the TD Bank, projecting that Canada would be in deficit next year. Warren Jestin, the Bank of Nova Scotia chief economist, projected perhaps a deficit this year. The finance minister knew that Canada was looking at a deficit position, if not this year clearly potentially next year.

After the budget, Ted Carmichael, chief economist at JP Morgan, said that the government would in all likelihood be in a deficit. In fact, he said that we would be in a deficit the current fiscal year.

When the finance minister was faced with that stark reality that Canada was facing deficits again, what did he do? Did he cut wasteful Liberal spending? No. Even prior to the budget we saw government spending, excluding defence and excluding transfers to provincial governments and individuals, increased by 13% this year.

Instead of slapping ministerial fingers for an overrun of spending by \$2 billion last year, this minister actually found more money for non-core spending this year and ignored the fact that we were cruise controlling toward a deficit position, if we are not there already.

For the first time in six years, this year the Canadian government will have to borrow to cover its costs. The government is going to private capital markets to raise \$1.9 billion this year and \$1 billion next year. That is based on accounting practices used in the U.S., Japan and Germany. Based on those accounting practices, Canada would be in a deficit right now.

The Minister of Finance would indicate that he does not support those accounting practices, but in 1997, when those accounting practices made his numbers look better than they actually were, he supported those and spoke publicly about how his numbers looked good based on those accounting practices. Now today he will deny that.

The TD Bank economists are accusing the finance minister of "fancy accounting footwork" to avoid the appearance of deficit next year. Instead of addressing the issue in this budget and cutting back on some of the non-core wasteful spending that does not reflect the priorities of Canadians, the minister has failed his first test of leadership in leading a government directly back into a deficit position.

Through no fault of his own, the government was able, with the support of Canadians, to find its way out of deficit. Now under the leadership of the finance minister and Liberal leadership candidate, Canadians are facing the spectre of a deficit in a very short period of time.

We have already established that this budget was a failure from a substantive perspective. We should take a look for a moment at how the budget did in terms of the minister's criteria for a successful budget. I will quote the minister again from yesterday when he said "What is important in a budget is the way in fact it is received by the public".

The Budget

Clive Addy, a retired general, said that he found the budget very frustrating.

Lewis MacKenzie, a retired major-general, said:

It's really disappointing... Any time the military gets anything they're happy, but the fact is it's been taken away over the last several budgets.

He went on to say:

We're about \$2 billion more in the hole in two years ago than we are now, so we're in serious trouble.

In terms of agriculture, Darrin Qualman from the National Farmers Union said:

The news here isn't just that there's nothing new—like no new money, no cash injection—it's actually [a] dramatically reduced amount of spending on agriculture.

Bob Friesen from the Canadian Federation of Agriculture said:

There's probably more words in this budget than there has been for a while. (But there are no numbers.

Jamie Muir, the health minister of Nova Scotia said that he was disappointed. He said that the budget did not send more health dollars to the province. He said "We're really in a worse position than we were last year".

Marc Lévesque, senior economist at the Toronto-Dominion Bank referred to the travel tax and said that it was regrettable that the new travel tax was implemented because one would have expected that the government could have shuffled around spending priorities to find money to accomplish security.

• (1605)

Cliff Mackay, president of the Air Transport Association of Canada, said that what the government decided to do was load another \$2 billion of costs on to the Canadian travelling public. It is really going to hurt the market.

Clearly, the finance minister has not just failed Canadians with the budget. I would argue that the finance minister has failed his long term political aspirations to ascend to the leadership of the country.

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Madam Speaker, the hon. member talks with pride about the big steps taken by the previous Tory government. His own leader mentioned the big step yesterday when he boasted that he inherited a \$36 billion deficit in 1984 and by—

Mr. Peter MacKay: It was \$38 billion.

Mr. John McCallum: Thirty-eight.

Right Hon. Joe Clark: What is \$2 billion?

Mr. John McCallum: By 1993 he had left a \$42 billion deficit to the Liberal government. That is his idea of a big step, from \$38 billion to \$42 billion. Some big step.

Our big step under our finance minister and our Prime Minister was to take that \$42 billion deficit, reduce it to zero and turn it into surpluses.

If that is the kind of big steps the Tories like, I do not think we want to go back in that direction.

Not only that, but the hon. member totally mangles his facts. He talks about callous cuts to health care when in fact we had a \$23

billion increase in health care over five years and \$3 billion this year alone. He criticizes the government for no tax cuts when we had \$100 billion in tax cuts last year. Business groups, such as the BCNI and the Chamber of Commerce, exclusively recommended no tax cuts in this budget.

My last point is on perhaps the worst offence because I thought the hon. member knew something about how budgets were done. The projected deficits or surpluses are not made by the government; they are made by economists. Not only are the economists not predicting deficits, but as was indicated in the budget speech, even if we take the average of the four most pessimistic economic forecasts, the government is not going back into deficit this year, next year or the year after.

Mr. Scott Brison: Madam Speaker, I would urge the hon. member for Markham to speak with his seatmate from Chicoutimi about the legacy of free trade, GST and indeed regulation.

The fact is that the previous Conservative government has nothing to apologize for to Canada regarding those policies. Those were the policies that actually made it easy for the member's government to coast. I cannot be absolutely certain of this, but I would bet that the hon. member for Markham voted for those policies in 1988. As a private sector economist, he would have been hard pressed not to support the vision articulated by that government in that free trade election. During that period of time, when that government was fighting the vociferous opposition and the partisan barbs of the Liberal opposition, it forged ahead and continued to carve the types of policies that have ensured that Canadians have been a full partner in the prosperity that the world enjoyed in the 1990s.

The member mentioned the \$38 billion deficit that the Mulroney government inherited in 1984. I am glad he did. He may be familiar with the concept of GDP, gross domestic product, as a former economist, but as a Liberal politician he has probably forgotten these concepts quite quickly. The fact is that in 1984 that deficit represented 9% of Canada's GDP. That deficit was reduced to 5% of Canada's GDP by the time that government left office.

The fact is that I have heard the member's seatmate from Chicoutimi standing in the House of Commons boasting about the accomplishment of the government in reducing Canada's deficit as a per cent of GDP by half. I would urge the member to listen to what was at least the wisdom of the member for Chicoutimi—Le Fjord on that issue. I think that the member for Chicoutimi—Le Fjord should pull the member for Markham aside and brief him about the accomplishments of the previous government, those accomplishments that the member for Markham wrote so glowingly about as a private sector economist for the Royal Bank of Canada.

I would also go further and ask the hon. member for Markham not only to revisit the history of the previous government, but to spend some time studying those policies so that his government might become a little more adept at taking some political risks and doing the right thing for Canadians as opposed to focusing on the short term, poll driven, focus group economics that is going to drive Canadians and Canada into the ground.

The Budget

•(1610)

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Madam Speaker, I would like to commend my hon. friend from Kings—Hants for his remarks. We share a perspective on many of these issues, including the need for re-prioritization.

In order to transfer resources to high priority spending areas, my party has identified items of low priority spending which could be reduced such as regional development schemes like ACOA, western economic diversification and FORD-Q and reductions in transfers to crown corporations like the CBC. We are also opposed to the retrograde changes in employment insurance which his party voted for and which is now one of the principal drivers of increased costs in the budget.

Could the member comment on whether he supports eliminating spending on corporate welfare, regional development programs and subsidies to crown corporations?

I understand that his party is in favour of the implementation of the Kyoto accord which many economists have predicted could cost the economy between 3% and 10% of the gross domestic product. Does the member support the implementation of the Kyoto accord regardless of its economic cost?

Mr. Scott Brison: Madam Speaker, in terms of government waste, it is not difficult to identify areas of government spending that can be reduced by the Liberal government.

I am sure the hon. member would agree with me that the \$1 billion wasted on the Liberals' failed gun registry would be a good place to start in terms of reducing spending and prioritizing spending to reflect the needs of Canadians.

In terms of economic development strategies, there is a divergence in opinion between the hon. member and me. My party does have a history of supporting regional development strategies. We believe in effective regional development strategies.

Today the government has failed to adapt to the realities of this century some of the economic development strategies introduced 10 to 15 years ago. The government should be taking a leadership role in adapting our economic development strategies to involve more private sector initiatives and the venture capital community in the decision making process. This would ensure that not just government bureaucrats are involved in the decision making, but that there is some level of economic thought and private sector analysis of business opportunities. That is where the government has failed. I am certain the member would agree with me on that.

In terms of the Kyoto agreement and environmental policy, I fear that there is another divergence. The hon. member does not seem to realize that bad environmental policy ultimately is bad economic policy. If we fail to internalize the externalities of bad environmental policy now, ultimately the cost of fixing those issues down the road will be far greater.

I would argue that we cannot extricate economic policies from environmental policies. They have to be integrated. Every policy and every initiative that we put forward as a party and every initiative that the government puts forth should be evaluated both from an economic perspective and in lockstep from an environmental

perspective. The hon. member has not thought this through. If we ignore environmental issues and the imperatives of strong environmental policy, ultimately the economic cost of correcting those mistakes will outweigh dramatically the short term cost savings of ignoring them.

•(1615)

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, on budget night I had the opportunity to view a program where representatives of various parties received telephone calls on CPAC.

There was one call from a gentleman on a CPP disability pension who was getting about \$10,000 a year. He also had a dependent child. He indicated that the budget should have done something for him so he did not have to pay \$600 on his \$10,000 income. The member who spoke said that this was shameful and outlined some of his party's policies on how we should extend other tax concessions so that some of his rich friends do not have to pay as much tax.

The member suggested that we think it out. I wonder why he did not think it out and suggest to the caller that if he made only \$10,000 and had a dependent child, that he could have claimed the equivalent to spouse exemption as well as his own exemption which would accumulate to more than \$10,000. The person would not pay any tax at all. The member should have advised him to refile his tax return and to continue to claim the equivalent to spouse exemption and not pay the tax. In addition he would receive the GST credit and the Canada child tax benefit. There was good news for that caller but the member decided he was going to play partisanship rather than help Canadians.

Mr. Scott Brison: Madam Speaker, perhaps one of the other panellists or I should have suggested that he call a CA, like the hon. member for Mississauga, who could have advised him.

The pathetic part of this is that the government makes tax policy so complicated that someone making \$10,000 per year needs to call a CA to get advice. I am certain that is in the interest of the hon. member who was a CA, perhaps still is a CA, and after the next election may be resuming his practice.

The fact is the budget did not do anything for Canada's disabled. It left an awful lot of low income Canadians out in the cold by refusing to address the fundamental issue of taxing people at the low end of the income scale. The government ought to raise the basic personal exemption to at least \$12,000 as a start.

[*Translation*]

The Acting Speaker (Ms. Bakopanos): Order, please. It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for South Surrey—White Rock—Langley, Air Canada; the hon. member for New Brunswick Southwest, Auditor General's Report.

The Budget

[English]

BUSINESS OF THE HOUSE

The Acting Speaker (Ms. Bakopanos): I have received notice from the hon. member for Dufferin—Peel—Wellington—Grey that he is unable to move his motion during private members' hour on Thursday, December 13. It has not been possible to arrange an exchange of positions in the order of precedence. Accordingly, I am directing the table officers to drop that item of business to the bottom of the order of precedence.

Private members' hour will thus be cancelled and the House will continue with the business before it prior to private members' hour.

* * *

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed consideration of the motion that this House approves in general the budgetary policy of the government; of the amendment; and of the amendment to the amendment.

Hon. Larry Bagnell (Yukon, Lib.): Madam Speaker, I would like to congratulate my colleague from the Northwest Territories and the strong position she made earlier today. I will not repeat all the excellent points but I did want to say that the three northern MPs have been working very well together for those people north of sixty. Over the last year we have co-operated in a lot of initiatives, along with our three colleagues from the other place, and we have moved the northern agenda forward. A great deal of credit goes to my colleague from the Northwest Territories.

I am happy to rise today to talk about things in general related to the budget because general things affect all Canadians and they affect my constituents in the same way.

Madam Speaker, I also want to mention that I will be sharing my time with the member for Elgin—Middlesex—London.

I was happy to see a number of things in the budget, especially in the environment under which the budget had to be prepared. Everyone knows there were immense security demands on the government by Canadians but also because of the recession that was accelerated by September 11, that there were reduced revenues, less business taxes and less individual taxes. Governments have a lot less room to manoeuvre. Under these difficult situations, it still managed to put in a number of good things related to the environment and poverty that I will speak about later. I was very happy to see those things in this particular budget.

Everyone knew this would be a security budget. After September 11, I think every member of parliament in the House received phone calls, letters and talked to constituents who expressed fear, fear for themselves and fear for their families.

I cannot help but remember going to the U.S. embassy just down the street and looking at the tens of thousands of flowers and cards and reading the cards from children who expressed the fear they were experiencing.

I am sure all Canadians realize that steps had to be taken and the only thing we are debating today is the nature of those steps and the amount of those steps.

However, \$7.7 billion worth of steps were taken in the budget for things such as air security, borders, the RCMP, intelligence and defence. What I was really happy about in those expenditures is that a number of them went for one of the things that I have been pushing very hard for which is the border.

The expenditures for the borders serves the second objective of the budget, the economy, which of course was hit hard by the recession accelerated by the events of September 11. As the finance minister mentioned today, a lot of us were pushing for improvements to the border at a number of committees.

I was delighted to see \$1.2 billion in the budget dedicated to borders and a number of other things: for example, \$58 million to speed up passage of pre-approved persons at the border; \$107 million for specialized equipment; \$135 million for multi-agency integrated border teams; and another \$600 million, in consultation with provinces, territories and municipalities, for border infrastructure. Of course some of these things were needed before September 11. Once again this is an incredible boost to the economy: improved highway access at aisles to the border, processing centres for commercial vehicles and even the soft electronic infrastructure needed to help facilitate trains and trucks to get across the border.

I am happy the security money went not only for security but for those items that could really improve the economy at this important time. For my own riding, it was very important that the border and air security was emphasized and dealt with because tourism is often the biggest private sector employer in my riding. It is absolutely essential to tourism that people feel safe in the air and when they cross the borders into Canada.

I want to mention a couple of things that were not lost under these stringent economic conditions and reduced resources that the government had to work with in preparing this budget. The first one is health care. As everyone has heard a number of times, we had the biggest transfer in history last fall when the Prime Minister and the premiers agreed on what health care would need over the next few years. Over \$23 billion was allocated to not only health care but to early childhood development.

● (1620)

Another thing that was not lost, which a lot of people were worried would be lost, was the biggest tax cut in history, the \$100 billion in tax cuts. At a time like this that will give a tremendous boost to the economy. In conjunction with that, we are now experiencing low interest rates. Although that is monetary policy, not very much could do as much as those two items working together to stimulate the economy in a time when the whole world is in a recession accelerated by the terrorism attacks. I also want to emphasize that most of those tax cuts go to lower and middle income people.

The Budget

The thing I mostly wanted to emphasize today, over and above those security items that everyone knew had to be expended, is that the government could still keep on with its agenda of moving forward on a number of things that are very important for people, especially the poor and especially on the environment.

Obviously we could not go as far as we wanted to go because we had to make security expenditures, but they have not been forgotten and we have still made progress on the most important items. A perfect example, and something that is very important to my riding, is the \$185 million for aboriginal children. They are probably close to the most vulnerable in our society and I lobbied hard for that before the budget. I was absolutely delighted to see that was not lost under all the other constraints.

Who could argue with the support for students with disabilities or the very large increase in foreign aid?

After September 11, I, and I imagine most MPs, heard from a number of constituents who encouraged Canada to keep up with and even increase its investment in foreign aid because of the needs in Afghanistan and in other parts of the world. I was delighted with the huge increase in our funding to Afghanistan of up to \$100 million and also the \$500 million Africa fund.

Another item of spending that has been mentioned is the money for apprentice mechanics, which a lot of MPs have talked about. I think everyone agrees with that. Something else in the budget, which a lot of us have talked about for a long time, is help for lifelong adult learning. This will help people in today's economy to keep up with the changing technologies.

I was also delighted to see support for culture. Culture is a big economic factor in my riding. Cultural industries are big and they are growing and to see the government's continued support for that was important.

I was really excited to see the element of wind energy, which is something else I have championed in the House before. It is very important for reducing our greenhouse gases in a positive way. In the north, I think Yukon has been leading. We have two windmills on a mountain beside Whitehorse and they are working very well. Hopefully this will increase wind energy in Canada. In fact there is a provision for microhydro, which we also have in the Yukon, and even woodlots.

In the area of support, I was excited to see support for the Federation of Canadian Municipalities because they often provide inventive things for the budget. A number of their proposals related to the environment. Even though we are under incredibly tight financial constraints, the \$25 million green municipal enabling fund and the \$100 million green municipal investment fund were actually doubled in the budget. I know the people I shared this weekend with in Dawson City, the FCM board of directors, will be very excited that their programs have been carried on, even their brownfield redevelopment strategy.

Finally, as has been said many times before, it is exciting to see the \$2 billion in infrastructure addition. Who could argue with that? Anyone who does argue with that should go to rural and northern Canada where people have no sewers, no fresh water and no indoor

water. Before the infrastructure program was brought in, some people were still using wood stove pipes for water or sewer.

I hope we can keep the budget debate in context. A reporter I ran into on the street on budget night put it clearly. He said that it was too bad the terrorists caused the demands on security. From the frustration we see in the debate, I know all of us would rather have spent that money on something else.

• (1625)

However, the budget was done in the context of a new world, a world we did not create, a world we did not want and a world with elements of evil that we did not bargain for, but now we will have to deal with and defeat.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Madam Speaker, I appreciate the remarks of my hon. friend from Yukon for whom I have considerable regard.

Does he believe his constituents in Yukon are at all concerned about the size and level of Canada's \$547 billion national debt? Does he think they are satisfied with the budget's commitment to pay zero dollars down on the debt in the next four fiscal years?

Is he not also concerned with reports from organizations, such as the Toronto-Dominion Bank, J.P. Morgan Securities, Nesbitt Burns, the C.D. Howe Institute and others, saying that this budget was likely to move us into a deficit, and that indeed it would have had the finance minister not moved \$2 billion of current year revenues from small business tax sources into the next fiscal year?

Is he not at all concerned that some of the leading private sector economists are calling this a deficit budget and that there is no debt reduction here?

• (1630)

Mr. Larry Bagnell: Madam Speaker, the short answer is, no.

I have a great deal of respect for my colleague. I think we are probably in general agreement on debt reduction. I too think that when the resources are available, when we are not in a terrorist tragedy like this one and when the recession has not reduced government taxes and individual taxes so that we do not have much room to move, we should pay off as much debt as possible.

We are a very wealthy country. We have a lot of resources. Our people all across the country are very talented. Why should we be paying interest to someone else? That money could go to social programs to help the poor, to help education and to help health care.

I am not concerned about this particular budget. Under the circumstances and with what we had to deal with, I am very happy.

The Budget

The hon. member asked about my constituents. None of them have expressed any concerns recently, that I can remember, about what the government has done since it came to power, with the incredible removal of the deficit, which was a very difficult challenge. All Canadians had to sacrifice and contribute toward removing the deficit and begin paying off the debt for the first time in years. In the last election platform, we had the biggest first year debt reduction proposal of any party. I think my constituents were quite happy with that.

Hon. John Harvard (Charleswood St. James—Assiniboia, Lib.): Madam Speaker, the budget has been dubbed a security budget. I think it is true that it is a superb security budget, but it is a lot more than just a security budget.

Let us take, for example, a couple of the major infrastructure provisions: \$2 billion for a strategic infrastructure foundation; and another \$600 million over five years for new border infrastructure items, which is very important. I will ask the member for Yukon about that in a moment.

There is a lot more to the budget than I think a lot of the speakers this afternoon realize, particularly the speakers from the opposition side. They gloss over or totally ignore the other things in this budget: \$1 billion over the next three years to promote leading edge research and sustain Canada's innovative use of the Internet; a \$200 million investment to help Canadian universities; a 7% increase in the annual budget of the granting councils; a \$25 million investment over five years to sustain and enhance the research program of the Canadian Institute for Advanced Research; \$24 million over two years to support sector councils. I could go on and on.

There is a lot more to the budget than security. I think the reason this budget, as the other ones have been in the past, has been so well received and popular with Canadians is that it is fair, it is balanced and it contains a lot for most Canadians.

On the item of infrastructure, does the hon. member for Yukon not find it important that infrastructure has been included this way in the budget? It is important to his territory, I am sure.

Mr. Larry Bagnell: Mr. Speaker, I thank the hon. member for his question. I have already tried to emphasize in my speech the fact that when the infrastructure program first came out from the government years ago, I do not think anyone could argue about the number of people it put back to work. In our area, a small part of Canada where some people might feel ignored by or distant from Ottawa, virtually every community got infrastructure money and every community needed infrastructure money.

As I said, before the program there were, and there may still be, communities and municipalities with wooden pipes. I was so embarrassed yesterday when I heard a Canadian, not someone from the House, say that infrastructure was not needed. That person should travel to the rural parts of my riding and see sewage and water dealt with inappropriately or talk to the member for Nunavut about housing. Then and only then should that person make a comment about infrastructure.

I am glad the member brought up the issue of universities and research. That is an instrumental part of our future. I did not mention it in my speech but I had hoped to. Since I directed a science department I have always been a big supporter of increasing

technology and research as the foundation of our future. Without it we will not be competitive in the world when things are being invented every day and ways of work are being invented. For that reason, I was also delighted to see in the budget, even under tight constraints, the extra money for learning and skills development.

The last point was the Internet. Once again I was absolutely infuriated, and I do not get mad very much, when some members of the House abandoned rural and northern Canada and said that these areas do not need access to the Internet like people in big cities do. I am very supportive of having the Internet for these areas.

• (1635)

Mr. Gar Knutson (Elgin—Middlesex—London, Lib.): Madam Speaker, it is a great honour to rise to participate in this debate on budget 2001.

Let me begin by saying from the outset that I hope many of the initiatives in this week's budget will in fact be judged by history to be unnecessary and, in a certain sense, a waste. It may sound strange to hear me say that I hope much of the money spent in this budget proves to be a waste, but we live in a strange world these days, a world that became a whole lot smaller on September 11, a world that while not at war, at least in the usual sense, is experiencing many warlike factors. Everyone who gets in a plane, goes across the U.S. border or even visits Parliament Hill can experience in a small way how the world has changed. We are in a great battle right now against an enemy whom we do not know. We do not even know where the enemy is and we do not know how numerous our enemies might be.

Having pointed out the obvious, I will say let us all hope that these extra precautions we are taking, which I think are necessary in today's context, in a historical context will prove to be unnecessary. I am one of many people who believe that the ultimate solution to our problem in terms of international conflict will not be found in more money for guards and guns. That will not solve the problem.

We need to step outside the box. We need to ask ourselves why it is that certain groups of people who perhaps live far away in some other part of the world hate the west. Why is there is so much conflict in other parts of the world and how will it affect us both in the near term and the long term? As well, what can Canada do to make a contribution to solving those underlying conflicts?

I am one who believes that we must deal with the underlying problems, such as abject poverty in many places in the world where people are living in refugee camps, have grown up in refugee camps, have lived there for 20, 30 or 40 years and have no hope of ever getting out of those camps. Unless we deal with some of those problems, we will not deal with the issue of violence that is now affecting us, as we saw on September 11.

The Budget

Let me turn for a minute to the economic issues that were in this week's budget and talk a bit about the context. Currently the economy is sending us mixed signals. On the one hand, there is job loss and rising unemployment, which I think all of us would agree is worrisome. We may be in a recession. It is somewhat of an academic distinction, but certainly the economy is slowing down and we do not have the same sense of optimism that we did six months or a year ago. However, at the same time many sectors of the economy are actually doing quite well. For example, housing starts are very strong. The automobile manufacturing industry, while experiencing a slowdown from last year, is still forecasting its second or third best year ever. On a more macro level, interest rates are low and continuing to fall, which will increase consumer demand. Also of note is the low world price of oil, which translates into low gas prices at the pumps. Again, that puts more money in people's pockets which in turn will spur consumer demand.

My point in bringing these factors to the House's attention is to state that I am an optimist. I am with those who think that the economy will turn around in the second part of next year. I believe the government has made wise assumptions in terms of its forecasting and that one thing we do not want to do is overreact to this downturn and make what is a worrisome or a bad situation even worse.

Having spelled out a bit of the context of this unusual budget for an unusual time, let me talk about what I think is worth noting. Certainly the \$2.2 billion over the next five years for security for airports, as I have mentioned, I think is a necessary expenditure but in a certain sense it is a necessary evil. It is a choice that was made between trying to deal with the lesser of two evils. Do we do nothing? Then when an airplane is blown up or something worse, perhaps, would we realize that we should have done something? Or do we do something in the hope that the money we spend will prove to have been unnecessary? I think this money has to be spent. Like others have said, I think all of us wish it did not have to be spent, but the fact is that it does.

Our enhanced border infrastructure is an example of a good thing that may come out of a bad situation. We are investing a lot of time, energy and resources into making the border more passable, for example, for trucks carrying automobile parts. That would have a big impact on my community. With or without the crisis of September 11, it may prove to be one thing that is worth spending money on. I am hopeful we will look back and say that for this it was money well spent.

● (1640)

Certainly our investment in strategic infrastructure will be money well spent. It is probably something that we should have done even without September 11. It is something that makes sense to do in terms of stimulating the economy in light of a slowdown. For my own community, a small item in the budget is one that can have a big impact on some communities and that is the extra money for fishing harbours. In Elgin county there is a major fishing harbour in the town of Port Stanley. I am hopeful that some of the money announced in the budget can find its way to my own community.

Our commitment for research and innovation should be applauded. A member opposite was speaking earlier about the

Kyoto accord, about competition and about paying a price for environmental regulation. Fundamentally all of us would agree that ultimately this country competes on our general level of knowledge and the general level of skills and training of our population. Money spent on research and innovation would allow us to do things, whether it is paying for social programs or incurring more environmental regulation, without suffering a drop in our standard of living.

Also of note is the increased funding for international assistance or foreign aid. As I said earlier in describing the context in which we are living in terms of September 11, I think this money could prove to be part of the solution. It is not the total solution because there is no silver bullet for dealing with the issue of international conflict. If the money is spent wisely, in bringing people together, in education, in alleviating some of the horrendous hardships people are living with in today's world while they see other people living in tremendous luxury, if it is spent in order to bring the rest of the world up to the standard of living that we enjoy, there are reasons to be hopeful that the levels of hatred and conflict would drop and I think all members should applaud it.

Last, I also commend the government for spending more money on environmental initiatives. Wind power may not seem like a big deal, but it is the cleanest known source of energy in the world today. It is a technology that Canada has been relatively late in adopting. The Europeans have been way out in front of us on this. It is just one small example of Canada catching up.

In closing, I would also like to commend the government for keeping its commitment to the \$100 billion tax decrease that we announced last year. Things like the low interest rates, the drop in taxes and low gasoline prices will stimulate the economy and make it reasonable to expect that the economy will turn around in the second half of next year and we will be back on an agenda of innovation, prosperity and growth. People who may have just recently lost their jobs have a lot of reasons to be optimistic that the economy will turn around. They should not give up hope. Canada is on a very strong track right now and will continue to be.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Madam Speaker, I would like to thank my colleague for his remarks, but I have to address something that really is not immediately pertinent to the budget because he raised it. That is his view that abject poverty and people in refugee camps are the root causes of terrorism.

Would my hon. friend not recognize, for instance, that of the 19 hijackers who inflicted such horrific violence on our American friends on September 11, not one of them came from an impoverished background, not one of them had ever lived in or, as far as I know, set foot in a refugee camp and that in fact every single one of them came from reasonably privileged backgrounds in some of the wealthiest countries in the world, many of them having had the benefit of western education and having lived in the developed world for many years and having been financed by millionaires and billionaires?

The Budget

I keep hearing this remark from Liberal MPs, which is really a reflection of what ethicists would refer to as environmental determinism, the notion that people's conduct is explained not by categories such as moral and evil but rather by the circumstances in which they were raised. Is this notion not completely vitiated by the facts before us about the backgrounds of those terrorists?

Second, he talked about the \$100 billion tax cut. Does he not recognize that the ostensible \$100 billion tax cut does not take into account the \$26 billion in increases for CPP premiums over the same period? The government also claims as a tax cut the indexation of the tax threshold rates. In other words, the government has decided not to continue a tax increase and is counting that as a tax cut. Would he not join me in understanding that to be, shall we say, creative accounting in the government's scoring of its tax cut?

• (1645)

Mr. Gar Knutson: Madam Speaker, certainly I do not have enough time to debate the member on the issue of moral determinism.

Let me say that I agree with the member's basic point that fundamentally people make choices. At the end of the day it is my view that the 18 skyjackers are responsible as individuals. They made the choices. We cannot blame what they did on their upbringing.

I also point out that people make individual choices in a context. The context we live in today quite clearly is that many people enjoy a very high standard of living while the vast majority of people do not. While those 18 people may have come from well to do families, I think the conflict of east versus west is at least to some degree rooted in a difference in standard of living. We can debate to what degree it is but I think it is part of the problem. Unless we deal with the fact that we live in a relatively prosperous part of the world and enjoy very prosperous conditions while others do not, we are going to give people reasons to hate us. How it will actualize itself is very difficult to predict.

On the issue of the tax cuts, the fact is that our plan will put \$100 billion in people's pockets that they otherwise would not have had. Whether it is in the form of an actual cut that could have been made or whether it is in the form of indexing the tax system against inflation so that people are no longer paying taxes on inflated dollars that are not real, it is still a tax cut.

As for the issue of CPP, I do not think an increase in the contribution to CPP benefits can be considered a tax increase. It goes into a separate fund. It is financed in the market. It is to do one particular thing, which is to pay for people's retirement plans. If people were putting money into an RRSP, that would not be considered a tax increase, nor should a contribution into the CPP fund be considered one.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR): Madam Speaker, in response to the last issue of CPP not being a tax increase and being in a separate fund, that is initially what the EI fund was supposed to be about and we know what happened there. It has ballooned into a huge surplus and has been used however the finance minister wants to use it.

Many people have indicated that the economic stability of a country is somewhat measured by the stability of the dollar. Under the finance minister we have seen the dollar go to record lows. The value of the dollar is a reflection of the value and merit of the finance minister's job. How does the hon. member explain the fact that the Canadian dollar under his finance minister's management has gone to record lows?

• (1650)

Mr. Gar Knutson: Madam Speaker, I again invite the member to take a first year economics course. The value of the Canadian dollar is based on the demand for Canadian goods by outside economies. That is level 101 economics.

There has been a drop in commodity prices, whether it is grain prices or oil prices. As one of the countries that are commodity based in terms of their exports, we will see a drop in the Canadian dollar.

Mr. Peter MacKay: The arrogance is rubbing off on you.

Mr. Gar Knutson: If the member looks at how other dollars and currencies of other countries have done in the world, he will see that Canada is not doing so bad.

Mr. Joe Peschisolido (Richmond, Canadian Alliance): Mr. Speaker, I will be sharing my time with the hon. member for Medicine Hat.

It seems obvious in listening to the debate that the government must have been advised by first year economics students. They are the only ones who would have advised certain elements in the budget.

The biggest flaw in the budget is that there is no real tax relief for working Canadians. In fact they will be paying more to Ottawa, to big government in January, in fact \$1.7 billion more. The vaunted government tax cuts that we have heard from the other side will have virtually no effect. They will come into effect but they will have no real import on the economy.

The government is offering a miniscule cut to EI premiums, a tiny .5 cents for workers and seven cents for employers. This means that anyone making \$39,000 or more a year will save a grand total of \$19.50, and employers, for every employee who makes over \$39,000, will save only \$27.30. This, despite the government's rhetoric, is hardly a stimulative boost to the economy.

We have heard a great deal of debate today and during question period about what is a payroll tax. EI premiums are only one part of payroll taxes. Obviously the other part is CPP premiums and they are on the rise by quite a bit. Any person who makes \$39,000 a year and who saves \$19.50 in EI premiums will have to fork out \$172 more in CPP premiums.

Thanks to the government's alleged largesse, the average Canadian worker will be out \$152.50 this year. That is a tax increase of \$152.50. That is how much a Canadian worker's paycheque will shrink. This is what the government calls tax cutting.

The Budget

The record of the government since the 1993 election unfortunately is worse. Canadians have seen their payroll taxes increase by \$610, or by 32%, since 1993. Obviously if we follow the logic, even the logic of a first year economics student, Canadians are poorer but the government is richer. The only reason the budget is balanced is because of the continued raiding of the EI surplus, a fund that has been built by the sweat of Canadian workers.

The EI account, by all accounts, is huge. The government would admit this. There is some dispute as to exactly how large it is. My colleague says it is about \$40 billion a year. This money has been squirreled away to safeguard the system against a possible recession. That is fine and that is the way it ought to work. The trouble is that the chief actuary of the fund has said that to survive even the worst recession, the EI fund needs at most \$15 billion in the bank.

The government has refused to say if it agrees with the number, and if not, what the number actually should be. Obviously if the government does not agree with the chief actuary, it is incumbent upon the government to table its own numbers in the House.

With \$40 billion in the EI account, which simply is rolled into general revenues and spent on whatever program the government desires, we have almost three times more money than would be needed to outlast the worst recession. By the finance minister's own account, this recession should be quite short and not too deep. We do not know that, but that is what the government's position is.

Let us follow the logic for a moment. There is \$40 billion sitting in the EI account. It would be quite easy to cut premiums in a very large way. In fact the chief actuary is so helpful, he is telling us how much should be in the account. He has laid it out. He said the break even point is as follows. We could cut the premiums from \$2.20 per \$100 of insurable income for employees to \$1.75.

• (1655)

If the finance minister had done this instead of cutting only a measly nickel, then Canadians would have saved \$195, which is more than the concurrent rise in CPP premiums. Canadians would have actually had a tax cut. The system at this rate would break even and the account would still be left with \$40 billion.

Let me try to go through the government's position as far as I can understand it. The Liberals say there is enough money in the account, so do not worry, but they cannot cut premiums any more because they are not sure if there is enough money in the account. With all due respect, if the surplus is so large, there cannot be more than enough money and not enough money at the same time.

Logically, only one of these positions can be true. If the government does have a huge EI surplus, then premiums can be cut to the near break even point of \$1.75 for employees and \$2.45 for employers. If the government does not have a huge surplus, where is it? Where have the Liberals wasted it? Where did it go? This is a legitimate question that the government has tried to avoid.

I suspect that the government has no intention of ever really answering these questions. Unfortunately, that point has been clearly made by the tenor of the debate back and forth here.

The simple fact remains that payroll taxes are going up. This is bad for Canadians. This is bad for the economy. Unfortunately, it is

very bad for the hardworking Canadians and those who, because of the lack of a stimulus part in the budget, will be losing their jobs.

In fact, the Minister of Finance agrees. Back in this House on May 3, 1994 the finance minister said that payroll taxes are a cancer on job creation. If they are a cancer on job creation and the minister has not admitted but has come pretty close in stating that we are in a recession, obviously it should follow that there should be a stimulus part in the budget and that payroll taxes be reduced.

The message the government should be sending to small businesses and large businesses is to go out and create jobs. The role of government is not to create jobs; it is to provide the environment in which jobs are to be created. The government has failed on that account.

The message from the government is just the opposite. The Liberals are saying they are going to make it harder to create jobs. The government will talk about what is a payroll tax. Is EI? Is CPP? The government will try to fudge things. The bottom line is there has been a major increase in payroll taxes.

In summary, the budget has been a major disappointment for Canadians. Hardworking Canadians will see their paycheques shrink. This is very unfortunate. In the House we go back and forth many times, but the hard reality is there are people suffering out there. There are people trying to make ends meet. There are people worried about their kids.

The government is involved in a public relations exercise. The budget is not truly a budget that will lead Canada into the next century. Some have argued that the budget is all about leadership issues. Others have argued that it is just a temporary way of holding down the fort until a real budget can come forth in the next six to eight months. That is very unfortunate because Canadians deserve better.

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, with all due respect I believe the member is utterly confused with respect to taxation.

The comment that there is no real tax relief is ridiculous, when in fact a year ago we had a \$100 billion tax cut over five years. If it is limited to this year alone, it is a \$17 billion tax cut this year.

An hon. member: That is not true.

Mr. John McCallum: That is absolutely true. That is the largest tax cut of any of the G-7 countries. The contention is made that there is no real tax relief.

Take the increase in CPP premiums. We do not agree that is a tax increase. Even if that were subtracted from the \$17 billion, it would still be the largest tax cut among G-7 countries because we were way ahead. The \$17 billion dwarfs the \$2 billion or \$3 billion increase in the CPP premiums.

The Budget

Whichever way it is skimmed, even if it is taken the worst way, from a Liberal point of view we have the biggest tax cut among G-7 countries.

On the point about EI, the \$40 billion is not there. As the finance minister said today, since 1986 the auditor general has said we should put that into general revenue. What have we done with it? Part of it, \$6.8 billion, is lower EI premiums, but that has also gone into things like \$100 billion in lower taxes, \$23 billion in health care, just the things that Canadians want and Canadians have set their highest priorities on.

There is no point asking about where is the \$40 billion accumulated surplus because it does not exist, except on paper. I think it is time the opposition learned that simple fact.

● (1700)

Mr. Joe Peschisolido: Mr. Speaker, the problem is that the government is trying to have it all ways. It is using facts and figures to try to meet its arguments. Sometimes it is a five year tax cut; other times it is a one year tax cut. Even if we are generous and look at the so-called \$100 billion tax reduction over a five year period, we are only talking about \$43.5 billion over five years.

Let us look at the payroll taxes for this fiscal year. I was astounded to hear from my colleague across the floor that there was no EI fund. The EI fund is not taxpayer dollars, and this is a key point. The EI fund is taken from workers and employers. The purpose of the EI fund is to ensure there is a solid system for men and women, hardworking Canadians who lose their jobs. It is not to fund government programs and mismanagement. That is the whole issue.

The government should come clean on it. If it is using the EI fund to fund other programs and to cover up its mismanagement it should state that. It should simply state that there is no EI fund and the chief actuary should not be there. It should stop the charade and say that all funds going into the EI system from workers is a tax.

Canadian workers should be told that their money does not go for their own EI possibilities but to the finance minister for his or her pet projects. I am fascinated to hear from the government side that is the purpose of the EI fund.

Mr. Larry Bagnell (Yukon, Lib.): Mr. Speaker, I thank the hon. member for Richmond for his speech. I thought it was a great compliment of the budget and the government in that he did not deal with any of the new announcements but just talked about two items relating to payroll taxes which have been announced before.

I am sure he agrees with the fact that every year we have reduced EI payments. That is a payroll tax. I am sure his party would agree with that, and we would agree with that.

That leaves one item left that he discussed: the Canada pension plan. He should have no problem answering my question because the same question has already been asked twice today.

As he knows, Canadian pension plan actuarials went over it and the provinces and the Government of Canada agreed, because it was a joint program, that deductions had to be made to keep it solvent. In recent days it was proven to be solvent. Does the Canadian Alliance support the Canada pension plan and the levels of payment that will keep it solvent?

Mr. Joe Peschisolido: Mr. Speaker, my approach to the budget debate of not going through the points in it should not be taken as a testament of the virtues of the budget but of its lack of virtue.

It is quite simple. The government is trying to have it both ways and cannot. I would not agree with my hon. colleague that payroll taxes have gone down. Payroll taxes are not only EI premiums. It is very simple in my view. Payroll taxes are a combination of two premiums: EI premiums and CPP premiums.

If we look at the government's numbers since 1993 there has been a reduction in EI premiums of about \$300, but there has also been an increase in CPP premiums by over \$900. In effect there has been an increase in payroll taxes of over \$610.

● (1705)

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, it is a pleasure to rise to participate in the budget debate. At the outset, there is no question that this is the worst budget that this government has ever produced. I would argue that commentators around the country are drawing that conclusion.

I reluctantly admit, in the past the government made some good decisions. In fact, it accepted many of the arguments of the official opposition, the Canadian Alliance, and before that the Reform Party. Because of that, it was to some degree successful in balancing the budget and doing a few other things.

However this budget is an unmitigated disaster. Why? I will run through it. It is a missed opportunity. The government had the chance to address some real concerns that Canadians had with respect for instance to security. What did it do in the end with respect national defence? It dropped the ball. There will be \$100 million a going into national defence when we had people like the auditor general and members of the Canadian Defence Association recommending \$2 billion a year.

On one hand, the government pleads poverty. On the other hand it did not reallocate one cent from low priority areas to high priority areas. The member from Markham, the parliamentary secretary, sits on the finance committee. He knows very well that the finance committee recommended that money be reallocated from low and falling priorities to higher priorities, areas like national defence. Did his government do it. No way. I would like to hear his response to that later.

The Budget

The government has gone into a planning deficit. I know the parliamentary secretary is duty bound, and his intellectual honesty binds him, to acknowledge that that is true. It has gone into a planning deficit based on the rules that it had in place until this year, but it eliminated the prudence factor, the contingency reserves to a large degree. Under the current rules, the government has avoided being in that planning deficit. However by the rules that it had up until last year, it would have been in a planning deficit. There is no question of that. In fact, a lot of commentators believe that it will be an actual deficit as of next year, and the government is doing all kinds of creative bookkeeping to try to avoid that spectacle.

For a number of reasons there are problems with the budget. To my friend from Yukon, he should not labour under the illusion that the official opposition does not have problems with the budget. We have huge problems with it.

I addressed a number of things that bother me right off the top, but I want to say a few more words and get into a little more detail about one thing the budget really fails to do, which is address the long term decline in the Canadian standard of living.

At a time when the dollar hit five new lows in the month of November alone, it is interesting to me that the budget, that big stack of papers, did not mention the dollar once. It speaks volumes about the intellectual honesty, I would argue, of the people who were addressing some of these issues. Clearly that is on the minds of Canadians.

My friend from Markham, I think would acknowledge, that the dollar is some kind of a barometer of the health of the Canadian economy relative to the United States, our largest trading partner and competitor, a country with whom we used to share a very similar standard of living. As my friend knows, Canada's standard of living dropped in the last year. Between 1999 and the year 2000, our standard of living, according to at least one study, fell by \$100, from \$17,900 roughly to about \$17,800.

I would think that it would be something that the government would be concerned enough about to actually address in its budget, but it did not do it. To me that is unbelievable. Again, the dollar is the harbinger of what is happening with respect to the standard of living.

It was only a year and a half ago, maybe not even that long ago, when the current foreign affairs minister was the industry minister. His department produced a report that said the average standard of living in Canada had fallen below that of the poorest of the American states. That was what the industry department.

An hon. member: Rubbish.

Mr. Monte Solberg: My friend across the way says rubbish, but it was the government's industry department that said it. If he wants to say rubbish, he should say it to his minister because it came from his department.

• (1710)

These are some of the concerns the official opposition has, which were not addressed in the budget. There has been all kinds of talk about tax relief. The parliamentary secretary wants us to believe that taxes will go down \$100 billion over the next five years. That is

untrue. He knows very well that a big chunk of that was a cancellation of future tax increases that were automatically slated because we did not have indexation of the tax system. To the member, cancellation of future tax increases is not a tax cut.

The truth is that taxes will go down from levels of last year by about \$43.5 billion. What that does not take into account is the huge tax increases between 1993 and, I believe, it was 1999-2000. In fact, between 1999 and 2000, we saw taxes as a per cent of GDP go from 44% to 44.3% in Canada. Therefore, taxes are still ramping up as a per cent of GDP.

This would be of concern even if it was only an abstract debate. However I want to argue that this has a huge impact on people my Liberal friends purport to care the most about. Who does this hurt the most? Does it hurt members of parliament? Does it hurt people who have a lot of skills, abilities and capital already? No. Who it really hurts are people on the low end, people who come from regions of the country where there are already high levels of unemployment. When the economy is not moving at capacity, those are the people who cannot find jobs. If they can find jobs, they cannot find jobs that will allow them to support themselves or their families.

That is what makes me a little ticked about this budget. The government has done nothing to stimulate the economy to the point where we will be able to climb out of this recession and start to build upon our standard of living relative to the United States.

For Cape Breton coal miners who were laid off as a result of the closing of the mines recently, there is nothing in this budget that gives them hope that somewhere in the very near future they will start to see the economy moving to the point where jobs will be created so they can get jobs that will allow them to climb out of that hole. People from a northern part of the country, where we have high levels of unemployment, or a single mom or someone who does not have a very good education will be in the same situation. For people who are struggling in an inner city somewhere, there is no hope in this budget that they will be able to climb out of the trouble they are in any time soon. That is because the government does not have a vision over the long run. It does not have a plan that will give people the hope they need to continue to go forward.

I want to argue that it can happen. We saw the economy really boom in the United States during the last number of years. We saw unemployment drop down to 4%, the lowest levels in 40 years in the United States. Even the poorest quintiles of its population, the poorest quintile of the black population, which is the poorest visible minority in the entire United States, had an unemployment rate of 7%, which is lower than our unemployment rate today of 7.5%.

When the economy moves that fast, companies move into areas where there are high numbers of unemployed people and they give them jobs, skills and some hope. Unfortunately, we have not done that in Canada and the government has provided no plan in the budget to do it.

The Budget

I will conclude really where I began. There are many things to criticize in the government. I touched on a few at the beginning. However, where I am coming from today is that the government does not have a long term vision to get our economy moving fast enough to raise standards of living to help people on the low end of the income scale. The government purports to care about those people, yet it failed completely to address this problem in the budget.

• (1715)

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, first, I would like to compliment the hon. member opposite as being by far the most effective spokesperson for his party on economic affairs, which is not saying all that much, but it does make one wonder why he is sitting at the back rather than the front.

In my very brief time, I would just like to point out three errors he has made. First, he says we are planning deficit, when we are not. Second, he says we have done nothing to stimulate the economy, when we have. Third, we have adjusted the living standard issue.

On the first point, the contingency reserve is there for contingencies. I would challenge the him to think of anything that is more of an unexpected, uncontrollable contingency than the events of September 11 and its aftermath. We have eaten partly into the contingency reserve to deal with this mother of all contingencies. On that basis, we have absolutely no planning deficit.

On the second point, he said there was no stimulus. This very year we have \$17 billion in tax cuts. We have \$3 billion in health care spending. We have other things adding up to more than \$20 billion, which is far more, relative to the size of the economy, than any stimulus that the United States has even contemplated, let alone done.

On Cape Breton, we have a \$112 million fund to help the workers and give hope to that part of the country.

Finally, on living standards, productivity is key, and on productivity we have slashed the corporate tax rate. We have eliminated the income tax surtax. We have cut the capital gains rate to half. We have put money into R and D, and all of that supports productivity and living standards.

Mr. Monte Solberg: Mr. Speaker, first, with respect to the planning deficit, there is no question that September 11 had an impact. However the truth is we were already sliding into a recession and we knew it as early as last spring. People started to sense that the economy was going south. The government had a massive surplus. Instead of setting it aside for a rainy day or doing something with it to start paying down debt, it spent it ahead of time, which ensured that we did not have the capacity to deal with the recession.

My friend said the government spent it on tax relief. I want to refute that. He mentioned \$17 billion. I think my friend would have to agree that the \$17 billion is comprised of things like cancelling future tax increases and the lack of indexation of the income tax system. That is not a tax cut. That is a cancellation of a future tax increase. That will not have the impact an actual tax cut has.

My friend mentioned something like the Cape Breton fund of \$110 million. First, I mentioned a whole lot of different situations. People are without hope in many areas in the country. The way to

address that is not with some specialized fund here and there. These funds have been fraught with disaster in many instances in the past. The TAGS program is one example. Entire villages were trained to be scuba divers and hairdressers. We need is a long term plan that creates enough economic growth that jobs are created and ultimately we find living standards go up.

With respect to living standards, the hon. member did nothing to address the fact I raised, which was that living standards actually fell from 1999 to the year 2000, and that relative to the United States, we are not keeping up. The United States brought in \$100 billion in tax cuts. That will make it very difficult for Canada to compete.

As my friend knows, since September 11, and he mentioned this himself during finance committee hearings, companies that were looking for a place to set up in North America, and at one time might have been attracted to Canada because they would have had easy access to the U.S. market, will now seriously consider setting up directly in the United States. We have to redouble our efforts now to cut corporate taxes, to speed up corporate tax relief and get rid of the capital tax, which was the recommendation of the finance committee. The hon. member sits on that committee and was part of making that recommendation. It was not addressed at all. It is a hugely punitive tax with respect to productivity, job creation and that kind of thing. Those things were not addressed.

On those grounds, I completely refute what my friend said. I would suggest that the government has a long way to go if it really wants to increase living standards in Canada.

• (1720)

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, I am pleased to engage in this debate. Somewhere in the middle of the debate the exchange of rhetoric on both sides of the House was somewhat surprising to me. I do not know how readers of *Hansard* or viewers of the proceedings are taking this but from time to time I get lost in the great gulf between the rhetoric of what seems to be on one side of the House and what is on this side.

For the benefit of my own constituents in Scarborough—Rouge River I will try to focus my remarks on something where there are not great gaps in credibility and understanding.

We have gone through a budget presentation. The budget records a number of landmarks around the budget year. The budget year is the year that will follow the budget, not the fiscal year ending in March 2002.

There are two or three landmarks I have taken pleasure in viewing. I would say the same no matter what side of the House I sat on. First, I have taken pleasure in the reduction of our public debt. We can measure public debt, net debt and foreign debt seven ways to Sunday, but to make the matter simpler we have managed over the last couple of years to pay down our net public debt by some \$35 billion.

The Budget

Someone in the House was inquiring what happened to the \$17 billion surplus. Most of it went to pay down the debt. We did not pay down \$35 billion in debt by losing money somewhere and not finding it. It had to be paid down with real money. It was paid down with real taxpayer money scavenged from the surplus we had accumulated over the last couple of years. Our debt now stands at about \$547 billion by the simplest measure.

Second, our debt to GDP ratio has moved down from approximately 71% to 51.8%. Next year, the year beginning next April 1, it is anticipated that our debt to GDP ratio will fall to under 50%. That is particularly pleasing because most of the industrialized world uses the 50% threshold as the benchmark for affordability of national debt no matter how we measure it.

I will not get into a debate about the various components of our public debt, some of which are more manageable and repayable than others. However once we are under 50% GDP we have a very manageable portfolio.

The budget documents contain quite a bit of information about how the government intends to manage and diversify our debt to ensure Canadians pay the lowest interest rates and reduce the debt in an appropriately orderly fashion over the years to come. That will happen.

Third, there was a time a few years ago when it was said that we paid 36 cents of every tax revenue dollar on interest. The budget records the fact that this year, the year ending this coming March, we are only spending 23 cents of every revenue dollar on interest. Some will say it would be better if we did not have to spend 23 cents of every dollar, but that is a heck of a lot better than 36 cents of every dollar. That is where we are now. That is how far we have come. We are continuing to make progress.

The budget follows through with a number of other commitments the government had made previously. A lot of the rhetoric and discussion here today is about things that were not in the budget or should have been in the budget. The tax cuts that have been described as cuts of \$100 billion over five years were announced previously. They were not in the budget. They did not need to be in the budget. They are already part of government policy.

The number for the fiscal year we are in is some \$43 billion, but the tax cut over five years is continuing. It is in the pipeline. It does not happen in one year. Whether we measure it at 20, 40 or 100, no matter how many billions of dollars or how we slice it up, the tax reductions are in the pipeline for all Canadian taxpayers.

• (1725)

The budget was intended to address a weakening economy as well as the September 11 incidents. It is important to note that two things are happening already which most economists would agree in large measure do as much as possible to address a weakening economy: fiscal stimulus and monetary stimulus.

The fiscal stimulus is the current \$17 billion of tax cuts which will find their way back into Canadians' pockets this year. That is already in the pipeline. That money finds its way back into the economy as fiscal stimulus by a reduction in taxes on paycheques for all who pay at source or for those who pay their taxes in other ways.

The monetary stimulus comes from the very recognizable reduction in interest rates across the country. Not that long ago we were all paying 10%, 11% or 12% interest on various things such as consumer debt, mortgages, business loans and the prime rates. Those rates have all come down to 3%, 4% and 5%. That is a huge difference to Canadians. These low interest rates are providing the monetary stimulus. There is not an economist anywhere who will not agree that they are mega, major stimuli for our economy. These things were already in the pipeline when the finance minister delivered his budget.

I cannot address the many other elements of the budget in the few minutes I have, but there is a huge emphasis on security. What happened on September 11 changed our perception of what is happening in the world. The threats manifest in that incident were quantitatively and qualitatively beyond anything we have experienced outside of wartime.

We know there is an enemy out there and the enemy is pretty much unseen. In true gamesmanship theory, when we have an enemy we must find and liquidate the enemy before the enemy gets to us. Without going into details about how we must do this, it is imperative that we do. It is arguable that this enemy is intent on blowing us into the dark ages. No one in the House will permit that to happen.

We must now invest in security and intelligence in a way that will let us find and root out the enemy. Some of that is happening today in Afghanistan as we speak, but there are many other things ongoing and many other threats related to that, not just in Afghanistan but here and in our neighbouring countries.

It is not always possible to go into detail about all the threats. Canadians understand that we cannot do it because there are ongoing attempts to find the enemy. If we tell the enemy we are looking for him the enemy then changes the players on the chess board and we make our success that much harder.

These things are going on now but there are huge risks out there. We do not know when the risks will reduce. There is no reason to believe they are any less today than they were on September 11. They will continue for some time.

In that process, it is possible that all of us as Canadians will be asked to rethink our own civil liberties from time to time and invest a bit in our own collective security. These issues have been discussed elsewhere in relation to Bill C-36 and Bill C-42. Where we will be a few months from now I am not sure.

I come from a riding which has a large representation from each of the five large Islamic groupings: the Sunni, the Shia, the Ahmadiyya, the Ismaili, the Bora and others. These groupings of the Islamic faith are embarrassed and unhappy that the terrorists have in a sense hijacked their faith and pretended that the Islamic faith is the reason for the terror.

The Budget

•(1730)

This is not the case. We must all be sensitive to that. As we move along we must ensure that all Canadians are treated fully as Canadians and accorded all their civil liberties with great respect.

Mrs. Elsie Wayne (Saint John, PC/DR): Mr. Speaker, I will address an issue that has not been addressed in the House of Commons and in the budget. Enough money has not been given to our military in the budget.

The hon. member is talking about what happened on September 11. Following that we sent our men and women over to Afghanistan. We are talking about sending more, but we do not have the tools or resources for those men and women.

I do not know if the hon. member is aware that the filtration system on the supply vessel, the frigate that went over there with our men and women, broke down. They did not have any water to drink. They could not wash their hands. They could not take a shower. That was for over a week.

This was to be a military and security budget. The military got \$300 million, for heaven's sake, to buy the equipment that it needs. That is nothing. Could the hon. member tell us when the government will put some money into the budget for boots, for equipment, for uniforms and for tools so the military can do its job? It did not put it in this budget.

Mr. Derek Lee: Mr. Speaker, the hon. member will be pleased because I have a fairly good answer for her. As I mentioned before, not everything we spend shows up in the budget. The budget speech is intended to show new spending initiatives.

The hon. member makes reference to \$300 million or whatever it was. The base funding for Canada's military in the current fiscal year is \$11 billion.

There have been other amounts added to that. Over the next four years the annual additions for capital funding for boots and other equipment purchases that are being made separately from the base funding will total \$7.6 billion.

The hon. member may like to focus on \$300 million but the budget has an additional \$1.2 billion. All we have to do is add the other \$900 million to the \$300 million for this year.

Over the next five years, Mr. Speaker—please read my lips and listen to the numbers—it is \$7.6 billion for Canada's military. Our men and women overseas will not go without, whether they are in aircraft, on ships or on the ground.

•(1735)

Mr. Inky Mark (Dauphin—Swan River, PC/DR): Mr. Speaker, I agree with the Liberal member that this is a security budget and I want to ask him a question about security.

Let us turn the clock back. When the government came to power in 1993 it wanted to balance the budget. It did balance the budget, but it took funds away from all our security agencies. The RCMP, CSIS, customs and Immigration Canada were all cut back.

I am a member of the immigration committee. We made a field trip to visit the different organizations and ports of entry. We found out that what was called for was in agreement with what the auditor

general's 1997 and 2000 reports called for: more human resources and technical resources.

Will the hon. member on the government side account for his government slashing the budgets of our security agencies?

Mr. Derek Lee: Mr. Speaker, no one out there should think anything other than that we had to cut spending to reduce our annual deficit. We have cut spending so much now that Canada's program spending is the lowest it has been in my lifetime. I will now have to say how old I am. This goes back to the year 1948-49. The percentage of GDP program spending is the lowest it has been in 52 years.

No terrorist incidents occurred in Canada as a result of anything Canada did or did not do or as a result of cutbacks to our policing and intelligence gathering. However now we need to reinvest along with our allies for the global purpose and we are doing it to the tune of many billions of dollars.

Mr. Paul Szabo (Parliamentary Secretary to the Minister of Public Works and Government Services, Lib.): Mr. Speaker, the House is bursting at the seams.

September 11: How many times have we heard the date throughout the last three months? Last week I had the opportunity to travel to Washington with my colleagues on the transport committee. The officials there were referring to 9/11. They did not say September 11. They said 9/11. I think the budget reaffirms to Canadians what we all know, that it really was 9/11. It was an emergency call to all democracies around the world that value the safety, the security and the freedoms and values we have fought so long and so hard to establish for our countries, our families and our communities.

It really put a jump-shift on a lot of the important priorities that governments set for themselves. Prior to September 11, many members of parliament were working feverishly to make their representations to government officials and to ministers about some of their priorities. I wanted this budget to be a green budget. I wanted it to be a budget that dealt with the environment. I consulted with my constituents. I did a survey. Ten thousand surveys went out. My constituents told me that if we do not take care of our environment nothing else really matters because we will not live long enough to enjoy everything else we have in this beautiful country.

I wanted to allow spouses who stay at home to care for pre-school children, thus withdrawing from the paid labour force, an opportunity to buy into the Canada pension plan system for those years, so that over their career of working, whether it is paid or unpaid work, we would recognize the value of that work. They would have an opportunity to earn a full Canada pension plan. I thought it was an important priority to recognize the value of unpaid work.

The Budget

I wanted to look at our EI system. I wanted to look at the possibility of improving the lot of casual employees who do not put in enough hours of work to ever qualify for benefits but have to pay the premiums. Rather than reducing the premiums directly, I wanted us to increase the exemption so that they would pay only on a smaller portion of their earnings. It would stimulate job creation.

Members in this place all have different priorities or ideas that they would like to see the government consider, but 9/11, September 11, changed that. It is imperative that we reassess our security and safety in Canada just as every other democratic country is doing. Without safety and security in a country there is no sovereignty. Without sovereignty we have no economy. Without an economy, a stable, growing and vibrant economy, quality of life starts to deteriorate. Therefore it was imperative that this budget be a budget of safety and security.

It has been that. It is not very glamorous but it is a necessity. I think all members agree with the steps taken to ensure the safety and security, the investment in policing, the investment in airline and airport security, the investment in our military and other defence measures and in our intelligence services, all totalling an enormous amount of money invested in security, because without that security we have nothing.

Canadians also know that Canada has to go on governing and following through to the best of its ability with the other important priorities for all nations. We have to take care of the financial fundamentals. We have to make sure that we are fiscally prudent and fiscally responsible, even in times of 911 calls.

In fact what has happened here is that the fiscal prudence of the government since 1993 has not only put us on good financial footing, but prudent financial management and contingencies have put us in a position of being able to address these 911 calls.

• (1740)

Canadians are probably comforted by the fact that this budget is a balanced budget, as budgets has been for a number of years now, with surpluses. We have committed to a balanced budget not only for this year but for the next year and the year following that. That has to provide important confidence to all Canadians.

We have paid down debt. We have not spent money that was available in surpluses. It was important to bring down our debt to an affordable level. We will continue to pay it down. In fact, it is now below 50% of GDP. It is an important step. We will do more, but we have to make choices and safety and security certainly have to be there.

Many of the speakers in the House have suggested there is nothing for new health spending or tax measures, et cetera. There is. There are long term commitments to our Canada health and social transfer and to tax cuts. A \$100 billion tax cut program was presented by the finance minister and included in a previous budget so that Canadians could plan for and understand what their tax liability would be and so that provincial governments that receive the funding in support of program spending, for post-secondary education and health care, have scheduled funding and know it will be there.

This year there is almost \$3 billion extra for spending in health care. In my own province of Ontario, 90% of the incremental

spending in health care was financed by additional transfers from the federal government. It shows that the federal government is doing more than its share in Ontario and that Ontario should be spending more on health care. We cannot legislate that, but we will certainly make sure that the people of Ontario know that the federal government is doing its fair share on health care and that the province of Ontario is responsible for letting its citizens down by not matching its responsibilities.

The previous speaker referred to interest rates being at an all time low. I remember when we were fighting a \$42 billion deficit back in 1993. We talked about the impact of interest rates and what a 1% drop in interest rates would mean in terms of mortgage financing and purchasing automobiles. That is real after tax savings to Canadians. Interest rates are now at a 40 year low. It is very important. This is helpful to Canadians.

There is no question about the defence issue. Many have said we should do more. I think the important thing for Canadians to know is that our military leaders have advised us that they have the tools and the resources to do the job they have been asked to do. They always have been there to do that job and I am very proud of that.

As a member of the transport committee, I had the opportunity, with my colleagues, to look at the whole issue of safety and security in our airlines and airports. I think Canadians should know that the United States very quickly passed legislation back on November 19 to put something in place before Thanksgiving because they wanted to, hopefully, re-stimulate the confidence of its travelling public during the week which is historically the busiest week for travel in the United States. We found out that only 80% of the aircraft actually flew during that week, and of those only 80% of the capacity was utilized. It basically means that on the busiest travel week of the whole year in the United States only about two-thirds of the capacity was utilized. It is obvious, then, that the impact on the confidence of Canadian travellers is just as severe and that it is very important for us to address the safety and security issues in Canada.

In my last moments I simply would like to thank the Prime Minister. He promised me that fetal alcohol syndrome would be on the agenda of the Government of Canada. It was in the throne speech at the beginning of this parliament and it was in this budget. He has kept his promise. He has delivered. I want to thank him very much.

• (1745)

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I have many questions to ask the member, but first I will respond to his last statement. I think all of us are greatly concerned about the fact that children are born suffering from the consequences of having mothers who drank while pregnant. That can result in brain damage which a youngster has to live with for all of his or her life.

The Budget

My question to the member is, since there is a line item in the budget to support native young people or children who suffer from this, and I presume the money is going to be used for education, exactly how will the money be used and accounted for? What proof will we have that it is effective? What measurements will the government actually put in place to confirm that there is some real action taking place on this very important issue? I know it is an issue dear to his heart.

Mr. Paul Szabo: Mr. Speaker, I thank the member for his question on fetal alcohol syndrome. The consumption of alcohol during pregnancy is the leading known cause of mental retardation in Canada, period. It is incurable but it is preventable.

The member is quite right in that included in the budget is some \$25 million dedicated to prevention and a reduction in the incidence of fetal alcohol syndrome. Seventy per cent of aboriginal persons live off reserve, so programs developed here will benefit all Canadians. Fifty per cent of pregnancies are unplanned. The basic message is that if pregnancy is possible, people should abstain from consuming alcohol, period. It is very simple.

Two years ago a national advisory committee on fetal alcohol syndrome was established by the Minister of Health. Consultations were held right across the country as to the most efficient and effective programs. That report is forthcoming and programs will be developed very soon. Funding announced by the government will be utilized to ensure that the programs will have the best possibility of being effective in reducing FAS in Canada.

Mr. Larry Bagnell (Yukon, Lib.): Mr. Speaker, my colleague suggested at the beginning of his speech that he was depressed because so much money had gone into security expenditures that some other items could not be covered, particularly the environment. However, I want to pleasantly surprise my colleague.

This budget was not just about the important issues of security, tax cuts and health care. Money was still left for the environment. The two municipal environmental funds were doubled in spite of the reduced moneys available. The brownfield strategy was addressed in the budget. I am very excited about wind energy, which would reduce greenhouse gases, and this was also included in the budget. There were tax provisions for microhydro which also will help reduce greenhouse gases. Provisions for transition of woodlots were also included in this budget.

I hope these facts will make my colleague happy because this is tremendous environmental coverage.

● (1750)

Mr. Paul Szabo: Mr. Speaker, the member is quite right. There are a number of areas in which the government has been able to continue its efforts. We all know that the government continues to have study groups looking at important initiatives by which we can address some of our undertakings and the achievement of our Kyoto commitments. The member has outlined some of those items.

Canadians should know that there are many parliamentarians here who believe that our environment is one of our largest vulnerabilities. Automobile usage is probably the most significant contributor to greenhouse gases. We need urban transit strategies. We need alternative energy utilization strategies. We need a number of strategies. Some of them are on the table now, but more work is

being done. Canadians can be assured that the environment is a priority of the Government of Canada.

Mr. Deepak Obhrai (Calgary East, Canadian Alliance): Mr. Speaker, it is a pleasure for me to speak to the budget. My colleagues expressed their views on the shortfall of the budget. I am the official opposition critic for international co-operation and I will restrict my remarks to international development.

The budget would commit over \$1 billion over three years to international development. In the post-September 11 world there is a growing consensus that Canada must do more to promote broad trade, economic growth and the alleviation of suffering in the developing world. Under the Liberal government Canada's commitment to the developing world has dropped below our capacity to help.

Nevertheless, and I want to make this point very clear, we cannot increase Canada's capacity by spending more money. There are other means and I will allude to how we can help. Simply spending more money is not the answer to the problem.

CIDA has only had marginal success over the past 20 to 25 years. I have talked to CIDA officials and the ministers on many occasions. I asked them to name one country where CIDA had success in eliminating poverty in the last 20 to 25 years. They could not. I will tell members why in due course.

CIDA is an agency that has been the subject of criticism by the auditor general and, most important, subjected to political interference. The last occurrence alleges that CIDA funds were being diverted to the minister's campaign workers.

The minister is now involved in political turmoil due to questionable activities in her riding that have broken her trust with Canadians. She cannot go around the world any longer preaching good governance to other countries because of her own inability to hold to the high standards of her office.

We have an agency led by a minister whose credibility is in question by both Canadians and our international friends. In what kind of direction can we expect her to lead this agency? CIDA is an agency that currently receives \$2.2 billion. That is not small, loose change. The budget proposes an additional \$1 billion within three years.

The Canadian Alliance policy would ensure that our foreign aid met value for money criteria. The government must launch a new international development white paper process and repriorize CIDA funding before any more money is given to CIDA or to international development.

The Budget

I am calling for a white paper because there are a lot of issues on the international development table that could be addressed. If these issues were addressed properly they would help third world countries alleviate poverty and would allow them the opportunity for further economic development for their citizens. Throwing money out without a proper plan will help no one.

I specifically direct the attention of members to the so-called Africa fund where \$500 million has been earmarked by the Prime Minister. What will the government do with the \$500 million in this trust fund? Where will it go? Who will it help? How will it help?

There is no plan. It is the Prime Minister's pet project. He is having the G-8 summit meeting in Kananaskis so he said he would put \$500 million into the fund.

• (1755)

He told bureaucrats to go and sharpen their pencils and see how the money would be spent. There was absolutely no plan. The CIDA minister said she had done the consultation process but it was not a comprehensive plan. In looking at the white paper and the consultation process she left out many vital areas which needed to be addressed to eliminate poverty.

Two days ago there was a meeting of the foreign affairs committee. I asked CIDA officials how much money had been allocated to capacity building that everybody was talking about. The trade minister, the foreign minister, everybody was talking about capacity building. It has become a nice big buzzword because of the trade agreements. However when I asked CIDA officials how much was available for capacity building they did not have a clue. They did not know how much they had committed.

We have a problem. We have \$2.2 billion being given to an agency that does not have a long term plan because it is subject to political interference. It gets a cheque but only thinks later how it will spend the money. This is why the Canadian Alliance has difficulty in agreeing to an increase in foreign aid.

The Canadian Alliance has a way to help and assist developing countries. Developing countries do not need more money. They need more opportunities. Let us open opportunities to them so they can take part, develop and bring prosperity to their citizens.

First, let us untie aid. The government should totally commit to the multilateral untying of aid to ensure value for taxpayer money. It is estimated that 25% of tied aid is totally wasted. We could save \$200 million of CIDA's projects if we untied aid. Practically every other country in the world has recognized that it is a waste of taxpayer money and has untied aid in order to help. Imagine, there is \$200 million out there.

Second, let us focus on fewer countries that need the most assistance and not spread it among 134 countries that receive CIDA money in small pockets, which helps nobody. Right now we are giving money to China which has an 8% growth rate and we are giving less money to sub-Saharan countries that require more money.

It is time for us to change and to focus. We must be able to identify countries in the world we assisted that have shown economic growth and could be used as role models for additional aid elsewhere. That has not happened at all.

Third, there is a need for open trade access. Wherever I travel open trade access is asked for because when we open trade access to developing countries they can do the right thing. They are then able to access trade markets, become part of the globalized world and help their citizens do business. This would trickle down to the economically poor citizenry. The most important point is that when we give government to government aid it does not trickle down to the poor people, but when we give trade access it has a trickle down effect.

Fourth, there should be enhanced response for humanitarian crises. Fifth, we should activate charity giving. Canadians should give money to those people. Canadians have the heart to give. Let them be out there assisting those countries.

The business of raising \$1 billion without a plan is a total waste of money. The Canadian Alliance does not feel this is the right approach and hence that is why we oppose the increase.

• (1800)

Mr. Larry Bagnell (Yukon, Lib.): Mr. Speaker, I and I think all my colleagues are quite proud of the fact that the member opened his speech by saying that in the budget we have increased foreign aid to the poorer countries of the world by \$1 billion.

He then went on to ask what country has CIDA helped, as if there was nowhere in the world that it has helped. As the Alliance critic for CIDA, for foreign aid, the member should at least accept the fact that there are some success stories. Trying to help poor countries is a useful endeavour.

I am glad the member's comments were limited to this one topic because it allows me to ask a question I have wanted to ask since September 11. If he does not answer it, perhaps another colleague will ask it again.

I received a number of letters, and I cannot imagine that every MP did not get a number of letters or e-mails, suggesting that over and above catching the terrorists, the big problem since September 11 is to work on the environment that creates poverty and terrorism. Every member must have received letters.

I would like to know what the members who have been speaking against this aid, against this help, against the root causes of poverty, are telling their constituents who write to them, who send them e-mails. What are they telling people who think this is at least part of the solution to the problems that created September 11?

Mr. Deepak Ohbhai: Mr. Speaker, I thank the member for asking the question because it gives me an opportunity to answer.

The Budget

The member asks me where there has been success. I ask him to tell CIDA to tell me where there has been an economic success. We are not talking about giving money for AIDS or about giving money on smaller issues to address little social concerns that countries have. That is where CIDA's money has been diverted so far. That is not the economic reality of where it has lifted up countries. Perhaps he could ask CIDA to respond to me, or perhaps CIDA will respond to him and he can tell me of the countries that have had economic success.

I come from Africa. I have been there with CIDA ministers. I have travelled around the world. I do not see broad based economic prosperity out there. I do see CIDA projects. I have visited hundreds of CIDA projects around the world.

I am asking the same questions that Canadians are asking. I am afraid that Canadians will have donor fatigue if we do not show them successes. Just throwing money at the problem is not going to solve it.

•(1805)

Mr. Grant McNally (Dewdney—Alouette, PC/DR): Mr. Speaker, I would like to ask my colleague about the budget that the Liberals have brought in.

Obviously it looks very much like a leadership budget. The government has given some money to the Minister of Industry to appease him. It has not cut any of the wasteful spending that has been outlined by the auditor general. We heard some huffing and puffing from the finance minister during question period today.

Would the member not agree with me that the government has lost an opportunity to cut wasteful spending on low priority items and to put it into high priority items?

Mr. Deepak Obhrai: Mr. Speaker, there is no question about it. During the debate my colleagues and the finance critic have shown that this is one of those budgets that shows a lack of leadership. There is no question about it.

There were opportunities out there, but the government declined to take those opportunities. It brought in this budget telling Canadians that it was addressing security concerns. Aside from security concerns, there are also economic concerns.

I am surprised at the Liberal government which lives and works on polls. The polls should have told the Liberals that Canadians are interested in economic development, economic stimulus. What happened? There is no prioritization and an increase in spending.

I agree with the member that the budget at the end of the day was addressed for the leadership race.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I appreciate the opportunity to speak to an issue that is undoubtedly of great importance to Canadians.

The one thing we were well aware of even before September 11 was that the economy was in a decline. That did not really surprise anyone. The timing may have surprised some, but one of the facts of life is that economies are cyclical and the frequency of the cycle, as the economy goes up and down, varies from time to time based on certain factors. However it is certainly not expected that we would have a continued period of growth in our economy. There will be

times of reduced rates of growth and in some cases even a shrinking in the actual size of the economy.

One of the things the budget should have done was assure Canadians and investors from outside the country that things were in good financial shape and that they could have confidence in investing, in working in this country, in hiring people and basically making the economy continue to roll. However, the government failed to do that.

For many months before the last election we were calling for a budget. I was very upset when the government brought down its budget just days before the election was called. It was called a mini budget or a fiscal update. The only reason we got the kind of tax cuts we did get was because of what I would call electoral fear. The Liberals were afraid that because my party had shown a fiscally balanced approach to putting more money in the pockets of taxpayers, that they were going to lose big time. Therefore the finance minister brought in a financial update in October last year, just prior to the budget, in order to steal our thunder, which they did. Canadians for some reason trusted them. I suggested to the people in my riding that, based on the record of the Liberals when they promised to cut the GST, I would not vote for them based on the fact that they were promising to cut taxes. A few people in my riding did vote Liberal despite my advice but, thankfully, not too many of them.

I would like to focus on the fact that tax cuts taxes are very important. It is not sufficient to merely talk about them. Mr. Speaker, I do not know if you have ever had an occasion in your life where you have been deprived of water. The one time when I was very dehydrated it did not help a bit that my friends talked to me about water. What I needed was water, not talk about it.

The government does a lot of talking about tax reductions but it does not deliver them. If we look at the pay stub of the average Canadian, by the time the increases in the CPP are factored in, the actual deductions in their pay cheques are nowhere near what the government is claiming. Furthermore, and I emphasize this, all this talk about \$100 billion in tax cuts is pure garbage. I know members over there like to use this big number. If they talked about a tax cut of \$20 billion per year it would not cut it. In order to make the number bigger they multiplied it by five, just arbitrarily. I do not know why they did not pick six, eight or ten years. If they would have multiplied it by 10 they could have called it a \$200 billion tax break. Instead they just picked the number five.

We are talking here about annual budgets. It is not the talk that will put money into the pockets of investors and wage earners, it is the actual delivery of those tax cuts.

One of the things that has been mentioned by a number of my colleagues, and I want to repeat because it is so important, is that the \$100 billion is a hugely inflated number. It really is in actual fact.

The Budget

● (1810)

Let us say, for example, that civil servants, some of whom will perhaps listen to this speech and say that the member for Elk Island is right on this point, wanted a raise. Let us say they are civil servants who are making \$50,000 a year. If we told the civil servants that we would give them \$250,000, the civil servants would say that is great and they would take it, and then in very small print we would say that it would be over the next five years.

Do members see how meaningless that is? If we are talking about annual budgets, we need to give an annual number. To put into an annual budget a projection of a total over five years is just as useless as when the Liberals put in a five year projection of total money that is to be put into health care or when they talk about the infusion of money into our military. It is totally less than what they say in terms of an annual budget, but of course they like to put out this big message.

How about the actual magnitude of that rate? What would happen if we were to say to those same civil servants that we were going to cut their salaries by \$10,000? The civil servants would then say that they were going on strike. We would then compromise and give them \$5,000 on top of that after the cut. Quite clearly there is a huge debate now. The Liberals would argue that the civil servants got a \$5,000 raise because their salaries went from \$40,000 to \$45,000. As a matter of fact they had a \$5,000 cut because their salaries were at \$50,000.

I say the same thing about these tax cuts. The fact that the Liberals are using \$100,000 is just inaccurate and they ought not to be able to get away with it. There were tax increases planned. With inflation and the lack of indexation, the tax rates were to go up. The Liberals said that they would re-introduce indexation, which we in our party were really pushing for. They did it, which means that now they will not be taxing so much. The fact of the matter is that we did not get a tax cut. To use actual numbers, if the tax bill was to be \$500 and now it is to be \$450, as they did not collect the \$500, how can they call it a tax break? It is just not accurate.

I urge all Liberal members to vote against the budget because it does not communicate a true, positive, economic outlook for Canadians.

● (1815)

[*Translation*]

The Acting Speaker (Mr. Bélair): It being 6.15 p.m., it is my duty to put forthwith every question necessary to dispose of the amendment to the amendment now before the House.

The question is on the amendment to the amendment. Is it the pleasure of the House to adopt the amendment to the amendment?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Bélair): All those in favour of the amendment to the amendment 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.

● (1845)

(The House divided on the amendment to the amendment, which was negated on the following division:)

(*Division No. 215*)

YEAS

Members

Bachand (Saint-Jean)	Bellehumeur
Bergeron	Bigras
Blaikie	Bourgeois
Brien	Cardin
Comartin	Crête
Dalphond-Guiral	Desrochers
Dubé	Duceppe
Fournier	Gagnon (Champlain)
Gauthier	Godin
Guay	Guimond
Laframboise	Lalonde
Lanctôt	Lebel
Lill	Loubier
Marceau	McDonough
Ménard	Nystrom
Paquette	Perron
Picard (Drummond)	Plamondon
Proctor	Robinson
Rocheleau	Roy
Sauvageau	St-Hilaire
Tremblay (Lac-Saint-Jean—Saguenay)	Tremblay (Rimouski-Neigette-et-la Mitis) — 42

NAYS

Members

Adams	Alcock
Allard	Anders
Anderson (Cypress Hills—Grasslands)	Anderson (Victoria)
Assad	Assadourian
Augustine	Bagnell
Baker	Bakopanos
Barnes	Beaumier
Bélanger	Bellemare
Bennett	Benoit
Bertrand	Bevilacqua
Binet	Blondin-Andrew
Bonin	Bonwick
Borotsik	Boudria
Bradshaw	Breitkreuz
Brisson	Brown
Bryden	Bulte
Burton	Byrne
Caccia	Cadman
Calder	Cannis
Carroll	Castonguay
Catterall	Cauchon
Chamberlain	Chrétien
Clark	Coderre
Collenette	Comuzzi
Copps	Cummins
Cuzner	DeVillers
Dhaliwal	Dion
Discepolo	Dromisky
Drouin	Duhamel
Duncan	Duplain
Easter	Eggleton
Epp	Eyking
Farrah	Finlay

*Adjournment Debate***ADJOURNMENT PROCEEDINGS**

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

[*English*]

AIR CANADA

Ms. Val Meredith (South Surrey—White Rock—Langley, PC/DR): Mr. Speaker, in December 1999 the transport committee tabled its report, Restructuring Canada's Airline Industry, which recommended a number of measures to ensure competition. The following spring when the government introduced its airline restructuring legislation, Bill C-26, it chose to ignore most of the committee's recommendations, especially those concerning competition in the industry.

Since Bill C-26 was introduced, four major airlines, Canadian Airlines International, Royal Aviation, CanJet and last month the number two airline, Canada 3000, have disappeared from the country's aviation scene.

There is even worse news. Our national carrier, Air Canada, which controls almost 80% of the market is in financial difficulty and there are fears that it may not survive without a government bailout.

The Minister of Transport on the other hand believes that Air Canada controls too much of this industry and is prepared to regulate the industry to reduce Air Canada's share of the market.

The government believes that Air Canada has participated in anti-competitive behaviour and has introduced amendments to the Competition Act that would severely punish predatory behaviour in the airline industry.

However this is not the end of the soap opera in Canada's aviation industry. On Monday the finance minister introduced a new tax on air travellers under the guise of user fees for aviation security. Under the government's plan, every domestic air traveller will have to pay a \$24 security fee for a round trip. For international travellers the round trip cost will be \$48.

For some travellers, for example passengers travelling on WestJet between Edmonton and Calgary or Vancouver and Kelowna, the \$24 security fee will increase the cost of the ticket by 22%. When people fly from Vancouver to Seattle they can get a one-way ticket for as low as \$110, but they will now have to pay an additional \$24 for security; again a 22% increase in the total cost of the ticket. If those individuals fly from Seattle to Vancouver, they will have to pay an American security fee as well. That fee will be \$2.50. That is correct. Under the American legislation, the aviation and transportation security act, the security fee is \$5 for a round trip flight.

Why are Americans charged \$5 for a round trip flight and Canadians charged \$24 for a round trip flight? It is certainly not because Canada will receive a higher level of aviation security than the United States. No, it is because this government has never met a tax that it does not like and if it can be hidden as a stealth tax, so much the better.

What are these high security fees going to do to the struggling airline industry? The transport minister says that these fees will increase traffic flow because people will feel more secure.

Fitzpatrick	Folco
Fontana	Fry
Gagliano	Gallant
Galloway	Godfrey
Goldring	Goodale
Graham	Gray (Windsor West)
Grey (Edmonton North)	Grose
Guamieri	Harb
Harris	Harvard
Harvey	Hearn
Herron	Hill (Macleod)
Hill (Prince George—Peace River)	Hinton
Hubbard	Ianno
Jackson	Jaffer
Jennings	Jordan
Karetak-Lindell	Karygiannis
Keddy (South Shore)	Kenney (Calgary Southeast)
Keyes	Kilger (Stormont—Dundas—Charlottenburgh)
Kilgour (Edmonton Southeast)	Knutson
Laliberte	Lastewka
Lavigne	LeBlanc
Lee	Leung
Lincoln	Longfield
Lunn (Saanich—Gulf Islands)	MacAulay
MacKay (Pictou—Antigonish—Guysborough)	Macklin
Mahoney	Malhi
Maloney	Manley
Marcil	Mark
Marleau	Martin (LaSalle—Émard)
Matthews	Mayfield
McCallum	McCormick
McGuire	McKay (Scarborough East)
McLellan	McNally
McTeague	Meredith
Merrifield	Mills (Toronto—Danforth)
Minna	Mitchell
Moore	Murphy
Myers	Nault
Neville	Normand
O'Brien (Labrador)	O'Brien (London—Fanshawe)
O'Reilly	Obhrai
Owen	Pagtakhan
Pankiw	Paradis
Parrish	Patry
Peric	Peschisolido
Peterson	Pettigrew
Phinney	Pickard (Chatham—Kent Essex)
Pillitteri	Pratt
Proulx	Provenzano
Rajotte	Redman
Reed (Halton)	Regan
Reid (Lanark—Carleton)	Reynolds
Richardson	Robillard
Rock	Saada
Savoy	Scherrer
Scott	Serré
Sgro	Shepherd
Skelton	Solberg
Sorenson	Speller
Spencer	St-Jacques
St-Julien	St. Denis
Steckle	Stewart
Stinson	Strahl
Szabo	Telegdi
Thibault (West Nova)	Thibault (Saint-Lambert)
Thompson (New Brunswick Southwest)	Thompson (Wild Rose)
Tirabassi	Tobin
Toews	Tonks
Torsney	Ur
Valeri	Vanclief
Vellacott	Volpe
Wappel	Wayne
Whelan	Wilfert
Wood	Yelich — 214

PAIRED

Nil

The Speaker: I declare the amendment to the amendment lost.

Adjournment Debate

I think it is clear that Canadians would have felt far more secure with a fee in the American range of \$2.50 per flight; not \$12. This fee is just another example of how the government and the minister have missed the boat on bringing real competition to the airline.

The minister quickly rejected Air Canada's suggestion of modified sixth freedom, instead claiming that he would regulate the industry. That should kill off the entire industry right away.

Therefore I ask the parliamentary secretary this. Why has the government ignored such committee recommendations as higher foreign ownership limits and Canada only carriers, and instead is planning to reregulate the industry?

• (1850)

[*Translation*]

Mr. André Harvey (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, I am pleased to respond, on behalf of the Minister of Transport, to my colleague, the hon. member for South Surrey—White Rock—Langley, whom I must also thank for her work on the Standing Committee on Transport. It is, I can assure you, always a pleasure to work on that committee, because the relationships between members are good.

Over the past three months, there have been some major issues to deal with, and we have certainly not lacked work. A number of our meetings have addressed those major issues, particularly ones relating to the crisis resulting from the September 11 terrorist attacks.

My colleague is asking whether the government intends to legislate on anti-competitive acts in the delivery of domestic air services, in the interests of all Canadians. The minister's response at that time was yes, and I would like to elaborate on that.

Hon. members will recall that, in July 2000, new provisions in the Competition Act, along with new regulations, came into effect, creating a special regime for domestic air carriers. A specific offence was created for anti-competitive acts by a domestic carrier.

The regulations provide a more detailed definition of what is meant by anti-competitive acts, along with the criteria for determining them.

The amendments made to the Competition Act introduced in Bill C-26 in 2000 give the competition commissioner the power to issue temporary cease and desist orders that could put an end to actions that provoked a complaint in the time leading up to an investigation and a decision as to whether or not a case will be heard by the Competition Tribunal.

More recently, the Competition Act was examined by the House, and a number of motions to amend the act in Bill C-23, were presented to the committee last week. Two of them would make changes to the air carriers' regime.

One of the amendments would allow the competition commissioner to ask the tribunal to extend the temporary cease and desist order beyond the 80 day maximum, if the commissioner has not received all of the information necessary to allow him to determine whether or not grounds exist to make an application to the tribunal. This amendment corrects a shortcoming that was identified by the standing committee.

The second amendment allows the tribunal to impose administrative monetary penalties of up to \$15 million, when ruling on a case.

These two changes are designed to demonstrate clearly that the government takes very seriously the actions that have led to complaints regarding anti-competitive acts in this country's airline industry. The changes should also prove that the government's measures will not give rise to the type of letter Air Canada sent, which led to my colleague's question.

• (1855)

[*English*]

Ms. Val Meredith: Mr. Speaker, what is clear is the government does not have a viable aviation plan.

Last week the Canadian Transportation Agency exempted British owned Air 2000 from many of the regulations prohibiting foreign airlines from flying Canadian passengers to a third country. It is expected that this charter company will be granted access to our charter business soon. Instead of permitting Canada-only carriers, which would use Canadian crews, Canadian supplies and pay Canadian taxes, the government will be giving a foreign company the right to use foreign crews to fly Canadians to a third country.

Will the parliamentary secretary please explain to thousands of Canadian aviation employees, who have recently lost their jobs, how this is a good thing?

[*Translation*]

Mr. André Harvey: Mr. Speaker, in fact, since the outset of the crisis, the government has been objective in its contributions with respect to the major national airline partners. The policy put forward and the \$160 million made available were managed fairly for all.

Obviously, the whole aspect of competition is currently under consideration by the government and the airline industry. The industry, and I am pleased to point this out to my colleague, is undergoing profound international change. This is true in Europe, it is true here and in the US. It is true everywhere.

Clearly, the government cannot manage each company individually and assume their responsibilities. The government must do everything in its power to ensure competition plays its role effectively.

I want to assure the member that the government will do all it can to ensure competition is beneficial. Both the federal government and the provinces have a role to play here.

A few weeks ago, the president of the Association québécoise des transporteurs aériens, Mr. Jenner, called on the government of Quebec to provide opportunities for assistance to the carriers through SPQs, Sociétés de placement du Québec, and Investissements Québec. The various levels of government have a substantial contribution to make.

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In short, the federal government is very much attuned to what is going on in the airline industry. We are indeed facing major challenges, but the situation is the same all the world over. We have to look at events in Europe, with companies like Bosch, Ryanair and so on. A number of businesses are currently changing the roles of the airlines.

[English]

AUDITOR GENERAL'S REPORT

Mr. Greg Thompson (New Brunswick Southwest, PC/DR): Mr. Speaker, I am on my feet tonight in relation to a question I put to the Minister of Health after the tabling of the auditor general's report. I was in that lock-up and had an opportunity to examine that report before question period last week. In that report the auditor general criticized the government for \$16 billion in grants and contributions. Many of those grants and contributions never came to the floor of the House of Commons for approval.

I will get specifically into health care, which was the focus of my question. However, in addition to health care, just as an example to the listening public, the fuel rebate program was never approved by parliament. As an example of mismanagement, 7,500 dead people, 1,600 federal prisoners in our penitentiaries and 4,000 people living outside of Canada received fuel rebate cheques. The horror of all horrors is that 90,000 people who were entitled to these cheques did not receive them.

I went on to point out some deficiencies in the health department. For the record, the Department of Health spends \$2.3 billion a year of taxpayer money. Of that \$2.3 billion, \$954 million is given away in grants and contributions under that section with very little scrutiny. Many of those programs have never come to the floor of the House of Commons. The auditor general has identified that as being a real problem, which it obviously is.

I just want to point out one of those programs. As many people know, the HIV-AIDS epidemic is the number one health problem in the world. In Canada many of those HIV-AIDS strategy projects were poorly managed, regardless of the dollar amount funded. I am quote from chapter 9 of the auditor general's report, page 1, which states:

Six large national projects in the Population Health Fund suffered from specific and significant problems.

This was done without the proper authority to fund projects in the prostate cancer research section.

Therefore, just about every department of government has exercised that kind of executive power of writing cheques without bringing those programs before the House of Commons. In other words, there has been no scrutiny by elected members of parliament in this place. That allows for sloppy bookkeeping and management on the part of the government.

There used to be a day when all these estimates would come to the floor of the House of Commons. The House of Commons could hold up and deny that spending by a minister. However this was done simply on a minister's signature.

Many millions of dollars are spent without that scrutiny. We are here to examine the detail. The Prime Minister of Canada has taken

that power away from parliament. We are saying that hundreds of millions dollars of that \$16 billion could have been better spent on programs that would benefit the Canadian people. We do not believe in wasting taxpayer money.

• (1900)

[Translation]

Mr. Jeannot Castonguay (Parliamentary Secretary to the Minister of Health, Lib.): Mr. Speaker, I am pleased to reply to the hon. member on behalf of the Minister of Health.

In her report on certain of Health Canada's programs, the auditor general said the following:

The Branch has a good process in place to manage its grant and contribution programs and ensure that public funds are managed properly; in all three programs we examined, we found a well-established project management process and clear program guidelines.

These are the words of the auditor general in her report, and Health Canada is delighted with these comments. The Minister of Health is appreciative of the constructive opinions from the auditor general, which have enabled the department to take the necessary corrective steps in keeping with the report's recommendations.

The hon. member asks whether the Minister of Health could not use the \$2 million to provide true health care in this country.

I can tell the hon. member that, without a doubt, the \$2 million in question is being used for a legitimate purpose for the improvement of health care in Canada: research into the second-ranking cause of cancer deaths in men. More than 18,000 Canadian men will be diagnosed with prostate cancer this year, a total that will no doubt increase as the baby boomers reach the age group most at risk for prostate cancer.

The auditor general's concerns about this project are of a technical nature. She is not questioning the legitimacy of the project itself.

Resources have been allocated to the Vancouver Centre of Excellence for prostate cancer research. This centre, with research teams from Vancouver General Hospital and the British Columbia Cancer Agency, is world renowned for its successes in basic and clinical research.

This centre of excellence was created in response to the advice and recommendation of eminent experts who attended a national forum on prostate cancer in February of 1997. It is an integral part of the government's health research commitment in the 1999 budget.

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In order to meet the highest standards of quality, the projects undertaken by the centre are submitted to a rigorous peer review process. No funding is provided for research projects until the peer review has been completed. Legitimacy is therefore not at issue, and there has been no wasting of public funds. The research work done on a major health problem is excellent.

I also would remind the member that, at her press conference on December 4, the auditor general herself said, on the subject of the examples cited in her report, that they had found nothing illegal in any of the cases.

Nevertheless, Health Canada is taking the concerns of the auditor general very seriously. The department has already reacted on a number of fronts and has prepared an action plan to follow up on all the recommendations contained in the auditor general's report.

As well as doing other things, these measures will result in tighter control over the management of grants and contributions.

Health Canada will continue to work with non government organizations, other levels of government and teaching facilities on initiatives to improve the health and well-being of Canadians and to reduce inequalities in terms of health within or between certain groups. Health Canada firmly intends to apply the highest standards of accountability to these initiatives.

● (1905)

[*English*]

Mr. Greg Thompson: Mr. Speaker, the Minister of Health is obviously in a state of denial. It is pathetic that he would give his parliamentary secretary that type of speech to read. It flies directly in the face of what was reported in an independent audit by an officer of parliament, the auditor general. I will quote specifically from the auditor general's report. Chapter 9, page 22 contains three examples. The auditor general wrote:

We reviewed 13 projects under the population health fund...six of the national projects were not eligible for funding.

In paragraph 9.76 the auditor general wrote:

Our review of the three projects funded under the prostate cancer research initiative found that the branch spent \$15 million on projects, much of which was not eligible for funding.

They were not eligible. They were simply eligible because the minister signed off on them without knowing what he was doing. There was no scrutiny on the floor of the House.

To sum up, in chapter 9, page 22, paragraph 9.77, the auditor general wrote that under the enhanced fitness activities, \$3.5 million over three years, none of these was eligible for funding under the program.

There I rest my case. Scrutiny of expenses has to go back to the floor of the House of Commons. Otherwise we will have this continual waste of taxpayers' money for programs that do not qualify.

[*Translation*]

Mr. Jeannot Castonguay: Mr. Speaker, I repeat what I mentioned earlier. The auditor general stated:

The Branch has a good process in place to manage its grant and contribution programs and ensure that public funds are managed properly.

In the three grants and contributions programs audited by the auditor general, "there is a well-established project management process and clear program guidelines".

At her press conference on December 4, the auditor general stated, referring to examples quoted in her report, "We found nothing illegal in any of the cases".

● (1910)

[*English*]

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(1).

(The House adjourned at 7.10 p.m.)

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