



CANADA

House of Commons Debates

VOLUME 137 • NUMBER 158 • 1st SESSION • 37th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Monday, March 18, 2002

—
Speaker: The Honourable Peter Milliken

CONTENTS

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

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

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

HOUSE OF COMMONS

Monday, March 18, 2002

The House met at 11 a.m.

Prayers

• (1100)

[English]

BUSINESS OF THE HOUSE

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

That, in the opinion of this House, the government should not ratify the Kyoto protocol, or bind Canada to its emissions reduction quotas, since:

- (a) Canada's principal economic competitor, the United States, together with most of the world's developing countries, would not be bound by the protocol's emission reduction quotas;
- (b) ratification of the protocol would impose massive costs on the Canadian economy and result in severe job loss; and
- (c) the Kyoto protocol would do little or nothing to benefit the environment.

[Translation]

This motion, standing in the name of the hon. member for Red Deer, will be votable. Copies of the motion are available at the Table.

[English]

It being 11.07 a.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

PRIVATE MEMBERS' BUSINESS

• (1105)

[English]

TEN CENT COIN

Mr. Gerald Keddy (South Shore, PC/DR) moved:

That, in the opinion of this House, the Royal Canadian Mint should restore the schooner *Bluenose* to the Canadian ten-cent coin immediately in the year 2001 as an uninterrupted commemoration of our seafaring and fisheries heritage.

He said: Mr. Speaker, when I originally put this motion in private member's business it was timely but I would now like to amend the wording of the motion. I move:

That, in the opinion of this House the Canadian Mint should make the schooner *Bluenose* the permanent image on the Canadian ten-cent coin as a commemoration of our seafaring and fisheries heritage.

The Speaker: Does the hon. member have unanimous consent to amend the motion?

Some hon. members: Agreed.

(Amendment agreed to)

• (1110)

Mr. Gerald Keddy: Mr. Speaker, before engaging in debate I would like to thank my colleagues from all the parties in the House for agreeing to change my motion. For the public who are listening I will read my original motion so they may understand why I wanted it changed. As most Canadians are aware the schooner *Bluenose* was taken off the ten cent coin in 2001. My original motion read:

That, in the opinion of this House, the Royal Canadian Mint should restore the schooner *Bluenose* to the Canadian ten-cent coin immediately in the year 2001 as an uninterrupted commemoration of our seafaring and fisheries heritage.

Obviously 2001 has come and gone. My original motion was put forward on September 13, 2001. Since it is 2002 it would seem more timely and make more sense to everyone, including myself and the people who support the motion, that the wording was changed. Once again I thank my colleagues for allowing me to change the wording.

The reason for Motion No. 385 to restore the schooner *Bluenose* to the ten cent coin is that it should be recognized that it was in recognition of the 50th anniversary of the March of Dimes that the Royal Canada Mint chose to change the image of the ten cent coin.

I agree that was a worthy cause and a worthy celebration particularly since it was in 2001, the International Year of the Volunteer. I do not have any problem in recognizing the March of Dimes. I understand the Royal Canadian Mint's predicament that it was an apt way to recognize the March of Dimes via a celebratory dime.

However the *Bluenose* was on the dime since 1937. Canada has the longest uninterrupted coastline in the entire world with three oceans on all sides, east, north and west. For those unfortunate not to have a coastline I suggest that they come to Nova Scotia, in particular the town of Lunenburg, and visit ours at any time. It is always a treat.

Seafaring, sailing, the fishery, back to the days of the explorers and whalers who opened up much of the Canadian north and eastern Canada, is a part of our history and heritage. Most Canadians have some link to that part of our heritage.

Private Members' Business

I believe the *Bluenose* should remain on the dime as a reminder of that heritage, that history and the long association not only with the ocean but with wooden boats. All Canadians have heard the comment "iron men in wooden ships". Literally those were the days of iron men and wooden ships. Individuals who have a bit of seafaring blood in their veins and a bit of knowledge of history understand the terms and conditions that those men worked under. It was very often not only the skill of the skippers, the seamen and the fishermen but it was the seaworthiness of the boat itself that allowed those individuals to make it home to port under times of great duress. They survived absolutely horrific storms. They saw their comrades lost in dories for days at time in fog. Some never returned. It was the skill of the skipper and the seaworthiness of the schooners built at the time that brought our men back to shore.

For many of those reasons and others which I will state, I believe the *Bluenose* should remain on the dime. As Ziner says in *Bluenose, Queen of the Grand Banks*:

She represented not only beauty, speed and love of craft; she represented those indispensable ingredients of all great lives—hard work, modesty, and endurance.

• (1115)

These are lasting qualities that aptly represent what the *Bluenose* meant to Canadians and why this symbol has an enduring connection to what it is to be Canadian. I remind members of the House who may not be aware that the *Bluenose* is the first non-human to be inducted into the Canadian Sports Hall of Fame.

The *Bluenose* was a famous racing boat. We always knew that the depiction on the dime was the *Bluenose*. We would have no problem causing quite a row in any part of Nova Scotia by saying that some other ship was on the dime. It has been recognized for years. The mint itself has submitted as late as last Friday, March 15, that the *Bluenose* is the image on the dime. That bodes well for the surviving crew members of the *Bluenose* and certainly for all the skippers who sailed her down through the years.

There are some great quotes, legends, and stories that come from the *Bluenose*. I do not know how many members in the House have had the good fortune and pleasure to read the write-up on the *Bluenose* in the *National Post* on the weekend. Clem Hiltz was interviewed. I have the honour of saying that Clem Hiltz is a friend of mine. He sailed and worked on the deck of the original *Bluenose* when he was 13, 14 and 15 years old. Clem has been a stalwart in his fight to have the *Bluenose* put back on the dime and to have the real recognition that the *Bluenose* deserves as a permanent image on the dime.

We should consider and understand the conditions people worked under in those days. They left towns all along the shore of Nova Scotia. I referenced Lunenburg because the *Bluenose* was built in Lunenburg by James Roue, a naval architect out of Halifax. There is a long list of wooden boats that Roue had built.

The *Bluenose* was built for the Grand Banks but she was built specifically for another reason. The international schooner races were introduced in 1920. The Americans won the first year. Canadians thought that they would be able to win that race. I do not want to this to be taken in any way, shape or form the wrong way but there was a real competition between the pleasure boaters, the blue water sailors and the fishermen of the day. The international races

often did not happen if there was foul weather or if a big storm come up. A lot of the racing boats from around the world would be towed back to shore. There was a certain amount of disdain on the part of the real fishermen out there and people who made their living on the water. They felt that there was no need of this.

The *Bluenose* was built specifically to race in the international competition. In order to qualify she had to fish for a year on the Grand Banks. She had to be a Grand Banks schooner. The *Bluenose* made the trip to the Grand Banks, filled her hold with the largest catch taken on the Grand Banks and returned to Lunenburg. The reason we had many schooners out of Lunenburg and towns like Lockeport, Barrington, Shelburne, up and down the length of Nova Scotia, was their speed.

They were able to get to the Grand Banks when the fishing season opened and salt their catch of cod. The first boat to dock often received the most money for its catch so there were a few more cents a pound to be gained. The first boat to port would benefit from that. There was terrific competition not only among the skippers and the men on board to see who had the best crew and the fastest boat but the fastest boat and the best crew also got to represent Canada at the international races. The *Bluenose* never lost. That is a record that bodes well and stands well for the skippers.

• (1120)

I would like to read the names of the skippers of the original *Bluenose I*. They were: Angus James Walters, who was the master of the maiden voyage, had been fishing for a number of years and was the *Bluenose* skipper during all of the races; John Sonny Walters; Lavinus Wentzell; James Eddy Whynacht; Abraham Miles; Harry Demone; Moyle Crouse; Amplias Berringer; James Meisner; Henry Burke; George Corkum; Lawrence Allen; and Wilson Berringer. These were great skippers who were able to sail a great ship.

There are some additional points that I would like to make about the stories and legends that grew up around the schooner *Bluenose*. The original skipper, Captain Angus Walters, stated many years ago that the wood that would be cut to build the ship that would defeat the *Bluenose* was still growing. I predict that it is growing still.

We must imagine life's hard times before the rain gear as we have it today. The men worked with wool socks and mittens. Most of the sailors could knit and would knit their own mitts while at sea. There was no such thing as rubber gloves to keep the cold ocean off their hands. They wore the original oil gear, which was simply cloth soaked in linseed oil. It repelled the rain but did not do the job that our rain gear does today.

These people invented the sou'wester. For anyone who has ever had to work in rain gear the sou'wester is a salvation. People can actually see out the end of it and the back comes down to cover the neck keeping the rain from running down the back of the neck. In the Christmas tree industry I grew up in we worked in a lot of foul weather, including rain and snow. Those of us who were fortunate enough to have sou'westers certainly used them.

The wives, families and women of the men who waited at home and supported them lived a life that really came from another time. Many of us cannot imagine the conditions they lived under. The men left their home ports for a month to six weeks at a time, many of whom were mere boys, 11, 12, 13, 14 years of age.

I would like to quote Clem Hiltz about the feeling that all Nova Scotians, especially those of us from Lunenburg county, have toward the dime. He stated in the *National Post*:

They used to say it was just any old ship on the dime. They wouldn't even admit it was the *Bluenose*. It wasn't right. She's a famous ship. She has done a lot for this country of ours. She was a great ambassador for our country, known all over the world, and she is something that should never be forgotten.

We should all remember those words. The *Bluenose* is more than a wooden ship. She is part of our heritage, background and tradition. Every school child in Canada knows that the ship on the dime is the *Bluenose*. We now admit that amongst ourselves and it would be my wish that the *Bluenose* always remain on the dime.

• (1125)

Mr. Joe Jordan (Parliamentary Secretary to the Prime Minister, Lib.): Mr. Speaker, it is an honour to participate in the debate today on the motion of the hon. member for South Shore.

It is sometimes easy to dismiss cultural symbols as benign. However anyone who listened to the hon. gentleman's speech understands the *Bluenose* is an important symbol. It holds a great deal of importance especially in Atlantic Canada in terms of the pride its people feel about the accomplishments of the vessel. We on this side have no argument with that.

This is the first occasion I have had to speak to the motion on behalf of the Minister of Infrastructure and Crown Corporations. As most members know, the minister's new mandate is broad and diverse. It includes the Royal Canadian Mint, the crown corporation central to the substance of the motion.

The intent of the motion is to permanently restore the schooner *Bluenose* to the Canadian ten cent coin as an uninterrupted commemoration of our seafaring and fisheries heritage. We have amended the motion appropriately to reflect the passage of time. However I want to shed light on the debate. I will take a few minutes to accurately reflect the events surrounding the substance of the motion, as did the hon. member.

Two years ago the government approved the use of a new design on the ten cent coin to celebrate the 2001 International Year of Volunteers. As an eastern Ontario MP even I received petitions from people concerning the fact that the schooner image on the dime had changed. My understanding is that the commemorative issue dime was a one year thing. However perhaps the message was not communicated as strongly or appropriately as it should have been. I was taken aback by the substance and quantity of contacts and correspondence I got regarding the issue.

The year 2001 was the 50th anniversary of the March of Dimes. Periodically the mint will rotate symbols on the coins. In 1967 we changed the coins to reflect various aspects of Canadian culture. It is something the mint does not take lightly but it does it at times when it thinks it is appropriate.

Private Members' Business

To paraphrase the hon. member, I do not think anyone took issue with the selection of the March of Dimes as a commemorative piece. It was the displacement of the schooner that seemed to have triggered the motion. However the mint has always tried to promote traditional Canadian symbols. The maple leaf, the beaver, the schooner and the caribou which were introduced in 1937 have become icons to all Canadians as have the loon and polar bear so many years later.

Many of us still have vivid memories of the fundraising initiatives of the March of Dimes. It was a wonderful victory for volunteerism in Canada when a group of mothers raised millions of dollars to put an end for all intents and purposes to the polio epidemic that was causing such hardship among Canadian families. The commemorative coin acknowledged the hard work of the volunteers. Volunteers are critical and crucial to the fabric of our society, our health care system, our schools, sports, et cetera.

Regarding the matter before the House, the traditional schooner is one of the great symbols of Canada. I sincerely enjoyed listening to the hon. member reflect and tell stories of the Grand Banks, fishing, and the schooners. I learned things. When our national caucus went to Atlantic Canada for its summer caucus my wife almost did not come back with me because she enjoyed her time there so much. As we listen to the hon. member speak we can tell he is speaking from the heart. These symbols really are important.

Since 1937 the traditional schooner design on the ten cent circulation coin has been an icon. It is often referred to as the *Bluenose*. It is close to the hearts of all Canadians but particularly the people of Nova Scotia's south shore. We have had a strong representation from the hon. member about the issue as well as from certain members of the other place who feel a strong connection to the ship. It was in Nova Scotia that many such schooners were built and launched, the most famous of them being the *Bluenose*.

• (1130)

Thanks to *Heritage Minute* on CBC we have all seen the final race of the *Bluenose* off the coast of the United States, a race it won. As the hon. member said, its racing career saw not one loss.

The schooners, long gone but not forgotten, were a central factor in establishing maritime communities such as the *Bluenose* home port of Lunenburg. For decades they could be seen plying their trade from the Grand Banks. The faster the schooner the quicker it could get back to port and the more it could get for its catch. That is why I am pleased to inform the House it was always the intent to return to the traditional design on the ten cent coin in 2002.

As members may have noted, until now I have been cautious in referring to the design of the traditional schooner. However for a variety of reasons the Royal Canadian Mint now refers to the design as the *Bluenose*. I am happy to report this will no longer be the case thanks to the *Bluenose II* Preservation Trust. The trust provided the Mint with valuable information that assisted it in identifying the schooner on the coin as the *Bluenose*. Members may think this is a small point. They may have thought it was the *Bluenose* all along. However these accredited steps help reinforce the importance the vessel had in Canadian history, and we take these victories where we can get them.

Private Members' Business

In 2002 the government is not only reintroducing the traditional schooner. It is officially recognizing it as the *Bluenose*. These actions may not appear at odds with the hon. member's motion, and for all intents and purposes they are not. The only exception I take to the motion is the rewording of permanence. The motion would take away the Mint's ability every decade or 25 years to use Canadian coins as commemorative issues, put something else on them for a year and then return to the default which in this case would be the *Bluenose*. This does not undermine the importance of the *Bluenose*. It is clear the Canadian dime is the *Bluenose* coin. It merely allows the Mint some flexibility.

For the reasons I outlined earlier the Mint must be given the flexibility to consider and under proper authority choose to introduce new but temporary designs for our coins. I agree with almost everything the hon. member said. I congratulate him for bringing the issue forward. However there is the issue of permanence. We must allow the Mint the flexibility to recognize groups like the March of Dimes, which incidentally is why we chose the dime.

Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance): Mr. Speaker, I am pleased to speak in support of Motion No. 385 made by the hon. member for South Shore.

The hon. member seeks the support of the House to collectively express its opinion that the Royal Canadian Mint should restore the schooner *Bluenose* to the Canadian ten cent coin immediately as an uninterrupted commemoration of our seafaring and fisheries heritage. A modification has been made to the original motion. It is now asking for more permanency.

The motion is a particularly appropriate one for the hon. member given that his riding includes Lunenburg, home to both the *Bluenose* and the *Bluenose II*.

Many Canadians may not realize the *Bluenose* was for a short period of time no longer on our ten cent coin. For as long as I can remember the ten cent coin, the dime, has had on its reverse side an image of the magnificent tall ship. The dime was introduced in 1937. The *Bluenose* has remained on the coin almost continually since that time save for a short period in 2001 when the Royal Canadian Mint decided to eliminate the *Bluenose* to commemorate the International Year of Volunteers with an image of three women intended to represent marching mothers. It goes without saying that the image on our ten cent coin of women volunteers is hardly more representative of our country than was the symbol of the *Bluenose*.

Many Canadian families have been associated with the majesty of ships and the marvels of ship travel, having travelled by ship to immigrate to Canada since well before Confederation. My family's ancestors arrived by ship to Upper Canada in the 1830s before Confederation, having come from England.

In the early 1920s my great uncle Richard Goldring sailed a commercial schooner aptly named the *Maple Leaf* out of Port Whitby. In Whitby where I grew up a street is named in his honour. I have spent many days filled with fond memories at Whitby's harbourfront. Many across Canada share my fondness for the ships that ply the world's waterways, particularly those of Canadian registry. The *Bluenose* personifies the essence of Canada's seafaring excellence.

Canada's history is intimately connected to ships. When the original *Bluenose* ran aground in 1946 an exact replica, the *Bluenose II*, was constructed and launched in 1963. It was built from the same plans, at the same Lunenburg shipyard and by some of the same persons who constructed the original *Bluenose*.

After its Lunenburg launch in 1921 the original *Bluenose* enjoyed a reputation of consistent and undefeated glory in the International Fisherman's Trophy race. It won every International Fisherman's Trophy between 1921 and 1938 except for the 1928 race which was declared no contest. The race became such a rivalry that the Gloucester fishermen and their financial patrons built and launched several ships, all with the objective of defeating the *Bluenose* and all without success. In addition to its racing prize money the *Bluenose* earned its keep by being a superb fishing schooner.

At the outbreak of World War II the Canadian government unfortunately showed little interest in saving the *Bluenose* from the financial stresses the Great Depression had caused its owners. A suggestion that the Canadian government take over the *Bluenose* was ignored. In 1942 it was sold to a West Indies trading company. A humbled *Bluenose* was consigned to carry freight between the islands of the West Indies. In 1946 a tired *Bluenose* struck a reef off the coast of Haiti and went to a watery grave.

I believe I speak for all Canadians when I say I am deeply offended to have seen the *Bluenose* dime altered in the way it has been altered. Like the hon. member for South Shore I want to ensure it does not happen again. It is time to consider how important symbols are to our sense of ourselves as a nation and ensure they are respected, promoted and viewed throughout Canada.

Not only the *Bluenose* dime is of concern. Many Canadian symbols merit similar commemoration on our coinage and similar protection from politically correct altering agendas.

•(1135)

For example, similar to the lack of historical appreciation and understanding shown by those who want to remove the *Bluenose* from our coinage, Senator Vivienne Poy wants to personally undo the progress of history by selectively finding fault in today's O Canada lyrics where it says "In all thy son's command". Rather than reinforcing the correct definition of a son, which is a defined as a person for which the famous five so aptly pointed out also includes all females, she has chosen to ignore Canada's history, its legislators and our dictionaries in a misguided zeal.

Private Members' Business

The son, as in the son of America, is used for both males and females. By meddling with the anthem and wanting to use the wording of an earlier 1908 version, Senator Poy opens the anthem to many more changes that even she may not appreciate. Specifically, the modern government approved version has the line, which was not in the 1908 version, "God keep our land glorious and free". Is the senator's intention to remove this reference to God from our national anthem too?

The point is that the national anthem was debated and approved by learned people at great national expense in 1968. Senator Poy wants to change the words to suit a very limited edition, non-specific dictionary in an effort to put political correctness before linguistic accuracy.

Canada's crown corporations must be brought under similar protection from liberalists to protect both song and coin. There must be some Canadian absolutes in our national song and our national currency.

First, the monarch's representation must be on all coins and paper currency. This is essential to remind us of our royal beginnings that affect our presence and guide our governing in the future.

Second, symbolic national representatives must be consistent with their national importance. To suggest that female volunteers, while important, are comparable to the wind, sail and seafaring commerce and immigration suggested by the *Bluenose* is very narrow, politically correct thinking. Supplanting Canadian maritime commercial enterprise and distinct seafaring, world leading culture with domestic volunteering is an odd way to promote a country to encourage a ravaged shipbuilding industry.

Coins that aptly represent Canadians include not only the *Bluenose* dime but also the beaver on the nickle and the caribou on the quarter. Each has its importance to our heritage as well as the maple leaf on our lowly penny.

I support the member for South Shore and his concerns to retain historical images on our coinage and paper currency. The dime should specifically be reserved to depict the *Bluenose* on the reverse as well as the Queen's image on the front. These are important symbols for our heritage and indications of our past. I also support the member for South Shore in his insistence that representation be retained on the dime. However we must be very careful to ensure that representation of our historical past be maintained on other forms of currency as well.

• (1140)

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I am pleased to speak to Motion No. 385, put forward by the member for South Shore, Nova Scotia. I can understand why he moved such a motion.

I can also understand the desire to mark the year of the volunteer. Canada chose currency for that purpose. Be it the 25 cent coin or other denominations, there are always changes in what is depicted on the reverse side of coins. There is real significance to it. Since everyone has small change in their pockets, it really meant something.

The member for South Shore is moving his motion just as the government is deciding to go back to the *Bluenose*. His motion is therefore welcome.

In Nova Scotia, the *Bluenose* will never be forgotten. Nova Scotians are proud of it and they have every reason to be. It is a boat which was built with incredible speed. It could be used for fishing and for racing. I am sure that it saddened Nova Scotians when the *Bluenose* was taken off the ten cent coin.

Clearly, it was not in vain that my colleague moved this motion in the House of Commons, especially now that we hear the good news that the *Bluenose* will be back on the ten cent coin.

I remember when I was small looking at dimes and thinking what a superb sailboat it was. I am still young, but although a few years had gone by, the *Bluenose* continued to feature on the ten cent coin. I can understand how the people of Nova Scotia felt when it was dropped. That was something.

I think that it is symbolic of the work of Nova Scotia's fishermen, those who went out to sea. It is deeply symbolic. As we know, fishing is not easy work, and it certainly was not easy in the past, in the days of the *Bluenose*. How many fishermen have lost their lives at sea?

It has meaning for Nova Scotia. I am sure that if other provinces could have something similar on Canadian currency, their inhabitants would be proud. I can understand the people of Nova Scotia and the member for South Shore, who put forward this motion. He is asking that something which was recognized for years be restored. No one had asked that it be removed.

The *Bluenose* is also representative of shipbuilding in Nova Scotia.

[*English*]

Shipbuilders have done much work not only in Nova Scotia but throughout the Atlantic provinces. People have worked and made their living building ships.

Today when we talk about Nova Scotia, we still talk about the *Bluenose* and the people who want to see it. They recognize what has been done in Nova Scotia and across Atlantic Canada. Many people, men, women and children, live off the fishery. This is an example of it.

How many people have lost their lives at sea? They did not have the equipment that we have today when they went fishing. Even today we are still losing people at sea. It is not an easy job, even if people believe it is. Personally, years ago I went to Shelburne and fished for tuna in the gulf stream. I was gone for three and a half days. I lived at sea as the fishermen did.

Private Members' Business

● (1145)

I do not think I would make a good fisherman, especially if I went three and a half days without seeing land. We were over a hundred miles out to sea and we could not see the land. I thought people would have to be stupid to get on a boat to go fishing. If they decided they wanted to go home at night, how would they get there? They could not walk on the water. They could not go home. There was no taxi for them to take. When we are on land, if we are not happy where we are, we can jump in a car or call a taxi and go to where we want. After two days on the sea, I could not call anybody to take me home.

I sympathize with all those fishermen and the hard work they do. They put their lives in jeopardy all the time. Previously I was a miner. I know how dangerous it is to work in a mine. I have sympathy for all those people who do those hard jobs. That does not mean that the jobs of others are not hard. We talk about the woodcutter, for example, and the number who are killed in the woods.

Coming back to the fishermen, I personally thank the member for the motion he brought before the House of Commons to put the *Bluenose* back on the dime. This would set the example of the hard work of those in the past.

[Translation]

It is truly important, because this is a symbol that we want to keep forever. It is not only a symbol for all these people, all these fishermen who went to sea, but also for all these jobs that were created for fishermen, particularly in Nova Scotia.

Fishermen got work everywhere, whether in the Atlantic or Pacific region, whether in Vancouver or elsewhere. Through their work, these people were able to put food on the table to feed their children. People living in these regions did not have an easy life.

The reason the schooner *Bluenose* was removed from the ten cent coin in 2001 is a good one. It was to recognize all the volunteer work that had been done in previous years. I can understand that. However, today, it is nice to think that the schooner could appear again on ten cent coin.

For years, the caribou appeared on twenty-five cent coins. We no longer see it. Now, when we look at a twenty five cent coin, we do not know what it represents, unless someone tells us. Before, we knew that the caribou represented—in my opinion—the great Canadian north, the people who lived there and who hunted the caribou. For example, how many people lived off its meat? That symbol represented something that almost everyone was familiar with, just like the *Bluenose*, which used to represent Nova Scotia fishermen, work at sea and in fish plants.

This representation has a meaning, particularly for people from the region. Other Canadians are asking themselves the same question when they see a ten cent coin. They wonder what it represents and the locals can explain it to them when they travel around the country.

The *Bluenose* is a great Canadian symbol that makes us proud. It was designed by a Canadian architect and built by Canadian workers. It could not be more Canadian. It is a model, a way of recognizing the industries of our regions.

I am certain—and I know I am repeating myself, but it is worth doing so—that the people of Nova Scotia are happy to see the *Bluenose* back on the dime. But they cannot possibly be happier than our colleague from South Shore, who has taken the trouble to introduce a motion here in the House of Commons.

Just before this debate on the motion began, the decision was made to put the *Bluenose* back on the ten cent coin. I would like to personally congratulate our colleague from South Shore for the initiative he has taken to bring back this source of Canadian pride. By so doing, something from our past is being preserved, for this schooner reminds us of the fisheries, those who ply the sea, and others. I thank you for this opportunity to express my views on this motion.

● (1150)

[English]

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR): Mr. Speaker, I too am extremely pleased to have an opportunity to speak to this important motion brought forward by my colleague and friend from the South Shore. I want to leave ample time for him to conclude his remarks.

As was so aptly expressed by my colleague from New Brunswick as well, the Canadian symbol of the *Bluenose* has become such that we burst with pride. It is truly, for all Atlantic Canadians, a symbol of superiority. There is a sense of historic pride for that time, and the fishermen and fisherwomen who took part in the industry hearken back to a time of prosperity, to a time when we were seen as perhaps much greater contributors to the Canadian economy. When the Grand Banks and the nose and tail of the Flemish Cap were bustling with cod and schooners like the *Bluenose* were there with other ships, manned with crews from Nova Scotia, New Brunswick and Prince Edward Island, there was truly a boom in that region of the country. There will be again.

When we have symbols like the *Bluenose* we have an opportunity to rally round and to speak of the prosperity, the opportunity, that existed then and can exist again if a proper approach is taken in developing all the regions of Canada.

The *Bluenose*, as my friend indicated, was built in Lunenburg on the south shore of Nova Scotia. It was designed by William Roue, a naval architect from Halifax. The ship itself had incredible prowess. It was the fastest and best ship of its type. It competed internationally and never lost a single race. It won the coveted Fisherman's Trophy and raced from 1921 to 1938. It was of course the pride of the area and it became a symbol for those who participated in the bustling industry and fishery of that era.

The *Bluenose* was but one of a large fleet of over 150 bankers, as they were known, built at a time when the days of sail were starting to give way to steam. Yet this ship was a particular icon for those who knew her, who sailed her and who saw her. It continues to be so today, as evidenced by the effort brought forward by my friend from the South Shore.

I will say as well that the *Bluenose* was known all over the maritimes but also in an area in Guysborough County just off the coast, the Sable grand banks and the Sable shore, where the fabled Sable Island exists. It was one of the most treacherous areas on the east coast, one where the *Bluenose* on several occasions aptly skipped through that treacherous water known as the graveyard of the Atlantic, captained by Angus Walters. There are tales of how his skill and navigational ability saved his crew as he went through those highly treacherous waters.

I can tell the House that in Guysborough today, in Canso, Nova Scotia, people are still trying to eke out a living in the fishery. It is symbols like the *Bluenose* that allow them to cling to that heritage, that culture, that sense of who they are.

Again I reiterate the words of earlier speakers who have indicated their support for the motion. This cherished symbol of Canadian pride, the *Bluenose*, should remain on the dime. We are glad to see that it will happen and I commend my friend for his efforts to see that such is the case.

• (1155)

Mr. Gerald Keddy (South Shore, PC/DR): Mr. Speaker, again I would like to take a few moments to thank the members of the House for their support of the motion and my colleagues who spoke to it.

Certainly there is one point I would like to stress in closing, that is, this is not about the March of Dimes. This is about the schooner *Bluenose*. I would like to illuminate, to show more clearly if possible, my position that the *Bluenose* should remain on the dime. In no way, shape or form is it about having anything against the accomplishments of the women, the volunteers, with the March of Dimes. Certainly I understand the Mint's position in wanting to put the volunteers and the women who founded the March of Dimes on the ten cent coin. I would, however, disagree with the Mint that there is no better way to do this.

If we had wanted to mint commemorative coins such as the dime for the March of Dimes, there is no reason we could not have minted them simultaneously with the regular *Bluenose* dime. We bring out commemorative coinage every year. I would suggest that since we use the silver dollar all the time as commemorative coinage it may have been a better symbol. Also it would have more closely and truly represented the value of the dime received by the women who marched for the March of Dimes in the early 1950s. A dime was worth something in the 1950s. Quite frankly, the dime is not worth a whole lot today. Perhaps the silver dollar would more truly represent that.

The symbolic rendition of the marching mothers who went door to door in the 1950s to raise money for polio in the March of Dimes campaign is not what this discussion is about. Certainly the March of Dimes has played an important role in Canada, and we recognize that, not only with its inaugural task of funding research that helped develop a vaccine against the disease but also its development into an organization for the disabled.

Once again I want to make it very clear that this is not in any way, shape or form against the celebration of the work that those volunteers did with the March of Dimes. This is about restoring and maintaining the *Bluenose* on the dime and at the same time finding

Supply

other ways to recognize the valuable contribution that the March of Dimes has brought to all of us.

The other point I would like to make is in recognition of some of the work done by the *Bluenose II* Preservation Trust to have the Mint itself recognize a fact that all of us knew all along: that the image of the sailing schooner on the ten cent coin is in fact the *Bluenose*. Quite frankly, the Royal Canadian Mint resisted that recognition for many years. It was only on March 15 that it finally admitted it actually was on the dime. I realize we are not allowed to name colleagues in this place or in the Senate, but I also would like to recognize the work of a senator who helped to bring that about. It was extremely important to get that recognition from the Royal Canadian Mint.

Our lives, heritage and history are represented by the *Bluenose*, as well as our long association with wooden ships in eastern Canada and in the country as a whole. Certainly there were thousands of wooden ships built in Nova Scotia, New Brunswick, P.E.I., Newfoundland and Quebec, probably tens of thousands. Our shipbuilding in Nova Scotia actually peaked in 1875, but even after that there were hundreds and hundreds of schooners built from the 1900s to the 1930s.

• (1200)

In closing, to show how important wooden boats were to the east coast of Canada, it was not until 1965 that the first totally metal fishing boat was built in Nova Scotia. We are indeed, without question, a land of wooden ships and iron men.

[Translation]

The Acting Speaker (Mr. Bélair): The time provided for the consideration of private members' business has now expired. As the motion has not been designated as a votable item, the order is dropped from the order paper.

GOVERNMENT ORDERS

[Translation]

SUPPLY

ALLOTTED DAY—SOCIAL PROGRAMS

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ) moved:

That this House acknowledge the existence of a fiscal imbalance jeopardizing the continued quality of social programs, such as health care and education, in Quebec and in the other provinces.

He said: Mr. Speaker, I thank my party, the Bloc Québécois, for the wonderful opportunity it is offering to me and certain of my colleagues in the Bloc Québécois to address this important matter of fiscal imbalance.

This is a matter of such importance that there is unanimity on it in Quebec. There are, of course, still a very few people who have not fully understood the analysis and the serious nature of the trends observable between the federal government's fiscal overcapacity and the undercapacity of the government of Quebec and of the provinces to fund essential services such as health and education.

Supply

In the recently released survey commissioned by the Séguin commission, it was indicated that 74% of Quebecers feel there is a problem of fiscal imbalance, with the federal government having too much money compared to its responsibilities, and the government of Quebec having insufficient money compared to its fundamental responsibilities such as providing health care, education and income security. Even in Canada, 64% of Canadians share this opinion that there is a fiscal imbalance.

In fact, earlier I mentioned those who do not acknowledge the imbalance. What I should have said before is that it is the key player involved, the federal government, that does not acknowledge that there is a problem. They have money coming out their ears. The Minister of Finance is swimming in money. He has so much money that he is drowning even, to the point that he is having problems explaining himself. Incidentally, this is taxpayers' money, not his money. Yet the members opposite do not acknowledge that there is a problem.

This problem stems from different sources. The first one has to do with changes in tax revenues, particularly over the past five years. Since 1995, federal government revenues from all sources have increased by 45%. This is quite a bit. This is a fabulous growth rate.

If we look at the structure of these revenues, we notice that the federal government dominates a tax field that has increased considerably more than all other tax fields over the last years, that tax field being federal personal income tax.

Incidentally, if we look at the tax base from Quebec, the federal government receives approximately 60% of revenues collected from Quebecers, while the government of Quebec gets what is left, 40%.

With the federal government receiving 60% of the tax revenues from Quebecers' personal income tax, and the government of Quebec only getting 40%, it is understandable that if this revenue source grows considerably more than other sources, the federal government will end up getting richer faster than the government of Quebec and that is has an additional way of getting its hands into the pockets of taxpayers.

In the last few years—since 1993, when we started collecting these figures—federal personal income tax revenues have increased by 7% a year on average, whereas other revenue sources, such as the GST, corporate taxes and others, have only increased on average by 5.3% a year.

The end result is that by getting 60% of personal income tax revenues, the federal government has added to the already quite significant trend of 45% revenue increases, that began in 1994-95. However, the structural factor is such that it is accumulating increasingly greater surpluses. This is especially true since 1997.

The federal government has managed to reduce its spending. But we should consider where the cuts have been the deepest. It has cut the transfers to the provinces more than anything else. But the real cleanup in the federal bureaucracy remains to be done. It is primarily at the expense of the provinces that the federal government has balanced its budgets since 1997.

If we had kept the same transfer payments we had in 1994-95 with an annual indexation year after year until 2001-02, the provinces and

the government of Quebec would have received \$38 billion more to finance health care and education.

• (1205)

And they would have us believe that such a loss had no impact on health care, education, income security and the ability to plan and manage public finances in Quebec and in the Canadian provinces. Only blind partisans could forget about this important point.

By cutting \$38 billion and not transferring that money that should have gone to health care, education and income security, the federal government has put even more pressure by accumulating surpluses.

On the one hand, we have federal revenues going up faster than those of Quebec and other provinces because of the very nature of the federal tax base. On the other, we have often drastic cuts without any warning, with rules being changed in the middle of the game, in the federal transfer payments for health care, education and income security.

When we have rapidly rising revenues and spending cuts year after year, with considerable savings for the federal government, it is a foregone conclusion that we will end up with regular, structural surpluses and a major fiscal imbalance.

For the benefit of all those watching us, let me explain what fiscal imbalance is. It is quite simple. The federal government has too much money compared to the responsibilities it has to fulfill, which are clearly defined in the Canadian constitution, the first law of the land that the people opposite claim to uphold. *A contrario*, the provinces do not have enough money to meet their responsibilities in terms of health care, income security and education, which are also clearly defined in the Canadian constitution.

This is how things stand. The federal government overtaxes Quebecers and Canadians, while Quebec and the rest of the provinces are underfinanced.

The government tells us “We have to be careful. Everyone was asked to make some kind of effort to put our fiscal house in order”. Fine, but as I mentioned a bit earlier, the federal government made the provinces do the work. It was the provinces and the government of Quebec which put the federal fiscal house in order, not the federal finance minister nor the federal government.

Ever since 1997, year in and year out, the unemployed have helped restore fiscal balance through a \$6 billion or \$7 billion surplus, which the federal government has claimed as regular revenues or tax revenues. That is the harsh reality. These are the two main sources of income that have helped the Liberals balance the budget and are now helping them to generate a surplus year after year.

So many cuts have been made that we have reached an all-time low. The federal government's contribution to education and health care has never been so low; it stands at 14% for health and 8% for education.

We are being told again and again by the other side of the House, "Yes, but tax points must be considered". No, tax points must not be considered. They were given up in 1964 by the federal government in a jurisdiction that did not belong to it but had been taken from the Quebec government and the provinces to fund the war effort, that is personal taxes. They were given a portion of what had been taken as a tax jurisdiction, which was not that of the federal government. This was done in 1964, and again in 1977 for the other provinces. When you sell your house, you do not claim a property right 30 years later. This is totally absurd.

But let us take this government at its word and include tax points in cash transfers. One will realize that about 30% of the contribution to health, education and income security expenses is made by the federal government and 70% by the Quebec government and the provinces. It used to be 50-50. This is already extremely serious.

Concerning the federal debt, the government says "We must be careful. We do not have such a great surplus. We must pay down the debt. We are under enormous pressure because of the debt". In the last five years, the opposite has happened. Pressure turned into depression, if you will. There is an annual saving of \$2.5 billion in debt service. I still do not understand why, with a AAA rate, the federal government can get funding sources at very competitive interest rates.

• (1210)

How can it be that the money of the same taxpayers, the same people whether they are paying taxes in Quebec, in the Canadian provinces or to the federal government—all the same set of taxpayers—is being used to quickly finance, quickly repay, the debt that is costing the least to carry? I need someone to explain this to me. This is at the Economics 101 level on public finances.

I do not understand the logic which has them continuing to accumulate surplus funds on the federal side, accumulating them without any thought of redistributing them to the provinces and the government of Quebec through the rebalancing that virtually everyone now wants, and continuing to make use of this surplus. Last year the total was around \$17 billion, used to pay down the debt that is the lowest rate in Canada. The federal government's credit rating is AAA, while Quebec is A plus. Ontario is AA minus, Nova Scotia A minus, Newfoundland also A minus. Why, with ratings this low, when we and the provinces are seeking financing for their debts, which will be far more costly, is there no rebalancing of the federal surplus in favour of the provinces, which would primarily enable them to pay off their more expensive debts? This totally defies logic.

This is a very serious situation. If nothing is done in the next ten years, to take the government of Quebec as an example, we will end up with a national assembly that will be solely responsible for administering health and education. Why? Because if things continue this way, with this imbalance, we will end up in 2010 with a situation in which the bulk of program expenditures, that is between 85% and 90% of expenditures, will be allocated to education and to health. There will be between 10% and 15% left

Supply

for all the other priorities of Quebecers. Is it normal for the environment, road construction, the promotion of culture, and international representation to have to suffer from such reductionist logic? It makes no sense. That is why a turnaround is necessary, and promptly.

Incidentally, the conference board recently conducted a study that was commissioned the Séguin commission. The government members are the worst when it comes to boasting and spouting rhetoric. As is the case whenever it comes to the issue of the surplus and forecasting, the Minister of Finance is off by 174% per year. The forecasts for this year will likely be off by 500%. If he worked as a professional forecaster, he would get the boot in a second. But no, he is the Minister of Finance—he is still the Minister of Finance—and he can say whatever he pleases.

He was critical of the conference board. Yet, he himself has awarded contracts to the conference board, because he considers it a credible institution. He disparaged the conference board and said that they were off in their figures for the first five years. These figures that the conference board used are his own figures—figures from the Department of Finance—contained in its December budget documents. The minister has shot himself in the foot. He shot himself in the foot when he said that the conference board, especially in the first years, was off the mark. The conference board used his own figures. In the worst case scenario, the conference board clearly went easy on the federal government. It gave the federal government every possible chance, it is almost unbelievable. It said, "We will even anticipate incredible growth in spending. We will use revenue growth rates that are really conservative".

Even then, and taking into account the Minister of Finance's assumptions, which do not make sense for the growth of the surpluses for the first five years reviewed, we arrive at an incredible gap between the surpluses to be generated by the federal government over the next 20 years and the deficits that will be accumulated by provincial governments, particularly the Quebec government. It is the order of magnitude that is important. It goes without saying that, with forecasts that are off by 173% or 174%, the Minister of Finance cannot understand these statistical subtleties. It is all too easy to be concerned about one's image, to say just about anything, to contradict oneself from day to day, and to get away with these contradictions.

The Séguin commission identified the situation very accurately. It released a thorough study after holding consultations over a period of several weeks to produce an incredibly thorough and comprehensive document. The Séguin commission proposed various scenarios to correct the fiscal imbalance. One of these scenarios is the one which the Bloc Québécois recommended when it tabled its submission to the commission, in December.

Supply

•(1215)

Other scenarios are also possible, but the result remains the same. For example, whether the responsibility for the GST is transferred to the provinces in the future, along with related revenues, or whether personal income tax points are transferred, the result will be the same. The Séguin commission says that either one of these scenarios must be implemented gradually. But the other side forgot that. They said "If we implement the Séguin report immediately, if we transfer the GST, if we abolish the CHST, we will end up with a shortfall, we will have a deficit".

The main recommendation of the Séguin report is to go about this gradually, and this is what the Bloc Québécois has done. Mr. Speaker, as you know, we work intelligently, and you yourself recognized that on a number of occasions, when we tabled our annual forecasts for surpluses, which were never off by more than 3% or 4%.

We came up with a five year scenario to achieve the conclusions of the Séguin report and right the fiscal imbalance. Starting next year, we gradually transferred GST revenue. We could have done the same with the revenue from personal income tax; the result would have been the same.

Beginning in 2002-03 and for the five years thereafter, the GST field was gradually transferred, one fifth each year, to the government of Quebec and to the governments of the Canadian provinces. The cash Canada social transfer was gradually abolished over five years, one fifth each year. The federal government's cash transfer for health and education was abolished and replaced by one fifth of the revenues from GST, which the Government of Quebec and the provinces could keep.

Equalization payments were not changed until 2005-06. The existing memorandum of agreement winds up at the end of 2004; we would therefore wait until then to amend equalization payments. Sometimes, a gradual approach is a sign of intelligence and subtlety. The Minister of Finance sometimes forgets these basic principles of good and stable public finances management.

We, too, created the worst case scenario. We said that we would establish a separate EI fund, that we were going to take advantage of this fiscal reform. We subtracted the revenues and expenditures associated with the EI system, i.e. the federal government surplus, by one fifth each year; so, \$1.2 billion in surplus money next year that would not go to the federal government next year; \$1.2 billion the following year, and so on. We took everything away from the federal government and really created the worst case scenario.

And what did this produce over the next five years? Despite everything, the government transferred its GST revenues to the provinces, and gave up the surpluses from the EI fund, because there was a separate fund, which is what the Bloc Québécois has been fighting for year after year. We took away from the Minister of Finance the surpluses associated with the contributions from employers and employees to the EI fund. We gradually reduced the Canada social transfer. And what did we get over the next five years? Even factoring in the tax cuts, the new security measures, everything, using conservative figures year after year for the next five years, we still came up with a federal surplus of between

\$7 billion and \$11 billion annually, and that is a conservative estimate.

Much of the fiscal imbalance problem was solved. Provincial governments and the Quebec government would now have enough money, year after year, because they could count on an independent source of financing for health, education and income security.

We also solved the unemployment problem because this irresponsible government would no longer be drawing on the employment insurance fund, the fund being independent. There was a cut in the CHST to replace all that, but the federal government would still run a surplus estimated between \$7 and \$11 billion. This is an intelligent application of the extremely rigorous recommendations found in the report of the Séguin commission.

Taking into account this reality and what happened to the fiscal balance model that was tied to the budget balance model that we have presented in the past seven years, no one will be able to continue to pretend, in a demagogic way, that it does not exist, that the problem does not exist, that everything is perfectly fine.

•(1220)

I invite all my colleagues from the other parties to support this motion and to try and find solutions to this thorny problem.

[English]

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I noted with interest the many areas my colleague discussed, in particular the Séguin commission dealing with the CHST.

The CHST is a program that currently helps invest in health and social programs for people who live in the province of Quebec, among others. In 2002-03 Quebec will receive \$8.5 billion over the next three years. In September 2000 an historic agreement between the federal government and all provinces was signed and those transfers will increase to Quebec by \$5 billion over five years.

I always thought the Bloc was a party that had a social conscience. I would like the member opposite to explain how he can reconcile the fact that although he is talking about fiscal numbers, which in my view do not add up, the transfers that the federal government sends to the province of Quebec, particularly in the area of social and health matters, are extremely important in maintaining a strong social fabric in the province of Quebec. I would like the member to respond to that comment.

[Translation]

Mr. Yvan Loubier: Mr. Speaker, I do not understand the hon. member's comment, because the figures I have given can be found in the Minister of Finance's documents from last December. They are the figures for cash transfers for funding health, education and income security via the Canada health and social transfer.

If he wants to go further, moreover, the columns that follow give the value of the tax points. Even if this is no longer the federal government's business, even if this field was handed over first in 1964 and again in 1977 for all provinces—and incidentally, this is not even an area that initially belonged to the federal government, but one it took over during the second world war in order to fund the war effort—he can find all these figures in the budget documents.

Yet the forecasts—and I can agree with him on this—differ considerably from the ones of the federal finance minister. He should trust our forecasts more than those of the federal Minister of Finance. As I have just said, every year the federal Minister of Finance is, on average, 173% off in his forecasts, within only a few months moreover.

To give only the last example of his budget, it will be seen that this Minister of Finance was being pretty cute, one might say. Last December, barely three and one half months ago, this wonderful manager, with administrative talents supposedly above average, forecast, that at the end of this fiscal year, that is within a few days, there would be a surplus of only \$1.5 billion in the federal government's coffers. I would just like to remind hon. members that, for the first nine months of this fiscal year, the federal government has already amassed a surplus of some \$13.4 billion.

Are hon. members aware of what would have to happen within the next two weeks or so? There would have to have been a deficit in the past few weeks, and in the next few days, of \$12 billion. This makes no sense. We are talking about \$13.4 billion. There would therefore have to be a deficit of \$12 billion—illogical as that is—to eliminate the surplus that has already accumulated.

Our forecast is—and this is a very conservative scenario—that this coming March 31, there will be a minimum surplus of \$9 billion in the federal coffers. Nine billion is a minimum figure, because for the first nine months the accumulation was already \$13.4 billion.

He should trust our figures, then, instead of the minister's.

• (1225)

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, I want to congratulate my colleague from Saint-Hyacinthe—Bagot for his most eloquent speech, which gave us a clear idea of the findings and recommendations contained in the Séguin report.

I want to ask him to summarize for us in greater detail the consequences of the fiscal imbalance, which means that the money is in Ottawa while the provinces are struggling to meet the needs in areas under their jurisdiction. I wonder if he could explain that to us and also if he could say a few words about the consensus that exists not only in Quebec but across Canada about the credibility of the Séguin report and the fact that a fiscal imbalance does indeed exist.

Mr. Yvan Loubier: Mr. Speaker, I thank my colleague from Drummond for her question. She is assistant finance critic and shows great professionalism. She helped prepare the analyses I presented today.

Yes, my colleague is right in saying that the fiscal imbalance has devastating effects. Over the next few years, in the health sector alone, we are talking about a 7% increase in costs due to various factors such as equipment renewal, the hiring of new staff and the aging population, which is an inescapable reality. This means that we

Supply

cannot skimp on the quality of health care services offered to the public. We must have quality health care services and sufficient resources to meet existing and future needs.

The same thing goes for education. We constantly hear that education is the spearhead of a nation's future, particularly in the current context of globalization and rapid technological change, which is why the public must have access to services of the highest quality on a consistent basis.

It is not normal that Quebec and all the other provinces, having to deliver these two essential services, do not have an adequate revenue base. However, the federal government has a structural surplus year after year. It does not know what to do with all this money. So, over the last three years, it has spent \$15 billion in provincial jurisdictions. This money has not been spent in health care or education, but for initiatives that duplicate or even go against initiatives by the provinces and the Quebec government in their own jurisdictions.

In the next few years, with this pressure building up, the provinces will have three options: they could partially privatize health care because the federal government does not recognize the existence of a fiscal imbalance; they could try to reorganize their own spending and set aside all other priorities in Quebec and other provinces; or they could cut back on services. This is the stark reality. They either have to cut essential services, privatize, or find new sources of revenue.

I am happy that the Minister of Intergovernmental Affairs is no longer part of this debate, because he was talking nonsense. He even encouraged Quebec and the provinces to raise their taxes. One must have some rather strange ideas to say such things; to raise taxes within a context where competition between the Canadian provinces, the United States, and now the world, with the opening up of markets and free trade, is fundamental.

The federal government itself recognized this by having a 20% personal tax differential in Canada compared to the United States, these taxes had to be lowered to maintain some competitiveness and keep high quality managers. That the Minister of Intergovernmental Affairs would encourage the governments of Quebec and of the Canadian provinces to raise their taxes is incredible and odious when the federal has surpluses coming out of its ears. To suggest raising taxes and sending the Quebec government and the provincial governments into a spiral of deficits, year after year, while the federal surplus continues to grow, is total nonsense.

Supply

If, to boot, they are federalists and they want the federation to work, there is a big problem. The main components of a federation are the provinces, and they are not even able to respect them. They think of themselves as the leaders of a unitary state, which they are not, unless they want to completely alter the Canadian constitution, which is another debate. But they should initiate this debate instead of acting in an indirect, deceitful and wishy-washy fashion by keeping the surpluses here and ignoring the fiscal imbalance, which is recognized by everyone.

It is so easy to prove this that I still cannot understand why the Minister of Finance would rise in the House and say that there is no problem. This is incredible.

• (1230)

[English]

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I will be splitting my time with the Parliamentary Secretary to the Minister of Canadian Heritage.

Though their motion does not mention it explicitly, it is clear that our friends in the Bloc Québécois want to talk about the Séguin commission. Last week the Bloc Québécois publicly pointed to the commission's report as yet more evidence that federalism did not work, that federalism was unfair to the people of Quebec. They have held it up as some sort of proof of the alleged fiscal imbalance they refer to in their motion and the so-called jeopardy in which they claim it places on our cherished social programs.

The Bloc suggests that the Séguin commission report offers ways to take this unfair system and make it fair. I have three bits of news for my hon. friends in the Bloc. First, federalism works; second, there is no fiscal imbalance; and, third, the Séguin commission is wrong. In fact federalism works in large part because of the very programs that the Séguin commission attacks: the Canada health and social transfer and equalization. The Séguin commission suggests that these transfers create an imbalance among the provinces and between the federal government and the provinces. I say that these transfers serve all regions of this country equally well and are fair to all.

Other colleagues of mine have spoken to various elements in this discussion, so let me be very specific in my choice of subject. I would like to speak to the recommendations of the Séguin report, specifically those changes it suggests would make the CHST and equalization more fair.

What exactly does it want to change? The first thing is the Séguin commission does not like the CHST. Before I say what the Séguin report would like to do with the CHST, it might be helpful to remind the House of a bit of the background of this important transfer, the first being its goal.

The purpose of the CHST is to provide federal funding to the provinces and territories for their vital programs in specific areas: health care, post-secondary education, early childhood development, social assistance and social services.

Something else we should all remember is that CHST is block funded. That means that while it is targeted for certain areas, those areas that I just mentioned, the provinces and territories can spend it as they see fit among those areas. The CHST transfer is made on an

equal per capita basis so that all Canadians get the same level of support. In a nutshell, that is what the CHST is all about: a block fund paid out annually on an equal per capita basis to help finance society's most vital needs.

Just what exactly does the Séguin commission propose we do with the CHST? What changes would it make to the Canada health and social transfer to make federalism more fair? The Séguin commission says we should scrap it. Yes, everyone heard me correctly. It says we should get rid of this program altogether. What does the commission suggest we replace it with? It is simple: the GST.

The commission proposes we hand over to the provinces the revenues from the GST, the goods and services tax. The Séguin commission may think that is a terrific idea. My friends across the floor in the Bloc may think it is a great suggestion. I do not believe many people in any other province would think much of Mr. Séguin's proposal. In fact, if they were helped to really understand the proposal, I doubt many people in Quebec would think much of it either. Here is why.

First, we must understand that not all sales tax points are created equally. That is to say that a percentage point of sales tax in a wealthy province is more valuable than in a less prosperous province. While some might agree with the Séguin proposal, I think it is highly unlikely that Canadians in less wealthy provinces would feel the same way.

In fact, at least one premier has already told us as much. Lorne Calvert, the premier of Saskatchewan, has already said "I think that it would be detrimental to the very nature of Canada." The premier continued by saying "Simply handing over revenues that they are just based on local economies, I'm not sure is the way to build a strong confederation".

In spite of this opposition, some of my friends in the Bloc might persist. "Quebec is a prosperous province", they will say. "Let us benefit from the GST". They are right. Quebec is a prosperous province. It has prospered and continues to prosper, and prospers within the federation I might add. If we did scrap the CHST and replaced it with the GST, which province would do the best? Would it be Quebec? As a general rule, the most prosperous the province the most valuable the tax point.

• (1235)

Under the scenario proposed by the Séguin commission, Ontario would receive 22% more than Quebec. Mike Harris might think that is fair and his cabinet might think it is fair. However most people who really understand what fairness means, and I include most of the people in the province of Ontario, would not. Nor do I believe would most Quebecers.

So having got rid of the CHST, what else would the Séguin commission have in store for us? What else does it recommend we do to ensure the fiscal fairness of our land? The commission has some ideas about equalization.

This, like the CHST, is a form of transfer between the federal government and the provinces, but it is different. It is different because it is a transfer not tied to any particular area of spending. The provinces can spend it in any way they please and it is different because not every province receives it.

Equalization helps ensure that all Canadians, no matter where they live, can receive reasonably comparable services without their tax rates being out of line with those of prosperous provinces. It means that people in Prince Edward Island can reasonably expect to receive from their province the same standard of service as do their cousins living in Ontario.

Calculating this transfer is done with a formula that takes into account the fact that not all provincial economies are the same. Not every province can generate the amount of tax revenue it needs to pay for its programs and services. An equalization program calculates each province's capacity to generate tax revenue. It then takes these numbers and figures out an average capacity based on five middle income provinces. This is known as the standard.

For provinces that fall below that standard, equalization payments make up the difference. At the moment, eight provinces receive equalization payments. Two do not, those being Alberta and Ontario.

What does the Séguin commission have to say about a system that has been in place since 1957 and is entrenched in the Constitution of Canada? It has a lot to say, but little of it is very new.

First, the commission says we should remove the ceiling on equalization payments, that is the maximum amount by which they can rise from one year to the next. For obvious reasons this proposal is unacceptable. It would expose the federal government to significant risk of unsustainable increases of equalization payouts. Unsustainable because it would permit equalization to grow faster than the economy does. Expenditures that grow faster than the economy which must support those expenditures are not sustainable. No government in its right mind could therefore agree to the commission's suggestion.

Second, the commission believes that equalization standards should be based on the average fiscal capacity of all 10 provinces, not just the five middle income provinces as now. Before 1982, Alberta used to be included in the average. Over the course of 10 years, as oil and gas prices rose and rose, Alberta's fiscal capacity expanded dramatically. As a result, the cost of the equalization program quadrupled. Similarly, when oil and gas prices fell, the average fiscal capacity fell and equalization payments fell. Simply put, including Alberta in the equalization standard made the system too volatile. Therefore, in 1982 it was dropped.

Still, the fact remains that, on average, using just the five middle provinces to calculate the standard for fiscal capacity brings us to 97% of the 10 province average. Even my friends in the Bloc, for whom the fiscal glass is always half empty, must admit that 97% is close enough.

The Séguin commission tells us that the CHST is not fair. I have shown the House today that it is fair. I have tried to show the House as well that the commission's suggestion to replace it is unacceptable.

The Séguin commission tells us that the equalization program is not fair. I have shown the House that it is. Further to this, I could tell the House that every five years the federal government renews the legislation that governs equalization. That happens next in 2004.

Supply

The government is already looking ahead to that date and is working with the provinces to improve an already excellent program.

For these reasons and more I cannot support the motion of the Bloc.

• (1240)

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I have a few questions for my colleague.

First, I would like to know if he has read the Séguin report. That is my first question, and I would like him to give me a straight answer.

Second, he is going way too far when he says that the Séguin commission wants to do away with the CHST, the Canada social transfer, when it is an incredible contribution to the delivery of health care and education services. The CHST used to be a good program. Previously, separate funding was provided for health, education and income security. Initially, when it was first implemented, there was a 50% contribution from the federal government for costs associated with health care, education and income security. The remaining 50% came from the government of Quebec or other provincial governments.

Today, CHST contributions are 14 cents for health and 8 cents for education for each dollar invested by the provinces. How is this contribution so wonderful and sufficient that it does not need to be adjusted, given the huge surpluses the federal government has been accumulating?

How is it that all those who are calling for increased health funding and more stability for such funding are wrong, and the secretary of state is the only one who is right? There is a limit to taking people for fools.

[*English*]

Mr. Bryon Wilfert: Mr. Speaker, first, I would answer the question, yes, I have the report. Is my interpretation different? Yes. Are we surprised? No. If we had the same interpretation, there would be no reason for this discussion. The fact is, Quebec has benefited significantly from transfer payments.

I did not hear my hon. friend across the way say that during the years 1981 to 1997 we had \$508 billion in accumulated deficits. Since 1997 we have accumulated surpluses of \$35.8 billion. The federal government has transferred significant dollars to the provinces in recent history.

I again go back to the historic accord of September, 2000, when we transferred over \$21 billion through the CHST, in terms of health care funding, to the provinces. Quebec was a signator to that. At that time, the government of Quebec said that that was the amount of money it needed to operate those programs, and so did every other province.

Obviously my colleague across the way may not have the same memory that I do or it is awfully short. Very clearly, Quebec has benefited.

Supply

There are obviously differences. My colleague across the way uses the conference board for his benefit. The government of Quebec says, through the ministry of finance, that it will not be in a deficit, although we are led to believe that Quebec will be in a deficit. I am not sure which it is.

The point is, how can we forecast 20 years ahead to say that we will have unlimited resources? It is impossible.

• (1245)

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, the parliamentary secretary said that the accumulated surplus was \$35.8 billion for the federal government in the last few years. Meanwhile, the surplus in the EI fund is \$46 billion. Therefore, the employers and the employees have been paying for the deficit reduction of the Minister of Finance.

My question for the parliamentary secretary is this. Could he address the question of the fiscal imbalance, which is now occurring in Canada, for cost-shared programs. Health care is a good example. The federal government used to pay 50% of the cost years ago. Now it is down to less than 20% of the cost, about 14¢ or 15¢ on the dollar. The rest is picked up by the provinces. For other cost sharing programs, a similar amount is picked up by the federal government and the provinces. In all cost sharing programs, the federal government now pays less than 20% of the cost. That has increased the gap between the rich and the poor.

The other thing is would he address the idea of a cap on equalization payments, which again has hurt the provinces that are less prosperous and has increased the gap between the rich and the poor?

Mr. Bryon Wilfert: Mr. Speaker, first, my hon. friend across the way is repeating the same thing, which is false, and that is that we only contribute 13¢, 14¢ or 15¢ to health care. That is absolutely incorrect. As the hon. member should know, and I am sure he does know, part of the contributions in health care to the provinces is through cash and the other is through tax points. Clearly, when the tax points are added in they go above 30¢ to 33¢ on the dollar. I see my time is up but perhaps this will come up again later.

Ms. Sarmite Bulte (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.): Mr. Speaker, I appreciate the opportunity to speak to the motion moved by the Bloc Québécois with respect to the perceived and alleged fiscal imbalance the Bloc members say is jeopardizing health care and other key social programs.

It surprises me how some hon. members of the House and the provincial governments are able to get the facts so wrong on health care funding. They compare apples and oranges and hope that Canadians will not notice the gross errors in their arguments. Today I want to set the record straight.

The provinces and some hon. members bandy figures about but never divulge exactly how they arrive at their numbers. The Bloc uses the often heard 14¢ and this is where I want to begin. We heard the finance critic for the New Democratic Party speak about this 14¢ which allegedly the federal government spends on health care. The claim is that we spend only 14¢ which is absolutely not true. Those members condemn it on the grounds that there was an undertaking

when medicare originated to pay 50¢ on each dollar. Let us examine their claims very carefully.

The Bloc would have Canadians believe that it is straightforwardly adding up all the funds which the federal government transfers to the provinces for health care and then comparing that to the total the provinces spend on health care. This purports to be the simple arithmetic we all learned in school. Only 14¢ of every dollar is the answer that pops up from this simple arithmetic but is it correct? I would submit it is not correct at all. What the Bloc is doing is not simple arithmetic but, I would submit with all due respect, is more like a conjurer's trick meant to deceive the onlooker.

How do those members get the 14¢ answer they claim? They look at the \$35 billion Canada health and social transfer and then disregard the tax transfer of \$16 billion. The finance critic for the Bloc spoke about that today. The tax transfer is very much a part of the 50¢ of former days. I emphasize the fact that it was part of the former days. With an enormous sleight of the hand they completely disregard the \$16 billion and it does not seem to bother them at all.

Next, they look at the remaining \$19 billion in the Canada health and social transfer. They then disregard the entire evolution of fiscal relations with the provinces over many recent years and suggest that they can identify an amount earmarked especially for health care. This could be done in the much more highly conditional cost sharing arrangements of the 1960s and 1970s because back then there was a specific share of transfers earmarked for health care.

My question for the Bloc members is, are they suggesting that we should return to the days when the federal government was much more stringent in what was done with money transferred to the provinces? Would the provinces themselves be happier if the federal government turned back the clock on block funding, which today provides the provinces with so much flexibility on how and where they spend federal transfers? Sometimes, especially when I hear the 14¢ argument, I think they would.

Let me remind the House that it was the provinces that wanted the flexibility that goes with block funding. They each wanted to determine according to their own priorities how much to spend on health care, how much to spend on higher education and how much to spend on social assistance. Moreover, the provinces wanted to escape the accounting, the rigidity and the dysfunctional incentives that 50:50 cost sharing regimes tend to create over time.

Block funding was therefore created. First there was established program financing in 1977 and then the Canada health and social transfer, a more encompassing block fund in 1996.

The federal government has shared the view of the provinces that the flexibility block funding offers is a sign of the maturing relationship between the two orders of government. However, with that goes responsibilities for the priorities one chooses.

Supply

•(1250)

It is the provinces alone that decide how much to spend on health care. Accordingly, today it is a falsehood to pretend that a certain share of the Canada health and social transfer is the amount that the federal government provides to the provinces for health care. It is also a falsehood to assume, as the 14¢ argument does, that not one cent of the \$11 billion the federal government transfers to the provinces each year in equalization payments goes to help fund health care. This is far-fetched in the extreme.

So far I have shown that the 14¢ claim rests on a misleading fabrication with respect to federal transfers for health care. Now let me reveal another startling fact.

We would think that this fabricated number is then compared as depicted by provinces, to the total amount that provinces themselves spend on health care. After all, that is the story. The federal government allegedly only pays 14¢ on the dollar toward provincial health care costs. But no, provinces then take the fabricated federal contribution number and compare it to total provincial spending not on health care but on all social programs. This includes their spending on primary and secondary education. It includes everything they choose to spend on in the social domain.

I would submit that this is very strange. Let me suggest to hon. members that the provincial governments would be quick to condemn any notion that the federal government should be involved in funding primary and secondary education or indeed that it should be involved in the whole domain of social spending by the provinces. Where does the Bloc stand on this issue? I have to believe it would also fervently condemn such a notion. If so, then the 14¢ argument lies in shambles. Let us therefore put aside the 14¢ bogus argument.

As hon. members know, health care remains a priority for the federal government. Since balancing our budget, more than 70% of new federal spending has been for health care, education and innovation.

Just two months ago the Minister of Finance brought down his 2001 budget. That budget confirmed that the \$23.4 billion in funding to support health and early childhood agreements by first ministers in September 2000 is fully protected. On top of all this the federal government also provides \$4 billion a year in direct spending for health protection and promotion, health research and for health care services to first nations people, the RCMP and the Canadian armed forces.

The 2001 budget further strengthens the federal government's contribution to Canada's health care system by providing \$95 million to the Canadian Institute for Health Information and a further \$75 million increase to the annual budget of the Canadian Institutes of Health Research.

Time precludes me from discussing this issue much further but let me leave members with a few thoughts. First, the premise of the motion is wrong. There is no fiscal imbalance in Canada. Second, we have fostered a maturing relationship with the provinces according them flexibility in allocating federal funding to meet their priorities as they see fit. They are responsible for the decisions that they make.

Without a doubt health care continues to be a priority for our government. Our actions underscore that. If the debate is to be a constructive part of the intergovernmental dialogue, it has to be based on fact and not fiction. One part of getting the facts straight is to acknowledge the full federal government commitment to provincial and territorial transfers. The debate must reflect the nature of federal-provincial relations today and not hark back to what was in place decades ago and since abandoned because it no longer reflected the increased flexibility which the provinces themselves desire.

For all those reasons I am unable to support the hon. member's motion.

•(1255)

[*Translation*]

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, I listened closely to the speech made by the government member, and I do not know if she read the Séguin commission report. Nonetheless, I wish to hear her comments.

In the report, the consequences of the fiscal imbalance were summed up in three main findings: first, citizens' needs are poorly covered; second, the provision of insured services by governments suffers efficiency losses; and, third, the decision-making and budgetary independence of the provinces is compromised.

On the issue of poorly covered needs, the Association des hôpitaux du Québec had this to say:

The cuts made to federal transfers have reduced the capability of Quebec's health care system to absorb the rising demand for health care as well as the rising costs, which limits accessibility and even threatens the quality of health care.

As for the efficiency losses, we are talking about management and provision of social programs. The director of the World Bank said this:

In many countries, the system of intergovernmental transfers is not based on an established formula, and the government decides, at its discretion, what amount will be transferred. Therefore, the intergovernmental transfer system of these countries is not transparent, and is the object of negotiations.

I would like to hear the member on that.

[*English*]

Ms. Sarmite Bulte: Mr. Speaker, in fact I read with interest the report of the Commission on Fiscal Imbalance authored by Mr. Yves Séguin. As the Parliamentary Secretary to the Minister of Finance said, it is interesting how members on both sides of the House always find something different in these reports.

The Bloc members can pick up on the things they want to in the report but we also have to analyze what assumptions the report is based on. It is based on lofty conference board assumptions and looks at 20 year predictions. Any economist would know that making those kinds of predictions is not valid. Most economic forecasters will not forecast beyond two years.

Let us look at what the report actually ignores. It ignores that there will be any recession and that there will be no further tax cuts. It ignores the fact that there will be no new services required.

Supply

We cannot look at reports like that. Life is not lived in a vacuum. We cannot look at conclusions based on what we on this side of the House feel are improper and lofty assumptions that have been made.

Let us look at the facts and see what the increases have been to the provinces by the government from 1993 to the present. Equalization payments increased 22% from 1993 to 2001. Also the Canada health and social transfer increased by over 22%.

I submit that we must look at what has been done in the past and not just go with faulty assumptions as to what may or may not be in the future.

• (1300)

[Translation]

Mr. André Bachand (Richmond—Arthabaska, PC/DR): Mr. Speaker, I have a comment to make before asking my question. First, the closer the member is getting to the front seats, the more arrogant she is becoming, that is clear.

Second, since she is questioning long term previsions, I will remind her that her colleague, the finance minister, is making forecasts over five years. However, she is suggesting that two year forecasts are essential, and should even be the *raison d'être*.

The figures given by the Bloc Québécois are widely criticized. I remind the hon. member that I am a member of the Conservative Party and that I criticize her figures and her approach.

That being said, the hon. member wanted to criticize the 14, 18 and 20 cents of the federal government in health care. Can she tell us how much it is contributing to health care?

[English]

Ms. Sarmite Bulte: Mr. Speaker, I will go back to what I said during my speech. It has to be remembered that the federal government has shown that health care is a priority. It has shown it by the increases that were made in September 2001. It was a time when we directed specific funds, especially funds for technology that were required and for additional frontline nurses and doctors and also to ensure that the needs of the provinces were met.

Let us look at those figures for 2001. Lots of money has been allocated and will continue to be as the needs require and as the surpluses continue to increase.

Mr. Scott Reid (Lanark—Carleton, Canadian Alliance): Mr. Speaker, I will be dividing my time with the member for Calgary Southeast.

In my presentation I will talk first about some directing principles of the Canadian Alliance policy in this area. Second, I will talk about health care and how the motion applies to health care. Third, I will talk about the spending power.

• (1305)

[Translation]

Whatever motivated the government in the past, it is clear that the complex fiscal agreements signed between the federal government and the provinces over the years cannot be abruptly set aside without causing some serious problems.

We, in the Canadian Alliance, believe that the governments should first and foremost try to reach an agreement on the appropriate relations to establish. Then, the current agreements would have to be reviewed to see how different they are from the goals set. Finally, a step-by-step problem solving plan would have to be developed. It will not be easy, but it is in the interest of all governments to be able to rely on rules-based long-term stable planning.

We recommend that the federal and provincial governments agree on the following five issues before embarking on a reform of their financial relations.

First, there is only one taxpayer, and Canadians do not want to pay for any overlap and duplication; second, the federal government should respect the provincial areas of jurisdiction as set in the constitution; third, wherever they live, Canadians are entitled to reasonably similar services; fourth, the federal government's involvement in services provided in areas for which it provides financial support should be proportional to its financial contribution; and fifth, rules regarding federal contribution to the provinces should promote provincial autonomy.

[English]

I will turn now to the second part of my presentation regarding health care.

We in the Canadian Alliance believe that normally the provinces, as the level of government closest to the people being served, should have the right to determine day to day administrative policies in their area of responsibility, including health care.

Moreover, clear respect by Ottawa for provincial jurisdiction would promote efficiency since remote federal bureaucracy will never have the same knowledge as will provincial governments of local conditions and local priorities.

We believe that the federal and provincial governments should jointly develop national standards in health. One way would be to consider a national standard when it is supported by a majority of provinces representing a majority of the Canadian population. When the standards are established there must be an impartial arbiter to decide whether the standards have been respected.

The current situation where the federal government, under the Canada Health Act, is the judge, the jury, the prosecuting attorney, the executioner and the complaining party with regard to alleged violations of the Canada Health Act, is clearly arbitrary and unacceptable.

What Ottawa can do better than the provinces is provide the research and the expertise necessary to determine how our national standards compare with international trends. Another role for the federal government is to assist in rationalizing the delivery of services across provincial borders. We therefore support the transfer of tax points from the federal government to the provinces. This would ensure stable, long term funding and would grow as provincial economies grow thereby ensuring that provinces enjoy the increase in funds over time that is necessary as their populations age to ensure satisfactory health care.

I should say that the four provinces for which the transfer of tax points is insufficient, it would be necessary to provide additional block funds for those supplementary amounts.

I turn now to the spending power.

[*Translation*]

Although financial agreements work well in practice—after a few major battles—few issues undermine more federal-provincial relations generally, and relations between Quebec and Ottawa in particular, than spending power.

Ottawa has a habit of interfering directly in areas of provincial jurisdiction, and Quebec is insistent when it comes to the division of powers established in 1867, which provide for Quebec to establish priorities as it sees fit.

Even Pierre Elliot Trudeau, prior to entering federal politics, believed that spending power should only apply in areas of federal jurisdiction. However, when he became Prime Minister, he understood the “virtue” of federal spending in areas of provincial responsibility.

In 1969 he proposed launching a new program in an area of provincial responsibility only if there was a real consensus among the provinces. As well, no province that wanted to opt out would suffer any financial penalties.

All of the governments of Quebec, since Maurice Duplessis at least, have called for restrictions on federal spending power. This request is always raised at constitutional negotiations.

The Canadian Alliance believes that the rules should be clear for everyone and are therefore suggesting that the federal government adopt the following three rules unilaterally. One, Ottawa could only impose a cost shared program in an area of provincial jurisdiction only if it had the support of seven provinces representing 50% of the population, in other words, a consensus. Two, the provinces that opt out of a program should be under no obligation to implement it to be compensated based on comparability; and three, compensation should be equal to federal spending per capita in the provinces that do take part.

We are also proposing that the federal-provincial cost shared programs be subject to review periodically.

●(1310)

[*English*]

I think that if one were to use these general principles, they would go a long way toward dealing with the fiscal imbalance that exists between the federal government and the provinces in a way that is sensitive to our federal structure and to the diversity that exists between the needs of the various provinces while maintaining a healthy and necessary respect for those programs that unify us all and in which we all seek to have some form of national consensus or national standard, such as health care.

[*Translation*]

Mr. André Bachand (Richmond—Arthabaska, PC/DR): Mr. Speaker, I am pleased to address this very important issue, namely the role of the federal government versus provincial governments, regarding taxation.

Supply

Let me say from the outset that we will be pleased to support the motion of our Bloc Québécois colleagues.

It is too easy for the government party to criticize the principles that brought Bloc Québécois members to Ottawa, and to discredit their motion today and other motions. The parliamentary spirit displayed in the replies given by the government party will not promote a solution to the situation.

First, I would like to state a fact. The issue is the credibility of the existing tax imbalance. There is a lot of talk about the Séguin report. I hope that the majority of government members from Quebec took the time to at least read the summary of that report. I think they will learn a thing or two.

However, they should be careful when they criticize the Séguin report on the grounds that there is a PQ or sovereigntist flavour to it. I remind them that, in October, the Quebec Liberal Party, which, as far as I know, is not sovereigntist, said the following regarding the tax imbalance between Ottawa and the provinces, on page 86 of a document:

This is why we believe that it is critical that the federal government and the Canadian provinces, particularly Quebec, agree on a new distribution of the tax base. Indeed, new fiscal arrangements would ensure a better balance between the revenues and the responsibilities of the federal and provincial governments.

I continue reading from page 86. This is not from the Séguin commission, it is from the Quebec Liberal Party. The expression “tax imbalance” is not used only by one political party, but by all the stakeholders in the Canadian provinces, with the exception perhaps of the government party. The Quebec Liberal Party says:

This is why, in order to address this tax imbalance between the federal and provincial governments, the committee is asking for an in-depth review of tax fields, particularly as regards personal and corporate income tax, and a transfer of tax points, without reducing equalization payments.

This is from a document released by the Quebec Liberal Party, in October 2001. The Séguin report says essentially the same thing.

Before talking about the Séguin commission and the motion put forward by the Bloc, let us ask ourselves what the other provinces think about that.

The Atlantic provinces called for adjustments in the equalization system. The poorer provinces want to become richer and are asking to be given the tools they need to do so. The government said no. The former premier of Newfoundland, Mr. Tobin, who came back to the federal cabinet and then made a hasty exit to go to the private sector said, “I promise you that, in returning to the federal scene, I will deal with the issue of equalization to eliminate the ceiling for natural resources, so that the provinces have access to this development tool”. The provinces say that there is a fiscal imbalance. That is what we hear.

The government always shows the same kind of arrogance. It says, “Of course, the provinces want our money. The federal government has money and the provinces want it. But it is ours. It is our responsibility”.

Supply

However, we have to understand the provinces. When the federal government decided to slash, who had to bear the brunt of the cuts? The provinces. Now they say that the federal government has more money than before and that it would just be normal for them to get their fair share.

In 1997 and in 2000, we, in the Conservative Party, were in favour of restoring transfer payments to the provinces to their 1993-94 level. We did not want a piecemeal approach. We wanted a long term vision. The federal government said that tax point transfers were not a solution. However, as soon as we talk to it about the CHST, it replies that we also have tax points. This means that tax points are a development tool for the provinces.

• (1315)

That requires cooperation. During question period, our leader asked “Could the government, the Minister of Finance, sit down and examine the issue with its provincial counterparts?” They are completely sidestepping the point when they say there is no fiscal imbalance.

In Quebec, two separate reports, published within six to eight months, prove the contrary. Atlantic provinces premiers have said the contrary, and so do all the premiers of the country. At the federal level, people are blind to that. All opposition parties are saying it. The truth is on the other side of the House according to them.

As I said to the Parliamentary Secretary to the Minister of Canadian Heritage, each time they move forward one row, their arrogance increases exponentially. Each time the federal government talks with the provinces, it displays the same arrogance. They discredit the provinces. If that is what federalism is all about for the Liberal Party, it is high time for a change.

They could at least look at the report and say that it is not so easy to transfer the GST to the provinces. They could even have a dig at the Quebec government and talk about the provincial sales tax rate, because it is a well-known fact that, in 1979, the Quebec government took part of the sales tax from the municipalities of the province. They could say that. At least there would be a debate. As things are now, there is no debate. The problem is only being swept under the rug.

It is relatively easy to summarize the conclusions set out in the massive report of the Séguin commission. The provincial governments are calling for a reform of the tax base to enable them to meet the needs under their jurisdiction according to the constitution. That is all. They have suffered cuts of tens of billions of dollars since 1993-94. They are now saying “Listen, we have been fleeced for almost a decade. We will not ask for money anymore, but we will call for a total reform of the tax agreement in Canada. We will write it down”.

This is why the provinces are asking for tax points. They are afraid of being tricked again. The federal government always uses its spending power to say it invested in health. It criticizes the Bloc, as I was saying earlier, it criticizes the Conservatives and all the parties when it says that the 14¢ is not true. Even the government does not know. Can we talk?

We can put other solutions on the table. We suggested that the total amount of the Canada social transfer be eliminated. At the

health standing committee I asked Mr. Romanow if he thought it would be a good idea that before making a major change we agree on figures so that our friends, the people opposite, could have the same figures as everybody else. It might be a good idea to separate the envelopes that are reallocated so that we know where exactly the money is going. That being said, there is a great need to review the agreements.

Incidentally, I wish good luck to my hon. colleague for Saint-Hyacinthe—Bagot in his reflection over the next few weeks, not knowing whether his riding will be faced with federal byelections. Surely, whatever the hon. member does, he will always have something useful to contribute and will always be an ace in politics, at both the federal and provincial levels. The hon. member has done and continues to do a very good job here in Ottawa. I am sure that if he decides to run in Quebec, even though we do not share the same point of view about the country and Quebec within Canada, he will be an asset for the government of Quebec.

That being said, let us look at what some other provinces have asked. Earlier on, I was talking about the Atlantic provinces. On March 23, 2001, Premier Hamm said, “For Nova Scotia to be successful, first, we have to enhance our Canadian colleagues' understanding and awareness”. I think the Premier of Nova Scotia is right. Here in Ottawa, we should be more open-minded toward the provinces, stop being arrogant and show some leadership. We have been asking the government for a long time to show leadership when there is a problem.

As an aside, wait and see what will happen if pressure is applied, if the pressure is strong enough. Before the House is prorogued, if it were to be prorogued, the government will start talking about it, but in different terms. We will see what will happen then.

• (1320)

If ever the House were prorogued and there was a Speech from the Throne, I cannot bet on it as it is illegal, but I would still take you out for supper, Mr. Speaker if the government were to talk about new tax arrangements for the country and seize the opportunity for all kinds of good and bad reasons.

The pressure is mounting. It is not partisan. It does not come from Quebec only. It comes from everywhere. When we talk with our colleagues across the way on an individual basis they acknowledge it. Taking away tens of billions of dollars from the provinces is not something that goes unnoticed. In their ridings Liberal members are being chastized for having a Minister of Finances who cannot count when it comes to surpluses.

Supply

The member for Saint-Hyacinthe—Bagot explained it quite well. They say there is no surplus, and that times are tough. I remember back in December when the budget was introduced, the Minister of Finances said they would establish a foundation with a budget of several billion dollars for major infrastructure projects if they had any money left. I remember everybody burst out laughing saying he had money hidden all over the place. Nine months later, \$13 billion appeared out of nowhere, times were not that tough after all. He is hiding it for two reasons. He knows his Liberal friends well: they want to spend the money too. We know how they like to spend, not invest, spend. Second, he wants to avoid too much pressure from the provinces, so he hides it all over the place, one billion here, one billion there; they would use so many billions should this or that happen—

Mr. Yvan Loubier: He is a squirrel.

Mr. André Bachand: My colleague from Saint-Hyacinthe—Bagot is saying the minister is a squirrel. I do not know whether he is a squirrel or a chipmunk with a big tail, but this is another issue.

We are asking the federal government to sit down with the provinces in order to examine the fiscal issue. Call it an imbalance, or a modernization of fiscal arrangements within a country, it does not matter, but the existence of a problem must be recognized. When, for all sorts of reasons, a central government decides to divest of an area, to divest financially, and to divest indirectly of areas which, by the letter and the spirit, come under provincial jurisdiction, there is a problem, and a serious one.

The Séguin Commission strictly underlined a reality which exists, and not only with Quebec. Indeed, as I said a moment ago, I appreciate the fact that the Bloc added “and in the other provinces”, because this is a reality. However, the problem is different. After the Séguin report came out, some provinces said: “We are now experiencing a more difficult time than other provinces; what is happening with equalization?”

For the time being, equalization is the answer for some of the poorer provinces. This is why, when discussing the new fiscal arrangements, the new fiscal agreement that should be discussed and negotiated between the federal government and the provinces, each party can have satisfaction.

For instance, if Quebec can have more leeway to do things in a certain way, so much the better. If Newfoundland and Labrador need something else, why not? The “à la carte” was used, and why not? Canada is such a vast country that trying to standardize everything might be difficult. However, we on this side can complain all we want, move all the motions we want, ask all the questions we want, if the need for a new fiscal arrangement is not recognized, we will get nowhere.

One thing has to be understood: if the federal government had been in the provinces' place and had experienced a huge and unilateral cut in its revenues, the Liberals would have protested vociferously. We maintain that this fiscal rebalancing is more than needed.

To get back to the Séguin commission, some people are sure to play politics with it. We all are political animals.

● (1325)

We have to look at the basics of the report. Basically, and there is a consensus everywhere in Canada on this issue, it asks that the provinces be given the same revenues as in fiscal 1993-94 and that these revenues be adjusted over a certain period. The Bloc Québécois talked about a five year period. In our campaign platform, we also talked about a five year period to review this.

Actually, we said that it made no sense to hand out a cheque right away. In our campaign platform, and even before, we had mentioned five years. Five years would be sufficient to determine the effects and to find new mechanisms for fiscal arrangements between the federal government and the provinces.

So, clearly, everybody agrees to ensure that the same amount of money should be made available and that the federal government cannot pull the plug on these revenues, as we know what it is like. So, we are talking about a new agreement including a protective clause.

Protection can take two forms. Transferring taxes is one thing, but transferring the GST is another. However, a dispute settlement mechanism is needed. Within the federation, we need to be able to communicate on a permanent basis. The House will recall that this is what we said in our 1997 election platform as well. There needs to be a permanent entity so that the federal government and the provinces can communicate with one another and reach agreements.

The Séguin report makes the point that there must be consensus. Quebec cannot go to the bargaining table alone. All the provinces must be there. Quebec has allies in Nova Scotia, in New Brunswick, on Prince Edward Island, in Newfoundland, in Alberta. It has allies everywhere. The richest provinces will benefit from a new fiscal arrangement. All provinces will.

It will provide our western friends with an opportunity to talk about issues that have frustrated them for years and to do so at the same table. There is consensus on this in Quebec. Quebec will become a leader with the other provinces. It is up to us, here, to convince the government to sit down with its provincial partners. If there is consensus in Quebec, I am sure that there is consensus in Nova Scotia and in all the provinces, all the way to Alberta.

If there is consensus in the provinces, all that is missing is national consensus in this parliament. Again, one player is missing right now; the Liberal members opposite. They are denigrating what is being done. They are playing with the figures. Whether the federal government is putting 14¢, 20¢ or 25¢ into health—we cannot even get accurate figures—that is not the problem. It is a consequence of a problem. The problem is the way the federal government handles its fiscal relations with the provinces. It must review and reinvent its entire approach.

I ask the House to consider the motion put forward today. I urge the government opposite to vote in favour. Why would the government not vote in favour? What a wonderful message it could send. The best signal the government could give would be to say, “Yes, we are going to review that. We barely avoided a recession and we are going to review the fiscal arrangements in this country”.

Supply

• (1330)

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, I want to thank my colleague the member for Richmond—Arthabaska for his statement. It was very interesting.

I agree with him when he says that, regarding the Séguin report or fiscal imbalance, the members opposite keep rehashing the same old arguments. That was obvious in the debate on the Canada Health and social transfer.

These two arguments are equalization and tax points. It is clear that members from the government side who speak to this issue have not read the Séguin report. I have a feeling they do not know what we are talking about when we speak about fiscal imbalance. I think their texts were written by senior officials who always use the same line about equalization and tax points.

I would like to ask my colleague from the Progressive Conservative Party/Democratic Representative Caucus Coalition, the hon. member for Richmond—Arthabaska, to explain what are tax points and why they were created.

Mr. André Bachand: Mr. Speaker, I am not an economist—I do not have all the faults nor all the qualities—but essentially I know that a tax point is an agreement between levels of government. Tax points are dollars in the pockets of taxpayers. Governments agree to say that the money in the pockets of taxpayers is like a pie divided into a number of pieces, each taking its share of it.

Tax point agreements between the federal government and provinces allow levels of government to have revenues that follow the economic and, of course, demographic evolution of their area. That allows for some sovereignty, in the right sense of the word, for the various levels of government. Fiscal imbalance is essentially a fear of decisional imbalance—that is what it is—between the federal and the provinces.

When Quebec or other provinces ask for tax points, it is to secure revenues based on their own growth without any decisional imbalance from Ottawa. The poorest provinces are afraid of that. However, if the poorest provinces have additional development levers, then there will be a harmonious balance in the country.

Therefore tax points are agreements; in the end it is the flexibility that enables a government to get the money it needs and, I repeat, gives it balance and a certain sovereignty.

[*English*]

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I listened with great interest to my colleague from Richmond—Arthabaska. I agree with just about everything he said. The motion before us today is a very finely worded motion. I thought it was quite diplomatic in putting forward the reality that a fiscal imbalance is jeopardizing our social programs of today.

We can think about the fact that we have the Romanow commission. There is a crisis in medicare, a crisis in the funding of health care. This is why we have a royal commission.

We can think about post-secondary education and the crisis there. We are at a 30 year low of federal funding for post-secondary education. Tuition fees are skyrocketing. When it comes to social

programs it seems like the Liberal government has completely abandoned that field altogether.

Would the hon. member comment on the question of how these programs are now being jeopardized by the fiscal imbalance or the complete erosion of federal transfers?

We heard the Parliamentary Secretary to the Minister of Canadian Heritage say earlier that health care was a priority of her government. Yet it seems to me that we have a crisis on our hands. Would the hon. member speak about how he believes health care is being jeopardized by the fiscal arrangements?

• (1335)

[*Translation*]

Mr. André Bachand: Mr. Speaker, I want to thank my hon. colleague from the NDP. As I always say, New Democrats are the social conscience for parliament. We need them, not too many of them, but we do need them.

Anyway, over \$25 billion—

An hon. member: We have to double the caucus.

Mr. André Bachand: You can double your caucus as long as we triple ours.

Anyway, over \$25 billion have been slashed from transfers to the provinces—and I say “over” \$25 billion because there was no indexing at the time and needs have grown—and it has led to a crisis. Money is not everything. Of course, it is easier to make decisions when you have money. As I said before, after making these cuts, the government decided to ruthlessly slash into provincial areas of jurisdiction.

To whom will the people complain? When I was city councillor, I used to say “It is the city councillors who have the backside closest to the taxpayers' boot”. In second place are the MLAs, and farthest from the taxpayers are MPs. So, when the federal government makes cuts to a provincial area of jurisdiction, who do the people turn to to complain? The provinces.

Announcements are made in economic statements and in budgets which the government only bothers to introduce every two years these days. New measures are not necessary, proper financing for current measures is. The Liberals claim that everything is hunky-dory. It is not true. They also argue “There is no fiscal imbalance, no decision imbalance. Everything is fine. There is a lot of money in the system”. They even go as far as to say “Everything is going so well that we have asked Mr. Romanow to head up a royal commission on health care”.

They want to revamp the health care system in Canada. Very well. But what about the fiscal arrangements? Do we not get to discuss them?

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, I agree with the motion put forward today by a member of the Bloc Québécois. The motion is on fiscal arrangements. It is a very important issue.

Supply

[English]

The whole area of fiscal federalism, how we arrange our finances, has always been a debate. It has always been very fundamental to the fabric of Canada. It was a great debate at the time of the founding of Canada. We have had a royal commission on fiscal federalism. We have had many debates in the 1960s and 1970s, as well as the patriation of the constitution in 1980 which had as part of it the constitutionalization of the whole principle of equalization. These are very important questions.

I remember back in 1968-69 when then Prime Minister Pierre Trudeau brought in the Department of Regional Economic Development to address some of the regional inequalities or inequities that existed and the debates that followed thereafter.

I remember when medicare was founded. I was in high school in Saskatchewan. I remember the great debate over health care and the leadership of the Tommy Douglas and Woodrow Lloyd governments in 1960, 1962 and 1963 in Saskatchewan, the funding of health care by themselves, and the royal commission on health care appointed by Mr. Diefenbaker and headed by Mr. Hall. Finally Lester Pearson took it up at the federal level under pressure from the NDP caucus of that day.

We had a national health care program that was cost shared on a 50:50 basis: 50¢ paid by the federal government and 50¢ paid by the provinces. That was our vision in those days of fiscal arrangements, our vision of co-operative federalism.

If we look at what is happening today we see the gradual erosion of the importance of the role of the federal government in terms of paying the costs of programs. In terms of cost shared programs the federal government now pays around 20% and the provinces pay roughly 80% of the cash for these programs. Health care is a good example in terms of cash transfers. The federal government now pays about 13% or 14% and the provincial governments pay 85%, 86% and 87% depending on the province.

This is a very important issue. If we look at the tax base in the country, the provincial governments and the municipalities deliver probably twice as many services as does the federal government. Yet the federal government has about 60% of the taxing room in terms of income tax. I am talking about individual income tax and the corporate tax. There is a great deal of maneuverability for the federal government compared to the provinces.

If we look at many studies, not only the Séguin report but also a study done for the western finance ministers and the western premiers recently, we find the same conclusion: the gap between the wealthier provinces and the poorer provinces is widening. We also find that the ability of provincial governments to deliver services particularly in seven or eight of the provinces is diminishing.

In my own province of Saskatchewan there is now a financial crisis, a fiscal crunch, because of the drop in farm income as a result of the drought, European subsidies and the drop in gas and oil revenues. The federal government is paying fewer of the bills, which makes it difficult for smaller provinces like Saskatchewan, Manitoba, the four Atlantic provinces, and to a lesser extent the province of Quebec, to meet their obligations to the people of their regions.

We have to look at the fiscal arrangements. There is a growing consensus based on the data that the federal government has to play a much more important role. If it does not play a much more important role we will see the erosion of national unity.

In my part of the world, for example, we have a great deal of fiscal inequity between Alberta and Saskatchewan. We just do not have the resources of the province of Alberta. Alberta has been blessed with a lot of oil and gas. One of the problems is that we will have a different level of services based on the ability to pay.

One important thing about being Canadian is that we have comparable services at comparable costs no matter where we live in the country. Having comparable taxes and comparable services is what being Canadian is all about. Whether we live in New Brunswick, Ontario, Saskatchewan, Manitoba or Quebec, we should get roughly the same level of services for roughly the same costs in terms of tax dollars. That is eroding very quickly.

That is one reason in the big constitution debate back in the 1980s, which took place in 1980, 1981 and 1982, it was decided with the support of all parties in the House to constitutionally enshrine the obligation of the federal government to pay equalization payments to the poorer provinces that needed the extra cash.

● (1340)

The principles of equalization were enshrined in our constitution. Every four or five years the equalization formula is renegotiated. The last time the federal government put a cap on equalization payments to the provinces. In terms of prosperity there is a cap, but when the economy goes into a recession we find that the poorer provinces fall further and further behind.

The next negotiations take place in the year 2004. It is very important that the federal government with the extra money it has looks at removing the cap and making sure the negotiations that follow provide a fair amount of services and funds to every province.

There is a fiscal imbalance between the federal government and the provinces and that gap has grown dramatically. I mentioned that about 60% of the income tax was now collected by the federal government.

The conference board has done studies not just for the Séguin report but for other reports. It says that the gap is likely to widen rather than narrow. The conference board projects that if the revenues and expenditures of the federal government are maintained in the next 10, 12 or 20 years we will see a widening of the gap between the abilities of the provincial governments to operate and provide programs and that of the federal government. It also projects that we will see a continuing expansion of the federal government's surplus.

Last year there was a surplus of some \$17 billion, all of it put against the national debt. In the first nine months of this year the surplus is estimated at about \$13.4 billion. I suspect that unless legislation is brought in that too will be put against the national debt.

Supply

We have some flexibility in terms of having a greater transfer of some of the cash to the provinces by the federal government. My vision of federalism is similar to that of Lester Pearson, Tommy Douglas and Robert Stanfield back in the 1960s when they talked about co-operative federalism. They talked about a strong federal government and strong provinces that would share, co-operate and work together for the benefit of the Canadian people. We have seen that turned on its head in the last few years, in particular by the government and the Minister of Finance.

In 1995 we had the largest cutbacks in our history in terms of transfers to the provinces and transfers to individuals for social programs. It was something that was very un-Liberal, something that I am sure would have scandalized the people in the Pearson government, let alone the Trudeau government, in terms of the vision of where the country should go.

The Prime Minister was in the Trudeau government as a junior minister for most of the period of time between 1968 to 1984. Yet we have had a break in terms of the philosophy of the federal government where the provinces pay more and more of the bills and the federal government pays less and less.

If the government is to be paying less and less of the bills, it obviously will get less and less of the say and less and less of the clout. That is happening now in health care. The time will come when Ralph Klein, because of the wealth of Alberta, will say to hell with the federal government, forfeit the 13% or 14% cash for health care in his province, and devise his own two tier health care for profit system similar to that of the United States.

What could the federal government do? If it were footing more of the bill a province would not do that. It would not be able to afford to do that. That is why it is important we get back to a system where cost shared programs are on a 50:50 basis. We should be moving immediately to health care being funded 25% by the federal government in terms of cash payments, and within a few short years to being funded 50% by the federal government and 50% by the provinces.

The same is true for post-secondary education. The member for Vancouver East has spoken very eloquently in the House several times on the lack of federal cash in transfers to the provinces for post-secondary education and the increase in tuition fees. I have met with students across the country in the last four or five months who are concerned about the rise in tuition fees and accessibility on an equal basis to post-secondary education. This is a result once again of the diminishing contribution by the federal government to post-secondary education.

• (1345)

When that happens provinces compensate for these cutbacks and lack of revenue from the federal government. They do this by increasing user fees. We see that all over the place, for example, provincial cutbacks in transfers to municipalities.

Two weeks ago I was in Regina for the SARM convention, the Saskatchewan Association of Rural Municipalities, where the Minister of Finance was the guest speaker. One of the concerns there was the cutbacks on funding for rural and urban municipalities.

The Minister of Finance heard that when he was in Regina speaking to some 2,000 delegates from rural Saskatchewan.

Then of course the municipalities are in trouble. The city where I come from and the member for Palliser comes from, Regina, is now debating a motion to have a flat tax on the collection of garbage. That will be \$100 per household for the collection of garbage in the city of Regina. That may be okay for a wealthier person living in one of the wealthier parts of the city, but what about a lot of people in low income areas in the inner city and the city core? Many parts of Regina have a lot of low income people who cannot afford \$100 to collect their garbage. That idea is not worth the rubbish it is supposed to collect. It is a flat tax.

We have had the rejection of the flat tax idea that was put forward by the Canadian Alliance. When we have cutbacks on transfers by the federal government to the provinces and cutbacks from the provinces to the municipalities, then the municipalities have to come up with ideas like a flat tax to collect the garbage. That is the domino effect and that is what we are debating in the House today.

We are seeing much of this happening without proper consultation between the federal government and the provinces. The federal government unilaterally decides what the transfers would be.

We do not know when the federal budget would be presented. It seems to me it is only common sense to have a fixed budget date where a budget comes down every year on approximately the same date. It used to be that way by convention or by practice. We should have a fixed budget date by statute, perhaps the first part of February each and every year.

By having a federal budget on the same date every year the provinces could do their planning and so could the municipalities, school boards and hospital boards. That is not a radical idea. It is called common sense and co-operative federalism by planning and working with our partners in confederation.

There was a period of 20 months between budgets in the House by the Minister of Finance. People do not know what will happen nor what are the plans of the federal government.

I have mentioned medicare. That is the funding crisis we are facing today. There are other problems in medicare too, but a funding crisis is at the centre of the health care crisis. The federal government used to pay 50¢ on the dollar and now pays 13¢ or 14¢ on the dollar in terms of cash transfers. There is obviously a funding crunch which creates a lot of inequality between richer provinces and poorer provinces. Ontario can afford to fund health care a lot easier than the province of New Brunswick. Again, we get the two tiers or the three tiers. Soon we will have a ten tier health care system where the people's service will be dependent upon the resources of their province to pay for that particular service.

S. O. 31

I mentioned the cap on equalization which is an important part of being Canadian. It was an important part of the constitutional debate back in 1980-81 when the constitution was patriated. When the Queen signed the patriation papers on the lawn of parliament back in April 1982 the equalization commitment was constitutionalized by the federal government. The gap has widened as the federal government put the cap on equalization and put less money into the equalization program according to demographics, inflation and the program obligations of the different provinces.

Those are some of the problems we are facing. This country needs co-operative federalism and this is where I differ with the Bloc Quebecois. We need a strong central federal government. At the same time we need strong provincial governments that work and plan together and bring in cost shared programs that they would be funded on a 50-50 basis.

•(1350)

The federal government has the resources. Last year alone \$17 billion went to the national debt. Can members imagine what could have been done if only \$7 billion was put on the national debt and the other \$10 billion was transferred to the provinces for health care, post-secondary education, social programs and the farm crisis. We could have stimulated the economy and created more justice and equality for every single Canadian. These are things that could have been done if there was some vision across the way.

The federal government talked about balancing the budget. We had the Parliamentary Secretary to the Minister of Finance boasting in the House about an accumulated surplus by the federal government in the last few years of \$35.8 billion. The government has a surplus only because it is overtaxing employees in terms of employment insurance premiums. There is now a surplus of \$46 billion in the employment insurance account.

The surplus is being funded out of the EI account. In other words, we would still have a deficit if it were not for the extra premiums that were being paid by ordinary working people and by their employers into what was supposed to be an insurance fund when workers were laid off or unemployed. That is the kind of smoke and mirrors that is being used.

We want a country where we have justice, equality and fairness for all, where we have co-operative federalism. It is about time the federal government started paying its bills, its share of the plans, its share of the costs so Canadians are treated equally from sea to sea to sea.

•(1355)

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, I listened attentively to my colleague across the way. I must say that one of the things that struck me is that our fiscal house is now in order and because of that we were able to come up with the agreement with the provinces in September 2001 of \$21.5 billion in support of the CHST. From 1981 to 1997 we had a \$560 billion cumulated deficit. We are now able to transfer additional dollars to the provinces because of good fiscal management.

The issue is not just one of dollars. For example, last year Ontario announced \$1.2 billion in new health care funding. It forgot to say

that \$1.1 billion was federal transfers. It is a question of management.

The national round table on health care said it years ago. The issue is not simply money, it is how its managed. Who manages the health care system? The provinces, not the federal government. We notice in the latest Environics poll that Canadians are now saying that maybe the federal government should be involved in managing the health care system and managing education. I notice my friend from the Bloc is getting agitated which is always good to see.

Would my friend from the NDP comment on the issue of management of those programs and not simply on the issue of dollars?

Hon. Lorne Nystrom: Mr. Speaker, I am not sure what the answer is. The provinces manage many of these programs. Some manage them well, some do not manage them well, some make mistakes and some do an exceptional job. Under our constitutional arrangements the obligation of administering the programs goes to the provinces.

The federal government, by using its spending power when it brought in national health care, made a commitment back in the sixties to fund 50% of health care. It is renegeing on that obligation over the last few years. One reason that we have a crisis in terms of health care is because the federal government is withdrawing a major part of the funding. Whether we have good administration or bad administration the federal government does not pay the bill it should be paying.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I have a question for my colleague from Regina—Qu'appelle. The hon. member is well known for his wisdom and his ability to defend the interests of the people of his province.

If he was given assurances that the Canada Health Act would be respected, as all the premiers and finance ministers said it would be, would he agree that sufficient funds be transferred either via the GST or the federal income tax or the tax point transfers so that the provinces can administer the health sector, which is their constitutional jurisdiction, without the risks mentioned by the hon. member?

Hon. Lorne Nystrom: Mr. Speaker, the answer is yes, for the most part. At present, the federal government is collecting nearly 60% of the taxes in this country, while the provinces and the municipalities have twice as many programs as the federal government to administer. This is one imbalance in our country.

STATEMENTS BY MEMBERS

[*English*]

2002 ARCTIC WINTER GAMES

Mr. Larry Bagnell (Yukon, Lib.): Mr. Speaker, this past weekend I had the opportunity to personally join the many athletes, coaches and volunteers of the 17th Arctic Winter Games in Iqaluit.

S. O. 31

I congratulate team Yukon for the wonderful spirit they have demonstrated so far for Yukon and Canada. Not only are the north's athletes showcasing their skills, there is also a large cultural and artistic component to these games. From Yukon, an international audience will be watching the colourful performances by the Tagish First Nation Dancers. They will also enjoy viewing snow sculptures, photography, storytelling, theatre and musical performances.

It is estimated the Arctic Winter Games will be broadcast to 12 million viewers across Canada and around the world. I urge all Canadians to watch the games. The unique culture of the north will be on display as never before.

I congratulate the people from Nunavut, our newest northern territory, for the spectacular opening ceremonies and the largest events they have ever hosted and to remind everyone that the 2004 Arctic Winter Games will be held in Wood Buffalo Regional Municipality.

* * *

TAXATION

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, the Canada Customs and Revenue Agency is requiring over 100,000 people who are currently receiving the disability tax credit to requalify. The reason is, according to the CCRA, that between 1985 and 1996 the governments of the day did not properly scrutinize the claims.

What is the effect of this bureaucratic bungling? For starters, let us consider the impact on the health care system. In order to qualify people must have confirmation from a doctor. That means hundreds of thousands more visits to the doctor at a time when Canada's health care system is stretched to the breaking point. Then there is the huge inconvenience for the 106,000 people affected whose disabilities run the gamut from paralysis, missing limbs and blindness to chronic debilitating diseases like multiple sclerosis.

No one denies that there must be standards for tax breaks like the DTC. What galls me is that the government is asking disabled Canadians and Canada's health care system to clean up yet another Liberal government mess.

* * *

● (1400)

CONESTOGA COLLEGE

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, the last three years Conestoga College has been ranked first out of 24 Ontario colleges on its performance indicators.

In recognition of its high number of graduates who are working and employers who are happy with the education of their workers Conestoga College has been awarded a gold medal. For the second year in a row Conestoga College had the lowest student loan default rate of any community college.

Only one of two Ontario post-secondary institutions to be registered by the international quality standard Conestoga College continues to work closely with local industry. Currently, Conestoga College is working toward the introduction of two new applied

degree programs and is positioning itself to become a polytechnical institute.

Clearly Conestoga College is the best Ontario college and continues to produce highly trained and qualified employees in my riding of Cambridge.

* * *

CHRISTINE HAMILTON

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, I want to pay tribute to Christine Hamilton, a dynamic woman and beloved resident of the city of Hamilton.

Christine passed away recently just a month shy of her 81st birthday. Working with senior citizens, she saw the good and the bad sides of growing old. However, she was convinced that old age did not mean the end of life. Beginning with the establishment of a senior's choir in 1979, Christine built her group into a musical comedy known as the Geritol Follies. Immensely popular in our city and far beyond, they have brought smiles and laughter everywhere they have gone.

Christine Hamilton was a bright spirit and an inspiration to many seniors and residents of the city of Hamilton. Her commitment, creativity and, most of all, sense of humour will be missed. We know that the Geritol Follies will continue performing and in doing so will honour her dream, her life and her contribution to the city and citizens of Hamilton.

* * *

ELVIS STOJKO

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, I rise today to commend Elvis Stojko, a native of Richmond Hill, on the occasion of his retirement from competitive figure skating.

Mr. Stojko has made a great contribution to the sport by bringing awareness to the sport and by raising the bar. The three-time world champion and two-time Olympic silver medalist made history in the 1991 world championships when he became the first skater to do a quad-double combo in competition.

I have always found Elvis to be a true gentleman who has given generously to his community. The mayor's gala celebration for figure skating in Richmond Hill is the venue that he has participated in to promote local skating talent and the town's sports awards.

We wish him the very best in his second career as a professional skater and in his other personal endeavours.

* * *

THE ECONOMY

Mr. Werner Schmidt (Kelowna, Canadian Alliance): Mr. Speaker, the House should take note of an alarming new report from Statistics Canada. The report, "The Evolution of Wealth Inequality in Canada, 1984-1999", shows that young families with children are falling behind and struggling to provide for their families and their future.

From 1984 to 1999 real wealth for young families declined by 36%. To emphasize the point, families with a mom and dad aged 25 to 34 had a net worth of \$44,000 in 1984. In 1999 the net worth of young families had declined to a little over \$30,000, \$14,000 less.

Statistics Canada has proven that the economy under the Liberal government is punishing young families who are struggling to raise the next generation of Canadians. Is this the legacy the Prime Minister wants?

* * *

[Translation]

METROSTAR GALA

Mr. Marcel Proulx (Hull—Aylmer, Lib.): Mr. Speaker, the MetroStar Gala was held last evening. This great evening of joy and elegance was an opportunity for the public to recognize its favourite personalities. In all, 14 awards were handed out.

The top winners were Sophie Lorain and Véronique Cloutier, who tied for the MetroStar for female personality of the year, as well as each receiving a trophy in other categories. Marc Labrèche came away with male personality of the year.

A number of others were honoured: Simon Durivage, Paul Arcand, Patrick Labbé, Élise Guilbault, Rita Lafontaine, Benoît Langlais, Patrice L'Écuyer, Paul Rivard, Michel Barrette and Clodine Desrochers, as well as Jamie Salé and David Pelletier.

My colleagues and I join with the Quebec public in congratulating all of these people for their excellence. This is, once again, evidence that Quebec is absolutely brimming with talent and originality.

* * *

• (1405)

METROSTAR GALA

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, last night, viewers of the 17th annual MetroStar Gala on TVA were able to see the love Quebec audiences have for their television performers, as shown by a people's vote in which a very high number of members of the public participated.

Actress Sophie Lorain and program host Véronique Cloutier tied for female personality of the year, and each won another trophy. Véronique Cloutier was voted best variety show host, and Sophie Lorain best female actor in a television series. A special moment award, the MetroStar coup de coeur, went to the skating pair of Jamie Salé and David Pelletier for the top television moment of the year.

I extend my congratulations to all the other award winners, including Marc Labrèche, top male personality, Simon Durivage, best news reader, and Patrick Labbé, Élise Guilbault, Rita Lafontaine and Benoît Langlais, for best actors.

The Bloc Québécois thanks all of the artists who contribute their talents to making television in Quebec what it is: entertaining, intelligent and instructive.

S. O. 31

[English]

CINDY KLASSEN

Mr. John Harvard (Charleswood St. James—Assiniboia, Lib.): Mr. Speaker, it is my pleasure to rise today to congratulate Cindy Klassen of my home city of Winnipeg who followed up her Olympic bronze medal with a silver medal at the World Speed Skating Championships in Heerenveen, Netherlands this past weekend.

Ms. Klassen won medals in four events, earning her the silver medal overall. This is the best Canadian showing in 26 years in long track speed skating and it caps an outstanding competitive year for this young athlete.

Our Canadian speed skaters continue to make us all very proud and to show the world that Canada is an emerging power in this sport. I congratulate Cindy and thank her for making us so proud.

* * *

CITIZENSHIP AND IMMIGRATION

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Canadian Alliance): Mr. Speaker, for years the official opposition has been telling the Liberal government it is not properly managing Canada's immigration system. Now citizens are clearly saying so as well.

A poll conducted in February says that 54% are unhappy. People are naturally reacting to how the Liberals have made such a mess of the immigration system.

Citizenship and immigration has thousands of backlogged applications. It thinks the only way to deal with the pileup is to place unrealistic expectations on the backlog then change the rules in the middle of the game. It lets in undocumented security risks yet rejects fine candidates with masters degrees. Nearly \$100 million is spent on the IRB to screen applicants whom the immigration department does not accept, which puts them through its own screening.

The Canadian Alliance has a clear, positive immigration policy that can inspire public confidence, for with clear principles we can manage in the national interest. As the evidence shows, the Liberals cannot manage.

* * *

[Translation]

MICHEL MALBOEUF

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, I would like to draw the attention of the House to the memory of Michel Malboeuf, who died following a cardiac arrest this weekend in New York, while returning from a trip to Florida with his wife. He leaves to mourn his wife, Jacinthe, and his three children, Patrice, Nicolas and Marie-Claude.

He was the founder, president and publisher of the *Lien économique*, a Franco-Ontarian magazine that he founded in 1993 and was publishing up until the last issue I received. We shall see what will happen to the magazine now.

S. O. 31

Before the *Lien économique*, he worked at the *Carillon* and the newspaper, *Le Droit*, for ten years. He also owned his own advertising agency. In addition, he was an innovator in the field of information technology, with his attempt to establish the Village électronique francophone in Ontario.

We will remember him as a very kind person, a man who was involved in his community and in all kinds of organizations. He was in very good shape, and incidentally, he exercised and swam every day. He will be missed.

* * *

● (1410)

[English]

AGRICULTURE

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, many Canadians in different parts of Canada are experiencing the driest 12 months in living memory. Last year's drought conditions coupled with low levels of snowfall this winter have resulted in very little reserve moisture going into the crop year. Many livestock producers have been forced to buy feed over the winter and the lack of snowfall does not bode well for spring pastures or water sources.

Significant precipitation will be needed over the next 60 days to regenerate water sources and enable spring pastures and forage crops to get off to a good start. While no Canadian farmer has ever lost a crop in March, if above average moisture is not received this spring losses to Canadian agriculture will be significant and will have a devastating impact on many producers in several provinces.

The federal department of agriculture needs to make public its contingency plans now so that should the drought continue our farmers will know exactly what assistance they can expect from the government.

* * *

[Translation]

RACISM

Ms. Francine Lalonde (Mercier, BQ): Mr. Speaker, the Quebec Week of Actions Against Racism is a time to strengthen the ties that bind Quebecers of all origins.

Since 1975, seven years before the federal charter was adopted, the Quebec Charter of Human Rights and Freedoms has prohibited discrimination based on origin. Nonetheless, the fight against racism has not been won. Racism is a terrible wrong that unfortunately continues to rear its head in our society.

Racism hurts those who practice it and those who are subject to it. In all cases, it prevents us from living fully.

Yet, Quebec society is recognized as being tolerant and open. So we must all work together to make our society more fair and democratic. This fight must be led as individuals and collectively, we must demonstrate honesty, help and solidarity. The fight will require knowledge, understanding and must lead to action.

I hope all Quebecers will discover something about other cultures this week.

[English]

INTERNATIONAL WOMEN'S DAY

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, to commemorate International Women's Day on March 8, I hosted a breakfast to acknowledge the accomplishments of the women of Parkdale—High Park.

The event celebrated the success of local women including Paula Coates, owner of McLellan Jewellers; Rita Cox, citizenship court judge, librarian, educator, storyteller and mentor; Barbara Gordon, actor; Maureen McDonald, project co-ordinator, Parkdale Parents' Primary Prevention Project, St. Joseph's Women's Health Centre; Adeena Niazi, founder, Afghan Women's Counselling and Integration Community Support Organization; and Elizabeth Rogacki, president of the Canadian Polish Congress.

International Women's Day is an ideal opportunity to acknowledge the progress made by women from all walks of life, to assess the challenges facing women in contemporary society and celebrate the gains made, as well as an opportunity to honour all women in each of our own communities.

* * *

EDUCATION

Mr. John Herron (Fundy—Royal, PC/DR): Mr. Speaker, I stand today to welcome the Canadian Alliance of Student Associations to Ottawa as it begins its lobby week. The non-partisan organization represents 310,000 post-secondary students across Canada.

Tuition rates have increased 126% in the last decade quadrupling student debt loads, a situation worsened by the government's insufficient student loans program. The government is indenturing an entire generation of students who on average are owing \$20,000 in debt before completing university.

The Progressive Conservative Party's 2000 election platform focused on the need for the federal government to be a leader in dealing with this national tragedy. Today I am tabling two motions designed to put money directly back in the pockets of students. The first calls for the elimination of the taxable status of scholarships and the second calls for a tax credit based on the repayment of Canada student loans.

Let every member of the House speak up for post-secondary education, and let us extend a very warm welcome to the students of CASH.

* * *

[Translation]

RED CROSS

Mr. Gérard Binet (Frontenac—Mégantic, Lib.): Mr. Speaker, I am pleased to remind the House and all Canadians that March is Red Cross Month in Canada.

*Oral Questions***ORAL QUESTION PERIOD***[English]*

The Canadian Red Cross Society works to prevent and alleviate human suffering in Canada and around the world. When a catastrophe occurs, the quick action of volunteers from the Red Cross and other volunteer organizations helps lighten the burden of survivors.

I am taking this opportunity to underline the contribution of this organization and to urge hon. members and all Canadians to support the Canadian Red Cross Society and their community by working as volunteers on a regular basis, or by financially supporting Red Cross programs around the world and at home.

* * *

*[English]***ZIMBABWE**

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, fraud, intimidation and murder foisted upon the people of Zimbabwe have destroyed that country. Canada's response in the face of gross human rights violations and a rigged election is to sit on the fence. African countries such as South Africa and Uganda have fallen over themselves to stand shoulder to shoulder with despotism and brutality and against the protection of innocent lives.

The people of Zimbabwe have a loaded gun pointed at their heads with Robert Mugabe's finger on the trigger. Unless Canada and the international community, especially African leaders, stand up and speak loudly many people will surely die. By not speaking out against tyranny the credibility of the Prime Minister and of many African leaders is destroyed when mentioning anything about development.

Shame on the government. Shame on the people who have stood against the people of Zimbabwe. May God protect the people of Zimbabwe because nobody else will.

* * *

● (1415)

*[Translation]***FIGHT AGAINST TERRORISM**

Ms. Hélène Scherrer (Louis-Hébert, Lib.): Mr. Speaker, on February 15, the Government of Canada ratified the UN international convention on the suppression of financing of terrorism.

The purpose of this convention is to deprive terrorists of their sources of financing. This will help prevent terrorist acts such as those that took place on September 11.

By ratifying the convention, Canada pledged to make it a crime to send or collect funds that could be used to commit terrorist acts. It also supports the guidelines of the convention on extradition or on the prosecution of those who take part in such financing.

Ratifying this convention is part of the Canadian government's efforts in the fight against terrorism. Canada has now ratified eleven of the twelve conventions against terrorism, and it has signed all twelve of them.

I urge our government to continue to take its responsibilities in the fight against terrorism.

GRANTS AND CONTRIBUTIONS

Mr. John Reynolds (Leader of the Opposition, Canadian Alliance): Mr. Speaker, when Pierre Corbeil was convicted of running a kickback scheme for those who sought grant money it became a fact that there was an organized influence peddling operation inside the Government of Canada to benefit the Liberal Party of Canada. Now we see that most of those who received generous contracts from the government to buy advertising also made generous donations to the Liberal Party.

How can the Prime Minister assure Canadians that this is not another kickback scheme operating inside his government and his party?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the hon. member will know that the advertising contracts to which he is referring have been given through a competitive process. Some fourteen companies fulfilled the documents. Forty-one of them made an initial manifestation of interest. From those nine were selected. The successful bidders were selected and no one else.

Mr. John Reynolds (Leader of the Opposition, Canadian Alliance): Mr. Speaker, that does not really answer the question. Mr. Corbeil was convicted for asking companies that receive public grant money to make clinical donations to the Liberal Party of Canada. We know the government has done it before. Now it might be doing it again. We can understand the occasional donation but not this gross pattern.

Could the Prime Minister assure Canadians that organizers inside his party and officials inside his government are not asking for or making decisions about tax dollars based on donations to the Liberal Party?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, last week the hon. member and others were making accusations that proved to be totally fruitless. Now they are going on to accuse even more people in the same kind of fruitless way.

I say to the hon. member that the contracts were given to the lowest bidders. That is the way in which it proceeded. I say to the hon. member that I hope he does not find anything offensive about a public offering of tenders. If he does he should speak to his critic.

Mr. John Reynolds (Leader of the Opposition, Canadian Alliance): Mr. Speaker, we are not asking fruitless questions. We did not ask him about Mr. Corbeil either. We are trying to find out where the rotten fruit is.

There is a pattern that exists. There is a problem that exists. Will the Prime Minister tell Canadians what action the government is taking to clean up this mess?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, asking the same question three different ways gives exactly the same answer.

Oral Questions

The contracts were given to the best bidder. All of them were awarded that way. Is he suggesting that we should have given them to the highest bidder or is he suggesting that we should have given them to the people who did not even qualify in the bidding? How about giving them to the people who did not even bid? Maybe that is what he is suggesting.

Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance): Mr. Speaker, how about being straightforward with Canadians, something the government never does.

[*Translation*]

While the average citizen is working like crazy to pay this government's crazy taxes, the Liberals seem to be laughing in their face. They are handing out over \$158 million in sham contracts to their friends, while the average person is having a hard time just making ends meet.

When will they stop greasing their friends' palms, start cutting some of the fat, and lower taxes so that the average Canadian can enjoy the good times too?

• (1420)

[*English*]

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I find it interesting that the seatmate of the Leader of the Opposition would speak in such a way about advertising contracts. I have in hand a letter signed by the Leader of the Opposition in which he quotes "...seeking financial commitment from the federal government of \$50,000" for a sponsorship event in his own riding. I am willing to table this letter.

Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance): Mr. Speaker, what has that got to do with anything?

The government has nothing but disregard for taxpayers. We wish that it would be straightforward with Canadian taxpayers because there is a pattern here. Three firms that donated over \$246,000 to the Liberals were awarded almost \$158 million in contracts over the last five years.

The government saw one of its bagmen and organizers, Pierre Corbeil, convicted for peddling influence along the same lines.

Could the Prime Minister stand in his place and assure Canadians that influence peddling is not in fact happening again?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I have and I will continue to say to the hon. member, to everyone else who wants to hear it and even to those who do not, that those who will be winning contracts will be those who have succeeded in getting the best bid for Canadian taxpayers. That is what the government has been doing and what it will continue to do.

I say to the hon. member that these kinds of accusations, even if repeated, do not make something that is inaccurate the truth.

[*Translation*]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, on Friday, the Minister of Public Works tabled a package of documents from Groupaction that was supposed to be the bulk of the famous \$500,000 report that nobody in the government could locate.

Will the Minister of Public Works explain why he is passing these documents off as the missing report when a brief comparison of these documents and the report already tabled in the House for 1999 confirms that it is essentially the same report?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I did not table any report in the House of Commons, as the hon. member well knows.

On Friday, the company in question, Groupaction, released a report, which I personally sent to members of the House, or which I had sent to them by people working for me.

According to Groupaction, this report contains a replica of the documents from the contract in question. Furthermore, the company has undertaken to send an affidavit to that effect later today. I undertake to table it in the House of Commons tomorrow, or when I have received it.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, I can certainly understand that the minister is distancing himself from what has gone on, now that he knows the truth.

Between 90% and 95% of the documents which the minister had distributed as the missing report is, in fact, lifted from the second report, the one which was presented as having been done and not posing any problem.

Does the minister realize that all that he is proving with this document is that our concerns are indeed justified and that, in addition to facing a political scandal, he is now engaged in an attempt at a cover-up?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the member may make allegations if he wishes. I have no intention of covering up anything at all. I undertook to table, to make public and to transmit to all members all the documents I receive. That is what I had my staff do last week. That is what I will do later this afternoon or tomorrow, when I have received the affidavit I was promised, and that is what I still intend to do.

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, the mysteriously disappearing \$500,000 report has still not turned up. The Minister of Public Works is trying to make us think it has by providing us with documents taken from another report. This is a shameful procedure.

How can the Minister of Public Works justify the mention in this Groupaction report of October 1999 of the Jeux du Québec as a coming event, when they had been held in August of 1999?

• (1425)

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, as I have told the hon. member and all the others who have raised this matter, the document was provided to us on Friday and I passed it on to my colleagues. Then later in the afternoon the company made a commitment to sign a legal undertaking that this was indeed the report in question. I am committed to providing this to all hon. members as soon as it becomes available to me. That is what I have promised and that is what I will do.

Oral Questions

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, is this inaccuracy, which is at the very least surprising and significant, not an indication that we have paid for two reports to the tune of \$500,000-plus each—half a million each—and that in fact only one has been produced and used to make two?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, neither the hon. member nor I have seen the original of the report. It was not there, so obviously I could not table it. What I said is that I provided the report on Friday—or had it provided—to colleagues. It was not tabled in the House. It has not yet been translated. I made it public, and as soon as it is available, I will also make public the affidavit from the company in question indicating that this is indeed the missing report.

* * *

[English]

SOFTWOOD LUMBER

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

On trade matters the Americans play by the rules only when it suits them, and this is certainly the case in softwood lumber. The Canadian softwood lumber industry is willing to fight the U.S. lumber lobby head on to get a fair deal.

Will the government show support by immediately providing loan guarantees to Canadian softwood companies in order to keep our workers on the job while at the same time seeking a solution to the problem?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, I welcome the hon. member's question on softwood lumber. We are extremely engaged in discussions at this very moment.

I am in contact with our chief negotiator. Negotiations went on throughout the weekend, on Friday, Saturday and Sunday until late at night. I expect to talk with our negotiator in the next few hours.

We are sparing no effort whatsoever to come to a satisfactory agreement on the softwood lumber file.

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, up until now the government has been blindly following the Conservative-Alliance trade policy and has run into a brick wall, or softwood wall in this case.

Now we are seeing the Americans flaunt the NAFTA rules.

Will the government admit its Mulroney mistake and begin negotiating fair trade deals beginning with softwood lumber and then going on to steel and other important commodities for the country? Will it admit its mistake and start negotiating fair trade deals?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, our government is committed to free trade and to free trade in softwood lumber with the United States. We were very pleased with the steel exemption we got from the United States two weeks ago.

We are engaging in talks with the United States administration at this very moment. The Prime Minister raised it with President Bush when they met last week. President Bush expressed his own support

for a satisfactory agreement between both parties. He even expressed that he hoped this would be done by March 2.

The government continues to be committed to working with the United States and to finding an agreement.

* * *

GRANTS AND CONTRIBUTIONS

Right Hon. Joe Clark (Calgary Centre, PC/DR): Mr. Speaker, my question is for the minister of public works.

The minister admitted that the government produced two reports by Groupaction. It paid more than \$500,000 for each report. The reports have different mandates but the contents are virtually the same, word for word, event by event and list by list. One report is almost an exact copy of the other.

How can the government justify paying \$550,000 dollars for a photocopy and passing it off as a new and separate report?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, as I told the hon. member the other day, the original document should still be available, and that of course I fully recognized all along.

On Friday, the company Groupaction produced a document in which it informed us that it was the document in question that was missing, or at least the elements thereto. It further stated today that it would produce a legal attestation that in fact it is about the document in question. I am prepared to table that.

Finally, under section 34 of the financial—

● (1430)

The Speaker: The right hon. member for Calgary Centre.

Right Hon. Joe Clark (Calgary Centre, PC/DR): Mr. Speaker, that report became public knowledge three days ago. The minister had an obligation to look at it.

The only difference between the two reports are the eight pages of the new report I have here. The minister paid \$550,000 for these eight pages. That is about \$72,000 a page for a report by Liberal friends of his. How can the minister justify this?

If this is not fraud, what does he call it? Is it simply coincidence?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, first, the right hon. member refers to so-called friends of mine. I have never met the people in question. Perhaps in his exuberance he should watch his language.

Under section 34 of the Financial Administration Act, a senior civil servant signed as having received the copies of this report three years ago. The company produced a copy of that report on Friday.

Finally, it has promised by the end of the day today to provide for all of us a legal attestation that this is the document about which the report was produced then.

Oral Questions

Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance): Mr. Speaker, on Thursday in Washington the minister gave me a box of 200 pages of information which he said was the missing \$550,000 report from his department. The information I received was not a half a million dollar report. It was a collection of disconnected photocopies, mostly from the other report.

It is shameful that the minister would accept this as the \$550,000 report. No one believes that the copies the minister gave me was the report at all.

Will the minister admit today that the second report was never written and will he ask for a refund?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I thank the hon. member for acknowledging that I gave him a copy of the document as soon as it was given to me in Washington last Friday morning, which of course I gladly gave. It was not I, as he knows, who certified the authenticity of the original document.

Under section 34 of the Financial Administration Act, the report was received by a then senior civil servant of the government, who, as he knows, is no longer there. On the strength of that, the document was received by the government and payments were made. Now we have received that additional documentation. Finally, by the end of the day the company has promised to us that it will provide legal attestations—

The Speaker: The hon. member for Edmonton Centre-East.

Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance): Mr. Speaker, I invite any taxpayer to come and see the pile of photocopies the minister is trying to pass off as the \$550,000 report. It contains no charts, no graphs, no maps, no beginning and no conclusions. Reams of paper, a tired photocopier, paper chaff to blur a non-existent report.

Does the minister think that his \$550,000 report has value or was it only the \$70,000 kickback to the Liberals that had any value?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I think the hon. member will acknowledge when pressed that I told him on Friday morning that the documentation I provided to him was without the graphs. I told him before I gave it to him that it would be without the charts because it was reconstructed from a computer disk. I told him that and I told him it would be without the cover. He did not find that out over the weekend. I briefed him on it on Friday morning.

[*Translation*]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the two reports tabled by the minister are essentially the same. The items dealing with events have the exact same number in both reports. The only difference is that, oddly enough, the 1998 report is more comprehensive than the 1999 report.

Will the minister confirm that, if the 1998 report is more comprehensive than the 1999 report, it is because it was written after it?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the hon. member is suggesting that those who prepared the report, that the senior officials who received it at the time, and that those who certified it under the

Financial Administration Act acted illegally. Essentially, these are the accusations the hon. member is making.

I would ask him to wait until a little later today when we receive the promised certifications. When I get these certifications, I will table them or release them to all hon. members.

● (1435)

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, we are not on Mars, we are in the Parliament of Canada.

The minister is responsible, on behalf of his government, for having paid \$500,000 for each of two reports that were not produced. This is the facat of the matter.

Will the minister stop taking cover behind what the company will say to justify having received two payments of \$500,000, and will he take his responsibilities as minister and tell us whether or not the document he tabled was the missing report, as he told us on Friday?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I will repeat what I said: This is not a report that I initially released, or that comes from my department. The original report is still not available. I recognized that myself.

These are documents that were reproduced from computer diskettes that the company sent to Ottawa on Friday and that I made available to all hon. members, as a result of the promise and the commitment that I had made to the House.

Now, we know that certifications were made pursuant to the Financial Administration Act. Another one has yet to be provided by those who provided us with the document on Friday, and I will release it when I get it.

* * *

[*English*]

EMPLOYMENT INSURANCE

Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance): Mr. Speaker, last May the standing committee on human resources made the following recommendation: “that the Government return to the pre-1996” process “by repealing section 19 (3) of the Employment Insurance Act”.

The Liberals did not repeal the section. Instead they changed a regulation, making the section inoperative. Why did the government not repeal section 19(3) and retroactively pay back the employees it ripped off?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, again I can hardly believe the hon. member is asking this question when the critic of her own party stood firmly against the idea of changing the provisions for undeclared earnings completely.

Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance): Mr. Speaker, they are two different issues.

The minister knew she ripped off innocent workers. The opposition warned her. The standing committee warned her. Her EI umpires warned her. She refused to change the law that ripped off these workers.

Oral Questions

When will the minister do the right thing and pay back these innocent workers that the government ripped off?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, first let us be clear that it is this government that improved the administration of undeclared earnings provisions in the Employment Insurance Act, despite what that party wanted us not to do.

The hon. member makes reference to retroactivity. Perhaps she would want to speak to her colleague to the left, her own leader, who in 1999 said in the House "I don't believe in retroactive legislation... We can't stop what happened in the past".

* * *

[Translation]

**PUBLIC WORKS AND GOVERNMENT SERVICES
CANADA**

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, in the infamous report tabled by the minister in 1998, under the heading Export "A" Skins Game, it says that it was the seventh edition.

Curiously enough, in the 1999 report, the following year, for the Export "A" Skins Game, it also states that it is the seventh edition.

Is this not proof that the second report was copied from the first?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I can attest to the fact that what the member said the second time is similar to what he said the first time. It goes without saying that he said the same thing. Therefore, we do agree on that.

As to whether it is indeed the document in question, once again, I repeat for the member that I was promised an affidavit before the day is out.

If I have it prior to the hour set aside for the vote, I will table it today; otherwise, I will table it when I receive it, tomorrow, I presume. I will table it at that time.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, does the minister not agree that his friends will have to adjust their report to him in light of the questions we are asking him today?

Both reports, the one from 1999 and the one the minister introduced as being the 1998 report, refer to the same edition of the Skins Game.

Is this not a disgrace, and should the minister not call for an investigation immediately? There is something that smells very rotten in his department, in his administration and in this government.

● (1440)

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, accusations are being made about my friends or something along those lines. I have never met these people.

The member knows very well this is not what this is about. It is a matter of tabling the documents and ensuring that all of the information that I receive is made available to the members of this House. This is what I promised to do, and this is what I will do.

[English]

EMPLOYMENT INSURANCE

Mr. Randy White (Langley—Abbotsford, Canadian Alliance): Perhaps, Mr. Speaker, we can fix what happened in the past. Let us review what has happened with section 19(3) of the EI Act. Thousands of innocent, part time, casual, laid off workers have had millions of dollars inappropriately taken from them, even garnisheed, because of a bad law.

The response from the minister has been that they are scammers and fraud artists. I would like to know, even though the minister's department agrees with the victims, even though the EI arbitrators agree with the victims, why can the minister not stand up in the House and say that they made a terrible mistake, that they will fix it and pay them back?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, I must remind the hon. member that it was a Liberal member of parliament who tried, through provisions, to ensure that the change was made through legislation.

It was that party that stood and that party critic who said with specific reference to this amendment:

—we come to an amendment that is trying to address what is considered to be an unfairness. The feeling seems to be that someone who has fraudulently misrepresented the facts should not be penalized and should be treated the same as any other claimant under the EI program. We have difficulty with that—

Let me repeat that anyone who makes an honest mistake will not be asked to repay more money than they did not declare.

Mr. Randy White (Langley—Abbotsford, Canadian Alliance): Mr. Speaker, what is the point of this minister pointing fingers at everybody else but herself?

Let me give her another quote:

My name is Jean-Marc Truchon and I am writing to you today about the Cher Kinamore story. Her case is identical to mine right down to the penny, except that I have two children and that I recently had my Hydro cut this winter because EI would not reduce the percentage rate that they garnisheed.

This is a typical example that we have been hearing about. Why does this minister not have the intestinal fortitude to stand up in the House and get that money back to those people who deserve it?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, as I said on a number of occasions, if individuals have new information that they would like us to review we would be happy to.

Let us talk again about this question of retroactivity. I suggest that the hon. member talk to his own finance critic who said:

—the practice of retroactive legislation in general is not a good one for parliament to pursue. When we consider fiscal matters...or any form of legislation, a principle of parliament ought to be that it ought not to try to go back and change history—

* * *

SOFTWOOD LUMBER

Mr. Andy Savoy (Tobique—Mactaquac, Lib.): Mr. Speaker, the Atlantic provinces, which produce 7.5% of the softwood lumber in Canada, have had a long tradition of free trade in softwood lumber with the United States dating back to the Webster-Ashburton Treaty of 1842.

Oral Questions

In my riding of Tobique—Mactaquac the forest industry accounts for thousands of jobs. For several small communities such as Plaster Rock, Juniper and Hainesville, their very existence depends on the survival of these sawmills.

Could the Minister for International Trade update the House on the status of softwood lumber negotiations, particularly as they relate to Atlantic Canada?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, I would like to thank the member for Tobique—Mactaquac for his question and for his work on this issue.

We are working hand in hand with Atlantic provincial governments and with Atlantic industry as well. Along with other provinces, Atlantic Canada is participating in the Canada-U.S. discussions in Washington this week.

Last Wednesday I met with the Maritime Lumber Bureau. I met with representatives of the Atlantic provinces as well. We discussed the progress made so far.

I can assure the member and the House that we are working diligently to ensure long term, open access for softwood—

The Speaker: The hon. member for Burnaby—Douglas.

* * *

MIDDLE EAST

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, my question is for the Prime Minister.

Many Canadians are appalled at the brutal violence of Israeli forces in the occupied territories, the destruction of homes and clinics, the degrading mass detentions and the killings.

While strongly condemning attacks on innocent Israeli civilians, will the Prime Minister assure the House that Canada will support resolutions at the upcoming session of the UN commission on human rights that call for full respect for international law and for an end to the illegal occupation of all territories seized by Israel in 1967?

• (1445)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, Canada's position is very well known on that. We are always arguing that violence should stop in Israel and in Palestine. We are very happy that Mr. Zinni is there at this moment. We supported a resolution proposed last week at the United Nations which recommended that there is a place for both a secure Palestine and a secure Israel. It is a position that Canada supports very strongly.

* * *

CANADIAN GRAIN COMMISSION

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, farmers believe that today's grain commission is more interested in protecting companies over producers as it considers forcing producer car loading facilities to be licensed as primary elevators. Instead of a watchdog to protect what producers have had for 100 years, this commission has become a lapdog for the elevator companies.

The five year appointment of the current commissioner expires in just 13 days and opposition is growing. Western farmers want

confirmation from the agriculture minister that unless their historic rights are respected fully the chief commissioner will be replaced immediately.

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I know that there has been a full debate and discussion going on regarding the issue of producer car loading facilities in western Canada. The Canadian Grain Commission has been having consultation meetings with the industry. It has not concluded them at the present time, but I certainly think that the hon. member will support the fact that we need to talk to producers when there is a controversial issue like this. That is exactly what we and the grain commission have been doing.

* * *

AIRPORT SECURITY

Ms. Val Meredith (South Surrey—White Rock—Langley, PC/DR): Mr. Speaker, in two weeks the government will implement one of its newest tax grabs, but everybody connected to the aviation industry knows that the \$12 one way tax in Canada is a bad idea. It is only \$2.50 in the United States. It is bad for consumers, it is bad for a struggling airline industry and it provides no immediate increase in security.

Will the government listen to industry and Canadians and scale back this tax until it is at a reasonable amount that the industry can afford?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, first, the comparison with the United States as enunciated by the hon. member is simply not apt. The United States in fact has a series of changes that are built into its cost. In fact, the two costs are comparable.

Second, the fact is that there are extensive measures that have already been put in place and will be in place at the time the tax is implemented.

Ms. Val Meredith (South Surrey—White Rock—Langley, PC/DR): Mr. Speaker, what is clear is that the government knows everything possible about tax grabs but knows nothing about transportation security.

A recent Senate report was extremely critical of security at Canada's seaports, yet the only contribution the government has ever made to ports security was to make it worse by disbanding the ports police.

When will the government put transportation security policies ahead of its tax grabbing policies?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, I cannot believe the hon. member is thrashing the old debate about the ports police. The ports police were there to defend the bylaws of the ports and deal with basic security. That is now done by security companies, but always the RCMP was there for the various criminal aspects of prosecution, as well as local police, of course.

Oral Questions

The fact of the matter is that we announced \$60 million in the budget explicitly for ports security, and other enhancements have been made. Much of the focus has been on airlines and airports since September 11, but we have done quite a lot for ports.

* * *

THE ENVIRONMENT

Mr. Bob Mills (Red Deer, Canadian Alliance): Mr. Speaker, we have economic cost figures that range from \$300 million to \$40 billion if we ratify Kyoto. We have a Minister of the Environment saying we will ratify Kyoto. We have a Minister of Natural Resources saying we may or may not ratify Kyoto depending on studies and consultations.

The government has had since 1997 to study the issue. The Minister of the Environment says we can expect an implementation plan within a few weeks. Will the government release these studies now so that true consultation and evaluation can occur?

• (1450)

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, as I have indicated to the House on a number of occasions, there is currently a group of federal, provincial and territorial officials working on the costs of implementing Kyoto in light of the agreement of Marrakesh of last November.

When this work is completed, this joint federal, provincial and territorial group will report and I of course will make it available to the hon. member and other members of the House.

Mr. Bob Mills (Red Deer, Canadian Alliance): Mr. Speaker, most of us would agree that we can reduce CO₂ emissions, but we have to know what the facts are. The government already has these studies done. Is it not releasing them because it does not like what it is told about the true economic cost?

Will the new studies of which the Minister of the Environment speaks be the true figures or the doctored version of Liberal propaganda material?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, the work is being done by the federal-provincial-territorial group of officials, which by the way is chaired by Canada and Alberta. That information will be made available as I indicated in my response to the previous question.

However, if the hon. member is interested in some previous studies that have been done internationally, I will be happy to table a document following the conclusion of question period, which outlines some of the international studies that have been done and the figures that they have come up with. This is not official information of the Government of Canada; it is simply a survey of various think tanks and the views of other research institutes.

* * *

[Translation]

**PUBLIC WORKS AND GOVERNMENT SERVICES
CANADA**

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, we learn something new every minute regarding Groupaction and the report—the so-called report—that the minister tabled in the House. Item No. 3, under the project “Attractions Canada”, reads as follows,

“Groupaction's analysis and comment: the partnership project can begin at any time; the promotion is done by Everest and our friend, Roger Tremblay”.

Could the minister tell us who this friend, this Roger Tremblay, whom no one knows, is?

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I am pleased to inform the House that I do not know him either.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, seriously, for the benefit of those who are listening to us and who paid \$500,000 twice for reports submitted to Public Works, could the minister tell us if it is common practice on the part of the government to order, in its reports, assessments that include comments such as “Our friend Roger Tremblay will do the promotional work”?

We are talking about a half a million dollar report to the government, and the minister wants us to believe that he does not know that person?

Let him ask the Prime Minister and his predecessor, Alfonso Gagliano, who this Roger Tremblay is.

Hon. Don Boudria (Minister of Public Works and Government Services, Lib.): Mr. Speaker, at the risk of repeating myself, I did not know Roger Tremblay 45 seconds ago, and I did not get to know him since.

* * *

[English]

THE ENVIRONMENT

Mr. David Chatters (Athabasca, Canadian Alliance): Mr. Speaker, the government claims that it is consulting with the provinces before it ratifies Kyoto. The provinces were consulted and actually reached a consensus in Regina before the federal government went to Kyoto and betrayed them at the bargaining table.

The government has repeatedly demonstrated an unwillingness to actually listen to the provinces on this issue and it continues to perpetuate this fraud by saying it will listen, but at the same time saying it will ratify Kyoto regardless of what others say.

Will the government give these consultations some credibility by committing not to ratify Kyoto unless a consensus can be reached by all stakeholders?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, the various comments of the hon. member in the preamble to his question are simply untrue in terms of the process leading up to Kyoto and beyond.

The fact is we have a process with the provinces, the territories and the federal government. Fourteen governments are involved. We work together. We had a meeting of ministers of energy and environment, federal, provincial and territorial, last October in Manitoba. We had another the next month in Toronto. We had another just a few weeks ago in Victoria, and we will be having yet another in approximately two months. This is a continuous process and is federal, provincial and territorial.

Oral Questions

Mr. David Chatters (Athabasca, Canadian Alliance): Mr. Speaker, the government has a credibility problem on this issue. If in fact, as he said, it did not betray the provinces in Kyoto, that it has credibility and that Alberta is helping it lead on this issue, why then is the province of Alberta preparing to sue the federal government over the actions it is taking on Kyoto?

Why does the government not simply commit to not ratifying this agreement unless there is a consensus reached?

• (1455)

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, the work is being done by a joint group of provinces, territories and the federal government. We will continue to operate in that way.

With regard to commitments with respect to ratification, the government has time after time committed itself to two things: first, to having full consultation with the provinces and territories, interested stakeholders and the public at large prior to a decision on ratification; and, second, to having a plan in place which does not unfairly penalize any region of the country. Those are our preconditions for a ratification decision.

* * *

SUDAN

Mr. Joe Fontana (London North Centre, Lib.): Mr. Speaker, almost a month ago a ceasefire was called in the long protracted civil war in the Sudan. A major concern however is that the government of President Umar al-Bashir insists that it must continue to bomb the southern part of the country. He has accused the Sudanese People's Liberation Army of continuing to blow up oil pipelines. Sudan is a nation marked by factionalism, distrust, failed agreements, death and destruction.

My question is for the Secretary of State for Africa and Latin America. What steps are Canada taking to facilitate, in co-operation with our allies, a lasting peace with the aim of creating humanitarian economic stability in Sudan?

Hon. Denis Paradis (Secretary of State (Latin America and Africa) (Francophonie), Lib.): Mr. Speaker, we are encouraged by the recent agreement among the government of Sudan, the Sudanese People's Liberation Army, SPLA, and the United States on ending of attacks against civilian targets by both the government and the opposition forces.

The agreement has the potential to allow the safe and secure delivery of humanitarian assistance by the international community.

[Translation]

This agreement between the two parties could help bring about the conditions leading to a formal peace negotiation process. Let us all hope that it is the case.

* * *

[English]

LUMBER INDUSTRY

Mr. John Duncan (Vancouver Island North, Canadian Alliance): Mr. Speaker, the consumer group which represents 90% of U.S. lumber consumption is urging Canada not to drop our

NAFTA and WTO appeals by agreeing to an export tax on lumber. Its spokesperson said that having the two countries agreeing to this tax is like two companies getting together and agreeing to fix prices.

The minister stood in apparent solidarity with the consumer spokesperson when she was in Ottawa only one and a half weeks ago. Why do the minister's actions sound so different now than then?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.):

Mr. Speaker, I am always very grateful to the American consumer group that has been supporting the Canadian position throughout on this dispute with the United States. It has been extremely helpful. I am particularly pleased that it has been able to help us, with parliamentarians from all sides of the House, to enlist the support of a hundred congressmen for the Canadian position.

I am confident that all these elements will help our negotiators on the U.S. side and the Canadian side to find a solution to this that is satisfactory to both sides.

* * *

[Translation]

HEATING FUEL REBATE

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, 15 days before the start of the November 2000 election campaign, the federal government announced that it would be mailing out compensation to people for the increase in heating costs. At that time, we could already see that this was a poorly directed measure and only a ploy for buying votes.

Will the federal government, which has just announced that it will not be recovering the money that was wrongly paid out to people who were not entitled, \$500 million, acknowledge that only a government that is uncaring and irresponsible, one that is taking advantage of a heavy fiscal imbalance, can afford to let \$500 million just disappear into the woodwork in this way, without making any effort to get it back?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, this \$500 million figure is not valid. It is far less than that. Fewer than 2% of recipients were really in the grey area to which the hon. member is referring.

* * *

[English]

FISHERIES

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR): Mr. Speaker, last Thursday the Minister of Fisheries and Oceans denied a fish proposal that would have opened a plant and renewed hope for Canso, Nova Scotia.

Yesterday, over 300 concerned citizens, community and religious leaders gathered in Canso and displayed their determination and fierce optimism despite the bad news. The ACOA minister from Newfoundland seemed more open to solutions for Canso in Nova Scotia than our fisheries minister.

*Routine Proceedings***WINTER PARALYMPIC GAMES**

Would the Minister of Fisheries and Oceans reconsider his earlier, intransigent position and work with the stakeholders from Canso to find a workable solution to bring fishing and hope back to the community of Nova Scotia?

Hon. Robert Thibault (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, it is my pleasure to advise the member that I have been in contact with Seafreeze. I have been in contact with the community. I will work with my colleagues to find any solution we can for Canso.

Nothing would make me happier, like the member, than to have assisted my friends of that community. However I had to take the responsible decision as minister of fisheries and will have to find a solution other than the redfish.

* * *

● (1500)

HEALTH

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, my question is for the Minister of Health. A few weeks ago CBC ran a story about a Winnipeg doctor who decided not to treat his patients if they did not stop smoking. This is a rather slippery slope. What about people who drive faster than the speed limit and hurt themselves? Should we stop treating them? What about people who have an alcohol dependency? What about people who do not exercise or eat too much or both? There are a few examples of us in this House.

Is this not an infringement of the access principle of the Canada Health Act and will the minister not intervene?

Hon. Anne McLellan (Minister of Health, Lib.): Mr. Speaker, in fact as we are probably all aware, issues around the organization and delivery of health care services to residents are primarily a matter of provincial jurisdiction.

Clearly, as federal Minister of Health, I am very interested in ensuring that Canadians are provided with medically necessary services when they need them. However, in the situation just outlined by the hon. member, this is a matter that deals with the treatment of patients. Therefore, if one is to complain, that complaint should lie more appropriately with the province and with the College of Physicians and Surgeons.

ROUTINE PROCEEDINGS

[*English*]

KYOTO PROTOCOL

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, I have the pleasure to table today, pursuant to Standing Order 32(2), a summary document of various studies on the Kyoto agreement. The document is entitled, "Costs of Kyoto—What we Know".

May I stress that this document is not the conclusions of the federal, provincial, territorial task force currently working on analyzing this very subject.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is an honour for me to rise in the House and pay tribute to Canada's Paralympic athletes, to their courage, their talent and, most of all, their determination. These are men and women who have overcome incredible odds and earned their place among the best in the world.

Together they earned six gold medals, a record for Canada at the Winter Paralympic Games, and they are bringing home a total of 15 medals for a sixth place overall finish. They have improved on Canada's performance at the 1998 games in Nagano; they were fifteenth at that time and now they are sixth, and they did Canada proud.

We saw inspiring individual performances by Daniel Wesley, Karolina Wisniewska, Lauren Woolstencroft and Brian McKeever .

[*Translation*]

We also saw team spirit. The members of our sledge hockey team gave it their all. And, even in defeat, they showed unparalleled class and solidarity.

Goaltender Pierre Pichette was exceptional. After the overtime period, he faced six shots, unfortunately losing the battle, but putting up a fight of which everyone was very proud, and I had the pleasure of speaking to him.

These are just the highlights of the Salt Lake City Paralympics. Canadians are proud of each and every member of our paralympic team. They are all winners, and great ambassadors for Canada.

[*English*]

On behalf of all Canadians, I want to congratulate them and thank them for representing our country with such class and pride. I look forward to the special ceremony of April 15 in the national capital region.

I know that a great many Canadians will take advantage of this new opportunity to express support and appreciation for our Paralympic and Olympic athletes.

● (1505)

Mr. John Reynolds (Leader of the Opposition, Canadian Alliance): Mr. Speaker, I am pleased to rise in the House of Commons to join the Prime Minister in congratulating our Paralympic athletes. The Canadian Paralympic team has once again made our country very proud. They returned from the Salt Lake City games with 15 medals, making this Canada's best performance ever. We collected a record six gold, four silver and five bronze medals to finish sixth out of 36 nations, something we can be very proud of.

I cannot mention all of the heroes but I want to mention a fantastic few. Lauren Woolstencroft from Victoria, British Columbia won two gold medals. Karolina Wisniewska of Calgary had a second place showing in the same event, winning silver. Scarborough's Chris Williamson won the men's slalom. Victoria's Lauren Woolstencroft won a gold medal in the women's slalom events yesterday on the final day of competition. Brian McKeever of Canmore gave us a spectacular performance winning two gold medals and one silver medal in the 20 kilometre event for visually impaired cross-country skiers. He was also honoured by being chosen to carry the Canadian flag in the closing ceremonies.

Routine Proceedings

While our athletes make us proud, there are many others who make these games possible. Our Canadian Paralympians depend on corporate sponsorship and donations to make their Olympic dreams possible. Seventy per cent of Paralympic funding comes from private sources. We thank companies like Pfizer, CN, Home Depot, Voiceprint, Roots, Bell and many others for all the good work they do with the Olympic athletes.

On behalf of Her Majesty's loyal opposition I want to once again congratulate all Olympic athletes and all the people who helped to make their Olympic dreams come true. We look forward to April 15 in the capital region.

[*Translation*]

Mr. Robert Lanctôt (Châteauguay, BQ): Mr. Speaker, the Bloc Québécois wishes to congratulate all the athletes who took part in the Paralympics in Salt Lake City. We wish to draw particular attention to the work of trainers and escorts whose work often goes unseen and who do not win a medal.

We thank them for giving so generously of their time. They know best when their athletes need encouragement, rest, consolation and complicity. Let us thank the trainers and escorts.

All paralympic athletes made enormous sacrifices in their lives to reach their goal. In fact, they sacrificed themselves to get there, to the top. They have made many attempts to reach their goal, but they have always kept their sights on their goal of victory.

The goal of Paralympians is a paralympic medal. They all wish to reach their common goal, winning a medal at the Paralympic Games.

Through their determination and discipline, they succeed in overcoming all obstacles. They know how to strike down the wall of ignorance. In spite of all obstacles and bias, they show grace and dignity in adversity.

Their results speak for themselves. They know how to drive the point home that they are seeking excellence and that it is through incredible determination that we too can attain excellence. They also demonstrate admirably that a handicap is not an impossible hurdle to overcome. The body is not the only tool that can bring us victory. They know how to surpass themselves to reach their goal and they do so every day.

They have a vision of excellence. They know how to reach something that seems unreachable to us and, because of their incomparable determination, nothing can distract them from their goal.

They show us their love of sports and life. They rise to the most difficult challenges. Even if sometimes they do not make it to the podium, they start over again and, one day, finally, they are victorious.

We are proud of them as ambassadors for Quebec. They are all our champions, no matter their results. For all these reasons, they deserve our recognition and admiration.

Through all their sacrifices, they have succeeded in reaching their goal and they encourage us to go further, to surpass ourselves.

They make us proud because of their talent and their determination. They will continue to be models for all and to be great

ambassadors for the young people of Quebec. Once again, my colleagues in the Bloc Québécois join me in paying tribute to our Paralympians and congratulating them.

• (1510)

[*English*]

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I am honoured to rise on behalf of the federal New Democrats as we salute Canadian athletes who competed at the Paralympic Games in Salt Lake City. Their energy, dedication and display of Olympian ethics are an inspiration to all of us who watched the competitions.

A record number of athletes and a record number of countries competed in the 2002 games. This is a wonderful indication of the stature, strength and what the future holds for the Paralympic Games. Of course, it is the performance and the team solidarity of the Canadians that won our hearts.

All members of the House and all Canadians are proud of these Canadian athletes who competed with courage, enthusiasm and great skill. We must also acknowledge the years of training day in and day out, the fatigue, the sacrifices and maybe even the disappointments that must be faced as each athlete strives to reach her or his goal of competing in the Paralympics.

We especially honour the 15 athletes who came home with medals for that is truly a singular achievement. These Canadian Paralympic athletes should be very proud of their achievements. We share and support their goals for ongoing successes at the Paralympics and the development and support of Canadian athletes who display the very best for our country.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR): Mr. Speaker, last night brought to a close the eighth Paralympic Winter Games in Salt Lake City with Canadian athletes bringing home an exceptional six gold medals along with four silver and five bronze. Canada's total of 15 medals ranks us sixth out of the 36 participating countries, a great accomplishment, a testament to training, coaching and commitment to excellence.

Yesterday Scarborough's Chris Williamson won the men's slalom. Brian McKeever of Calgary earned his third medal of the games with a silver. Victoria's Lauren Woolstencroft won her second gold for Canada. Karolina Wisniewska of Calgary finished second to earn her fourth medal of the games.

The athletes have overcome much in life, in sport and have inspired us all.

The Paralympic tradition dates back to 1948 when Sir Ludwig Guttmann organized a sports competition for World War II veterans with spinal cord injuries. It was in Toronto in 1976 that the idea of merging athletes with different disabilities for international competition was first born. Later that same year the first Paralympic Winter Games were held in Sweden with over 250 athletes representing 14 countries.

The Salt Lake City games were able to boost the participation to 36 countries and over 1,000 athletes and officials. With competitions in alpine skiing, biathlon, cross-country skiing and sledge hockey, Canada was represented in these sports by 60 athletes, coaches and officials.

We thank all the participants. We cherish and cheer their achievements at these games. On behalf of the Progressive Conservative/Democratic Representative caucus, I would like to congratulate all of those great Canadian athletes and medal winners who represented Canada so well at the eighth Paralympic Winter Games. They have made us so proud.

[*Translation*]

They are exceptional and extraordinary. We are very proud of them.

* * *

[*English*]

INTERPARLIAMENTARY DELEGATIONS

Mr. John Harvard (Charleswood St. James—Assiniboia, Lib.): Mr. Speaker, pursuant to Standing Order 34, I have the honour to present to the House, in both official languages, a report from the Canada-United Kingdom Interparliamentary Association concerning the delegation that visited London, Edinburgh and Cardiff from February 10-16.

* * *

● (1515)

PETITIONS

FISHERIES AND OCEANS

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR): Mr. Speaker, I am in possession of a petition from the citizens of Canso and surrounding communities that was signed as recently as yesterday.

The petition calls upon parliament and in particular the Minister of Fisheries and Oceans to revisit his decision to deny a fisheries quota to the Canso fish plant which will result in the closure of the main industry of Canso. It goes on to state that the minister's decision on Canso leaves individuals in that town without the ability to earn a livelihood. The petitioners call on parliament and the Minister of Fisheries and Oceans to reconsider this decision.

This is an urgent matter. It is one which affects the lives and livelihood of hundreds of people in Guysborough county. We are hoping that the request for an emergency debate application which also relates to this issue will be heard and accepted by the Chair later today.

THE ENVIRONMENT

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, I have the honour to present two petitions today. The first petition is on the subject of the framework convention on climate change and the convention on biological diversity.

The petitioners, including Joan Russow of the Global Compliance Research Project, note that these two documents were signed in 1992. They point out that in September 2002 there is a 10 year review of the discharging of obligations under these conventions signed at the UNCED and the acting of commitments made through agenda 21 at the UNCED. They point out that the B.C. government was consulted during the negotiations on these documents and that the B.C. cabinet endorsed both conventions.

S. O. 52

Therefore the petitioners call upon parliament to comply with the framework convention on climate change to prohibit all offshore drilling and increased exploration and consumption of fossil fuels and to invest in promoting safe environmentally sound energy.

GENETICALLY MODIFIED FOODS

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, the second petition is on the subject of genetically modified foods and is signed by hundreds of residents of British Columbia, including a number of residents of the Gustav Wasa Place apartments in Burnaby.

The petitioners note that Canadians rely on the government to protect their health by ensuring that the food they eat and the drugs upon which they depend are safe. They point out among other things that over 35 countries have enacted legislation requiring that food products which contain genetically modified ingredients be labelled. They call upon parliament to implement a mandatory labelling process that will make consumers aware of all genetically modified produce and components in processed foods. They require that food safety include the capacity to evaluate genetically modified foods and that the evaluation be independent of the food production industry and government food marketing and promotion initiatives.

* * *

QUESTIONS ON THE ORDER PAPER

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

The Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

REQUEST FOR EMERGENCY DEBATE

FISHERIES AND OCEANS

The Speaker: The Chair has notice of an application for an emergency debate from the hon. member for Pictou—Antigonish—Guysborough.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR): Mr. Speaker, I appreciate the Chair's acceptance of this emergency debate application and the opportunity again to put before the House and Canadians the dire straits currently felt in Canso, Nova Scotia.

Last Thursday's decision by the fisheries and oceans minister from Nova Scotia to reject the proposal that was submitted by the town of Canso with respect to a division 30 redfish application for quota has had a devastating impact both on their spirits and their ability to re-open the Seafreez plant.

The Seafreez plant is the only major employer in the town of approximately 1,000 people and the surrounding community. I do not want to go over the same material again, but I remind the Chair that this is an issue of utmost urgency for these individuals, not only because of the work but because of the options that are no longer available to them. They have no ability to get the hours necessary to qualify for employment insurance benefits.

Privilege

Similarly, to put it in historical context, this particular port has been relying on the fishery for over 400 years. The plant has been operating successfully for the past 10 years. Without access to the quota, there is no ability for the plant to open its doors.

It very much leads into and relates to a broader issue and that is one of overfishing on the east coast. I would respectfully submit there is a similar argument to be made on the west coast.

In particular, with respect to overfishing by foreign vessels, there has been much made and there has been much heard in recent days by the fisheries committee that has travelled throughout Canada and which is in Atlantic Canada as we speak. There is the problem or plight of the raping of the fish resource on the east coast.

The community does not have the options that might be available to other parts of Canada. People in the town, both young and old, have been resting all their hopes on and are clinging to the request that was made by the task force, the union, the trawlermen's association and the town supported by the surrounding areas in the county for this proposal.

The socioeconomic impact is enormous. The minister for ACOA has suggested that other industrial development programs and projects that might be coming to fruition in the near future will assist the town of Canso. That should not be an either/or situation. One should not preclude the other. The fisheries industry is vital to the economic survival of Canso.

I respectfully urge the Chair to accept this application. It would allow all members of the House, particularly those from Atlantic Canada, to focus on the issue of overfishing offshore, the economic impact not only of the collapse and moratorium that has been placed on some species, but also the broad ramifications for having taken away the livelihood of people on the east coast who for generations have been dependent on the fishery.

The number of foreclosures on homes and the number of businesses that have closed are real indicators of the grave need for revitalization of the fishery and the need for a concerted attempt and effort by the government and the minister in particular to manage the fisheries properly.

● (1520)

SPEAKER'S RULING

The Speaker: I thank the hon. member for Pictou—Antigonish—Guysborough for his submissions both today and on Friday on this matter. I note that he raised the matter of Friday and then suggested at the end that in light of possible events over the weekend he might prefer to have the debate today. I suggested he defer his application until today. He was willingly compliant with that request and for that I thank him.

Notwithstanding his forbearance I am afraid the Chair has reason to feel the particular application is one that does not warrant the intervention of the Chair under the provisions of Standing Order 52.

The Chair does not normally give reasons for its opinion in these matters, but I would draw to the attention of the hon. member for Pictou—Antigonish—Guysborough, who I know is an enthusiastic reader of Marleau and Montpetit, a particular citation on page 588 of that book which states as follows:

Chair occupants have established that the subject matter proposed should not normally be of an exclusively local or regional interest nor be related to only one specific group or industry, and should not involve the administration of a government department.

The last words are not appropriate but all the rest apply. His letter frames this in the sense that it is a matter of dealing with a situation in the community of Canso.

I am sure all hon. members share his concern about the economic impacts of the recent decision in respect of that community, but notwithstanding I am not sure it is one that fits the parameters of Standing Order 52. Accordingly I am not prepared to allow the debate at this time.

I wish to inform the House that because of the ministerial statement government orders will be extended by 12 minutes.

* * *

[*Translation*]

PRIVILEGE

PRIVATE MEMBERS' BUSINESS

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, I would like to draw your attention to a situation that, in my opinion, prevents me from doing my work as a member of parliament properly, and therefore is a question of privilege. Incidentally, I did give notice of this question, pursuant to the standing orders.

I am new to this, so I would ask your indulgence and a bit of patience.

On Friday March 15—beware the ides of March, by the way—the Standing Committee on Procedure and House Affairs presented its 48th report, which determined that four items, Bills C-292, C-415, and motions M-414 and M-432 would be deemed votable. The other business from the February 28 draw, would therefore not be votable: motions M-34, M-431, M-329, M-357 and M-435, and Bills C-429, C-304, C-391 and C-407.

Bill C-407 is among this group, and it is a bill that I sponsored. The bill came about as a result of the Montfort hospital saga, this saga has tremendous importance for minority language communities in this country, be they French or English.

Furthermore, I can attest unequivocally that this bill meets all five of the criteria approved by the House in order to be considered eligible for “votable” status.

On March 13, I appeared before the Subcommittee on Private Members' Business and presented a document demonstrating that Bill C-407 met the criteria. The one question that a committee member asked dealt with the substance of the bill, and did not question the criteria. In fact, the chair of the sub-committee, the member for Hull—Aylmer congratulated me by saying:

I must congratulate you, because you are one of the rare members to respect the spirit of the five minutes to demonstrate that your bill is acceptable, rather than selling us on the merit of the bill, because the idea is not to sell us on the merit. The idea is to sell us on the fact that it should become a votable bill.

Then, on March 15, to my great surprise, I learned that Bill C-407 would not be deemed votable.

Privilege

Despite my dissatisfaction and my frustration with a system that I consider to be cumbersome to say the least, I tried to find out why the subcommittee and the standing committee did not deem it votable.

Before the draw on February 28, one votable item remained in the order of precedence. The subcommittee could therefore add nine, but decided to add only four. Since the refusal to declare votable Bill C-407 and other items, such as Bill C-429 or Motion M-431, which, by the way, I also urge you to review, is therefore not due to a lack of room, it must therefore be because it did not meet the five criteria. If the refusal is not based on these criteria, the situation is even worse than we imagine.

I will not go over the five criteria for the House. They are readily available, and you are probably more familiar with them than anyone, Mr. Speaker.

I spoke with four of the six subcommittee members. I was trying to understand. One told me that he thought that the bill was not federal in nature. Another one said that was not it at all. A third one told me that I should have spoken to him about it in advance, and added that this was not the best way of moving the issue forward, that it would be preferable to refer it to a committee. The fourth one refused to tell me anything at all, even after admitting to a certain incongruity in the situation. The other two people did not return my call.

It was therefore impossible for me to find out why or which of the principles the bill did not comply with.

The reality is this that I am faced with the following situation, along with all other members whose motions were declared non-votable: the decision is one that has been made behind closed doors, with no explanation, and no means of appeal.

Even prisoners who are refused parole can know the reason. The public can take part in meetings where reasons are made public. Any citizen of this country can request information under the Access to Information Act and if this information, or part of it, is refused, the government has to give the reason.

Yet in the Parliament of Canada, in the House of Commons, a member is not entitled to know why his bill or motion is not votable.

This bill addresses something of importance to millions of Canadians throughout the entire country and I cannot be told why it has been declared non-votable. One of my primary roles is that of legislator.

• (1525)

This tool available to members, private members' business, is vitally important. Yet when my bill is blocked and no reason is given, my privileges as a legislator are being attacked. If we are not to be told why it is held up, how can we move a bill ahead? This is where I deem that my privilege as a parliamentarian has been breached.

This past weekend, I read several reports of previous rulings, and came to realize that this is a very particular and very difficult question.

In what I hope is the very unlikely event that you should decide this is not a matter of privilege, I would like to also, with your leave, raise a point of order.

According to the standing orders, private members business is to be determined as votable or non-votable based on merit and not on the number of supporters. In order to determine this merit, the Standing Committee on Procedure and House Affairs, as well as its Subcommittee on Private Members' Business, have set certain criteria. These were amended in 1999 with the 70th report of the standing committee, tabled in the House on April 20.

• (1530)

[*English*]

Let me quote from the December 11, 2001 evidence of the Standing Committee on Procedure and House Affairs. It states:

We have the criteria and when I design a bill or motion and have it drafted, I try to have it meet those criteria. Then you find out that the subcommittee on votable items doesn't like it, so they don't support making it votable. To me, if you're going to have criteria, everything that meets the criteria should be votable, or why bother the hell having criteria?

What I sense is that the subcommittee, of which I am part, despite its claims to the contrary, ends up passing judgment on whether the motion or bill that has gone through the lottery, if you're lucky enough to have your name drawn, meets our standards of being worthy of a vote or not. And therein lies the problem. If it meets the criteria, however many criteria there are, it should be votable.

I don't see how you can have it one way or the other. You either throw out the criteria and say this silent group of people is going to be judge, jury and executioner of all private members' business—because that is what is happening now—or you have criteria and make everything votable if it meets the criteria.

Those were the words of the hon. member for Prince George—Peace River.

My first procedural point of order is whether or not the subcommittee is adhering to the criteria set by the standing committee. In recent times the standing committee has taken to accept without question, in camera and without explanation the decisions of the subcommittee. If the standing committee does not verify that the criteria are properly applied, who does?

Would this fall under the gambit of Standing Order 1? Would the matters I have raised under the question of privilege for that matter also fall under the same gambit?

My second point, and I am concluding with it, is about the way the subcommittee reaches its decisions by consensus, which is rapidly becoming by unanimity. A review of the standing committee's discussions on the matter of private members' business in the fall of 2001 seems to indicate that this is becoming a preoccupation. Yet this practice is not well defined and could lead to problematic situations such as the subcommittee has experienced lately. We all know the power contained in the necessity of unanimity. I think this has to be addressed.

Finally, I do not have any antipathy toward members of the subcommittee. I believe they are caught in a rather awkward situation. I hope that this can be addressed because I now understand firsthand some of the frustrations other members have experienced. I think the system we have for private members' business must be corrected. The way we do it now can lead only to more and more frustration and lack of respect for members of the House.

Privilege

Mr. Garry Breitkreuz (Yorkton—Melville, Canadian Alliance): Mr. Speaker, I will speak to the issue as well. I support my colleague's contention that he is being hampered in his ability to do his job as a member of parliament. I will not speak to the specific matter that has been drawn as part of his bill. Rather, I will speak to the general problem that needs to be addressed. It is a serious problem. It is of major concern to members of the House so we cannot sweep it under the rug.

Mr. Speaker, I will point out a few statistics for your enlightenment. Some 235 bills introduced by members of all political parties have not made it past third reading. Of all the bills that have been introduced only two private member's bills or motions have made it to a vote at second reading. That is less than 1%. We have had 376 motions introduced. Only four have been adopted. That is just over 1%. The two bills that made it to committee stage from the 36th parliament were killed in committee by the Liberal majorities on the committees.

We have had over 150 hours of debate in the House during this parliament for consideration of private members' business. If we were to take the House budget and divide it by the approximate 1,000 hours we spend here every year it would show we had spent \$45 million on private members' business. That is a fair assessment. I do not know if the figure is precise but we know we are spending millions of dollars. The money is being wasted because bills and motions are not deemed votable.

Mr. Speaker, perhaps you can give us some advice. The House passed a motion last June advising the Standing Committee on Procedure and House Affairs to bring back a recommendation to make all private members' business votable. In December 2001 when we were ready to dot the *i's* and cross the *t's* the government decided all of a sudden it could not do it. That was way back in December. It was supposed to be done this April. The recommendation was supposed to come to the House and it did not.

Mr. Speaker, we did a survey in which you probably participated. Most MPs want all items drawn on private members' business to be made votable. The procedure can be worked out. As we have seen today, member after member has been rising in the House because they are extremely frustrated with the system. It obviously does not work. We need to fix it.

Mr. Speaker, I do not know if it is obvious to you, but the Liberals across the way are trying to avoid controversial issues like the one raised by the hon. member by not deeming them votable. That is not right. We should not allow it to continue.

In conclusion, many MPs in the House have excellent ideas. They should be allowed to bring them forward. This strikes at the heart of what my hon. colleague has raised. By not allowing issues to be votable the government limits the ability of MPs to be effective because we cannot bring issues to the House and have them resolved.

Canadians want issues brought to the House for proper debate. They want to do this through their members. The way the system is set up they cannot. The hon. member has explained this quite well. The system must change. Canadians' perception of what we do in

parliament could be enhanced if we began allowing all private members' business to be votable.

Mr. Speaker, I know you cannot direct the committee to do this, that or the other thing. However I appeal to you to intervene in some way to make sure the issue is resolved.

● (1535)

Hon. Ralph Goodale (Leader of the Government in the House of Commons, Minister responsible for the Canadian Wheat Board and Federal Interlocutor for Métis and Non-Status Indians, Lib.): Mr. Speaker, I will say a brief word I hope will be encouraging to members of parliament who have the kinds of concerns that have been expressed by the hon. member for Ottawa—Vanier.

This subject matter has expressed itself in frustration on all sides of the House of Commons. I think there is a general desire in the House to find a better way of dealing with these matters and determining how private members' business proceeds through the House and ultimately does or does not come to a vote. I suspect the matter does not fall precisely within the definition of a question of privilege but it is a genuine expression of concern that begs for a solution.

It is my understanding that the committee, in this case the Standing Committee on Procedure and House Affairs, is prepared to examine yet again possible solutions to the matter.

Among the House leaders there have been preliminary discussions and some understanding that at an early meeting we will turn our attention to the matter to see if we can find a better way to deal with these types of proceedings so individual private members can feel a higher degree of satisfaction that their issues as expressed in bills, motions and so forth are properly addressed by the House and in a timely manner.

That does not specifically speak to the procedural point about privilege but I hope it indicates a clear willingness on the part of all of us to find a better way to deal with the matters that have been raised today by the hon. member for Ottawa—Vanier.

● (1540)

The Speaker: The Chair will happily take this matter under advisement, and I do appreciate the advice that has been offered by members on this important issue.

The suggestion is that somehow I might have expressed my view in answer to a questionnaire or somehow might want to urge changes in the rules that would go one way or the other with respect to private members' business.

Of course the Chair is the servant of the House. I can only stress that and I cannot stress it too forcefully, and any opinion I might have had in the old days is irrelevant now. I was a member for many years of the procedure and House affairs committee and participated in discussions that led to some of the rules that are now being discussed in this question of privilege. I was part of it. I had opinions then but I do not any more.

I can only assure hon. members that I will do my very best to examine the point of order or the question of privilege, the alternative question of privilege, that has been raised by the hon. member for Ottawa—Vanier.

[Translation]

I appreciate the comments made by other hon. members and I thank them. I will get back to the House regarding this issue.

I also appreciate the fact that the leader of the government in the House suggested that an attempt may be made to find another way of solving these issues. I hope that House leaders, perhaps with the participation of the whips, and particularly the chief opposition whip, who submitted ideas to this effect today, can work together to find another way of doing things. This might help all members of parliament in their work.

[English]

I thank the hon. members for their submissions. I will get back to the House to decide whether this is in fact a question of privilege. Whether I can be of great assistance in the matter I am not sure, but I will certainly examine all the issues that have been raised and reported.

GOVERNMENT ORDERS

[Translation]

SUPPLY

ALLOTTED DAY—SOCIAL PROGRAMS

The House resumed consideration of the motion.

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, I believe that you would find unanimous consent of the House for the following motion:

That at the conclusion of today's debate on the Bloc Québécois' motion, if a recorded division is requested on that motion, that it be deferred to Tuesday, March 19, 2002, at the end of government orders.

The Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Motion agreed to

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, it is not the first time the Bloc Québécois speaks up in the House against the dysfunction of Canadian federalism and its negative impact on the provinces.

Since coming here in 1993 we have intervened regularly to show that the line of conduct followed by the liberal government is pushing provinces, especially Quebec, to the limit. Wrongfully, some people resented our position and accused us of politicizing the issue. They know better today because our point of view on the dysfunction of the federative system in Canada is shared by the conference board, an independent non-Quebec organization that cannot be accused of being a natural partisan of ours.

Even if the government refuses to face reality, the Commission on Fiscal Imbalance chaired by Yves Séguin, a former liberal MP,

Supply

describes very well the problem between the central government and the provinces. It comes to the same conclusions as us, namely that the money is in Ottawa while the needs are in Quebec as well as the other provinces.

Mr. Speaker, I will be sharing my time with the member for Argenteuil—Papineau—Mirabel.

By refusing to face reality, this government is only looking for a fight. Obviously, it is not with this kind of attitude that it will be possible to find solutions.

On what planet are the Prime Minister, his Minister of Finance and his Minister of Intergovernmental Affairs living, when they repeat constantly that there is no fiscal imbalance?

The Séguin commission was praised by all the analysts for the high quality of its work. In Quebec City, the three parties unanimously agree with its findings, which lay the foundations for a fundamental debate on the future of the Canadian federation.

Our fellow citizens know now that the status quo cannot continue. They are the ones who are paying for the inappropriate sharing of tax resources. In Quebec, seven out of ten people believe there is a fiscal imbalance. It is obvious that there are problems in tax resource sharing and that the way this government is proceeding does not correspond to the needs.

How can this Liberal government and its ministers justify the fact that the provinces are literally collapsing under the burden of health expenses while their government is raking in surpluses in Ottawa?

The Séguin commission tried to determine if this was a structural or an economic phenomenon. In the past several years, the provinces have been reacting to the arbitrary nature of the federal transfer program on which they depend to balance their budgets. The program is so arbitrary that the federal government changes the rules as it sees fit.

Must I remind the House of the words of the current Prime Minister who, in 1999, showed how arbitrary his government was in determining transfer amounts? He said, "There are mornings when I want to give them money and then, the next morning, I say no. We will see at the time of the budget". This was in *La Presse* on January 16, 1999.

This statement clearly shows that the federal government has total discretion in determining the amounts provided to the provinces, an arbitrary discretion that goes against the very principle of the federation.

● (1545)

The arbitrary nature of the Canada health and social transfer and the federal government's withdrawal, in addition to the enormous surpluses past and future, will maintain Quebec and the other provinces in an uncertain financial situation. The provincial governments will continue to have a very hard time making ends meet and providing health care services, among other things.

The finance minister can say that the provinces are receiving lots of funds through the Canada health and social transfer and the equalization program, but the Séguin report shows that these programs are flawed.

Supply

Not surprisingly, prominent government members think that fiscal imbalance is a myth. They are the ones who have assumed the right to spend in areas that are not within their jurisdiction. It is annoying to see how much energy they spend denying the fact that the fiscal imbalance has been growing over the last decade; it is indecent for them to refuse all our proposals for rectifying the situation; it is unconscionable that they would say that provinces have problems because they lowered income tax too much. It is ludicrous.

The government would do well to read the report of the Séguin commission. The arguments it uses to deny the fiscal imbalance are rebutted in that document one after the other. The arguments of the Minister of Finance are said to be unconvincing, since they do not recognize the existence or the size of the fiscal imbalance, which is detrimental to provinces.

The situation has been going on since the mid-nineties when the federal government intensified its cuts in social transfers to the provinces. The government then acted drastically without taking into account their impacts on social, health and education programs. Its investment went from 18¢ to 14¢.

Between 1994 and 2002, the government pulled out. Its share of expenditures for health, education and social services went from 18.1% to 14.1%. I want to stress that its contribution was 23% in 1984-85.

In so doing the Liberal government gave itself some leeway it is using to interfere in areas of provincial jurisdiction. It gradually changed the rules for cost sharing. Thus we went from a system where both levels of government were sharing the costs and risks to a block funding system in which it controls the funding parameters as it pleases.

The governments's withdrawal from its funding responsibilities for health, post-secondary education and income security is a key element of the fiscal imbalance. The drastic cuts enabled the federal government to improve its own fiscal health at the expense of the provinces.

In Quebec alone changes to the Canada social transfer deprived the province of \$4.7 billion in revenues just for fiscal 2001-02. Because of that, the impact of federal cuts has been more pronounced in Quebec than in the rest of Canada.

The conclusion is obvious: the federal government has reduced the ability of provinces, particularly that of Quebec, to efficiently deliver services in areas under their jurisdiction. The federal government's backing out is one of the direct causes of the fiscal imbalance.

I am compelled to say that in many cases taxpayers do not know anymore which level of government is responsible for services. The federal government has no qualm about encroaching on areas under provincial jurisdiction, thus creating useless and harmful duplication.

In conclusion, there are ways to rectify the situation and achieve a better distribution of resources. The Bloc Québécois, in its customary fashion, has put forward solutions to reduce this imbalance without plunging the federal government back into a deficit situation.

At the very least, as we have always asked for, transfers to the provinces should be restored to the 1994-95 levels. It is a short term and very imperfect solution though.

As Quebec has never stopped asking for, the federal government must withdraw from areas under provincial jurisdiction and provide fiscal or monetary compensation.

I know we have a long way to go. This government does not seem to be willing to solve the fiscal imbalance. It is more interested in pursuing its own goals, namely to be interventionist and centralizing instead of meeting the needs of Quebec and the Canadian provinces.

The emergency is real. Quebec society, whose fiscal and economic autonomy is being stifled by the federal government, must rise and fight to avoid being asphyxiated.

• (1550)

The federal government's attitude is one more reason to maintain that Quebec will only truly come into its own when it has achieved sovereignty.

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Mr. Speaker, I thank the hon. member for Drummond for her very well structured speech.

I should like to ask her the following question: what are, in her opinion, the consequences of this imbalance? She spoke about it, but I would like to hear her elaborate further on this fiscal imbalance as it pertains to areas of jurisdiction that are clearly provincial, such as health care, education and assistance to the most disadvantaged.

Ms. Pauline Picard: Mr. Speaker, the Bloc Québécois has been saying for a long time that this fiscal imbalance is hurting the provinces because of the reduction in transfers to the provinces. It stems from there.

The first thing the government did in 1994-95 was to cut drastically the Canada health and social transfer. We know this transfer allows the provinces to provide services, since they are responsible for managing the services that are offered to the public. In Quebec, it is the national assembly that manages health care and education, as well as social services.

The federal government has slashed the Canada health and social transfer since 1993-94. And it is no joke: it has gone down from 20¢ to 14¢. It does not make any sense.

There is a lot of talk these days about the aging population, about expensive new technologies and expensive drugs. The needs are increasing in the provinces. The federal government has the responsibility to support the provinces through the Canada social transfer. Now is not the time to slash transfers, especially in light of the fact that the federal government has been closing its books at the end of each fiscal year with billions of dollars in surplus that come from personal income tax, the GST and other taxes. The new airport security tax that has just been introduced will come into effect on April 1. Not only will it pay for the measures that will be put in place, but it will generate more revenues.

Supply

The federal government takes all that in and ends up with a \$17 billion surplus, while the provinces are struggling to maintain existing social programs. The federal government, whose mandate is to reapportion the tax base, does not care about that. It even laughs in the face of the provinces and, to have a foot in the door, it offers them little goodies.

That is why it established the Canada Millennium Scholarship Foundation. It is a way for this centralizing government to get what it wants, which is to take away the provinces' jurisdictions. That is what it wants even though it plays us for fools and thinks that we do not know what it is up to. It wants to have control over everything and uses all possible means to get it; it is starving the provinces. This is also what is behind the social union. It is a good thing that Quebec did not ratify it. We can see today what the government is doing with that.

We heard that the provinces were selling their birthright for a dime. This government has forced the provinces to sell their jurisdictions. That is what is meant by fiscal imbalance.

• (1555)

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, it is my pleasure to take part in the debate. First, I wish to congratulate my colleague, the member for Drummond and one of our finance critics, for her excellent speech on the fiscal imbalance and, among other things, on the Séguin commission and its report.

I am particularly glad to speak to all Quebecers who are listening today and, at the same time, to give information to Canadians. In a previous life, I was president of the Union des municipalités du Québec. Today, I want all Quebecers, all mayors, all councillors, all school trustees from Quebec to remember.

Canada, the federation we know, operates in a way that makes it hard for its citizens to find their way around the complex issue of taxation. The federal government collects its own taxes: the personal and corporate income taxes, the GST and the excise tax on gas; the province does the same thing and collects personal income taxes, corporate taxes, QST and excise tax on gas; the municipalities, as we all know, collect the property tax from the landowners. People also see their rent go up when taxes are increased. The school boards also collect the school taxes.

In this morass of taxes, it is hard for people to find their way about and understand the impact that it has. There is one thing I want to tell the House today: remember 1994. My colleagues explained it clearly, 1994 was the beginning of federal cuts in transfers to the provinces. This is clear. No one in this House can question that health and social transfers fell from 18%, or 18¢ per dollar spent, to 14% between 1994 and 2002.

This is a reality, and all those who had to administer budgets in the province of Quebec had to deal with the aftereffects. We cannot forget that school boards and municipalities are created by the Government of Quebec. They are the ones that must provide services to Quebecers.

All too often, we forget that the water that flows from our tap, residential garbage, wastewater, sidewalk and street maintenance, public transit, all of these responsibilities come under municipal

governments. These powers were delegated to the municipalities. For example, when it comes to public safety, some municipalities have their own police forces, others use the Sûreté du Québec. These powers are delegated by the province to municipalities and school boards.

In 1994, mayors and city councillors had to deal with the infamous Ryan reform, which resulted in a \$200 million fiscal burden being transferred annually to the municipalities. They had to live with that and either cut services or raise taxes.

When we try to find our way through the complexities of the taxation system in Canada, we realize that the transfers from the province of Quebec to the municipalities were tied directly to cuts in federal transfer payments to the provinces for social programs, health care and education. To try to make up for the loss, the provinces had to rely on their creatures, the municipalities and school boards.

I pleased to be able to explain that today, and demonstrate to my former colleagues who are still mayors or city councillors that it is all too easy today for municipalities to negotiate with the federal government agreements on infrastructure. The federal government is trying to make up for its errors by bypassing the provinces.

It has decided to negotiate programs directly with the municipalities. Before this year, these tripartite programs were negotiated with the provinces. But from now on, with the infrastructure fund, the federal government will deal directly with the municipalities.

That is the reality. Once again, it is trying to make people forget about the fiscal quagmire in the Canadian federation. The federal government does not give back to each province the fair share it deserves. That fair share was demanded by all premiers and provincial finance ministers.

• (1600)

At recent meetings, the premiers and the provincial finance ministers unanimously called on the federal government to increase its contribution to health care, among other things, to the 1994 level, that is from 14% to 18%, or from 14¢ to 18¢.

This is an unanimous request made by the premiers and the finance ministers, despite the fact that an agreement was signed in 2000 by the provincial premiers. Of course, this solution is the lesser of two evils. Instead of getting nothing, they sign an agreement. An agreement was signed, but immediately afterwards, there was a meeting of the premiers and the finance ministers, where they asked that the federal government review its contribution through provincial transfers. This is the harsh reality of the Canadian federal system. This is what councillors, mayors and school commissioners must understand when the federal government does not transfer its fair share of health related costs.

Supply

Earlier, the Parliamentary Secretary to the Minister of Finance gave us the following answer when we asked him what he believed the federal contribution was. Let us remind the House that, in 1977, there was a federal-provincial agreement and tax points were transferred, that is, the federal government did not get into a specific tax field to allow the provinces to get into it. He was asked what the federal contribution in health care was in 2002. He replied that it was between 30% and 33%, or 30¢ and 33¢. That is what he said. This is the reality.

We are at 14¢, as the provincial premiers said. Of course, the federal government is getting into another field of taxation that it had agreed not to get into. This is virtual money. When you do not get into a field of taxation, you leave it to someone else. The fact still remains that there is fiscal imbalance. When the federal government says, and the parliamentary secretary tells us that he himself believes that the contribution is between 30¢ and 33¢, this is a hard reality. There is still 17¢ missing to achieve parity and for the federal government to contribute half of the expenses in health, education and social transfers.

In the meantime, if it does not happen, if this transfer does not happen, the pressure from the provinces will come to bear on municipalities and school boards. The federal government will then tend to try to bypass the provinces and try to deal directly with mayors and town councillors to score political points. This is why I am calling on my former colleagues the mayors and town councillors.

Do not fall for it. Our people, our constituents, Quebecers will not have increased health services if the federal government works out agreements with the cities to solve certain infrastructure problems or issues. This is not the way to go. The federal government must pay its fair share. This is a fact.

If ever it does pay its fair share, the astronomical \$17 billion surplus in 2000-01 will dwindle to over nine billion in 2001-02. In spite of the repeated demands by the Bloc Québécois, the Minister of Finance will not make an announcement. He wants to wait and see. We know it will be over nine billion dollars.

In the meantime, the federal government is accumulating surpluses and the parliamentary secretary even dared tell the provinces "You just have to raise your taxes. We are not responsible if you are unable to pay for health care costs". This is the harsh reality.

We live in a federal system where the federal government decides on its own how much it will give the provinces. It unilaterally decides to transfer money. It does it when it sees fit, but mostly when it can score political points. Right now, it will not play politics trying to help the provinces deal with the health care issue. It is too expensive. It is trying to score political points by dealing directly with municipalities, those with big infrastructure programs or just by increasing—it is essentially what the minister of Finance said in his last budget speech—doubling health research.

They are doubling health research but they will not double their funding of health care costs. They will do more research but they will not invest in order for people to benefit from the results of this research. What is costly is not so much to do research but to pass on

the results of the research to individual Quebecers to improve their health. The federal system does not allow that. As it stands today, the Liberal government is not thinking about Quebecers. It is thinking about scoring political points.

• (1605)

[English]

Hon. John McCallum (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I appreciate the opportunity to speak to the Bloc motion.

[Translation]

First let me say that the federal government denies the existence of any fiscal imbalance in Canada. Such a thing does not exist. It is a myth.

[English]

Hon. members opposite from time to time trot out these new studies purporting to show that there is this fiscal disequilibrium. The Séguin report is just one in a long list of such studies. More often than not, when subjected to analysis and put under the microscope, they are found to be unrealistic and unreliable.

[Translation]

For example, the authors of this report claim that the imbalance will generate a \$90 billion federal surplus in 2019-20. Naturally, this is ludicrous.

Conclusions based on such projections are not reliable. Let us be realistic. As I said in the House a few days ago, it is difficult to make two year forecasts and almost impossible to make five year forecasts; forecasting twenty years down the road is therefore ridiculous and pointless.

• (1610)

[English]

The Séguin commission's long term projections are a purely hypothetical exercise. Moreover the assumptions are inappropriate and unrealistic. There is an assumption that over a 20 year period there has been no recession. Now I know we have been doing better recently but to assume that over a 20 year period there has been no recession is not realistic.

It assumes there were no tax cuts over 20 years. We just had our \$100 billion tax cut a year or two ago. It is not as if we stopped. It assumes there has not been one new government program. I do not think agreement will be found on that among most of the ministers around the cabinet table.

Another example concerning the uselessness of 20 year projections comes from the United States.

[Translation]

The United States government, which used to publish long-term economic and fiscal projections, started phasing these out in its last budget.

*Supply**[English]*

The reason given for the U.S. recent decision to abandon these long-term projections was that the events of the last year underscored the difficulty of making reliable budget estimates even one year ahead. No one knew what types of economic or political shocks would arise in the future. The government of the United States is agreeing with the proposition that projections of two years are difficult, five years very difficult and 20 years I would say, literally impossible.

If federal surpluses like those projected in the Conference Board of Canada report do materialize the federal government would be happy to undertake further tax reductions or increase spending in support of those programs that are most important to Canadians. It is not as if the government is going to sit there for 20 years and do absolutely nothing in terms of tax cuts or expenditure initiatives and watch on the sidelines as the surplus rises to \$90 billion per year.

The report also predicts that Quebec will be in deficit next year.

[Translation]

However, Quebec finance minister Pauline Marois rejected the commission's projections, saying that the province's budgets would be balanced in a foreseeable future. So, even the Quebec minister disagrees with her commission.

Finally, the minister is now preparing an economic statement and budget update to support her theory. She herself does not believe in the projections of the Conference Board of Canada.

[English]

More important, I must take issue with the opposition's definition of fiscal imbalance itself. The reality is that a fiscal imbalance cannot exist since federal and provincial governments have access to a wide range of revenue sources and are free to set their own fiscal and budgetary priorities. Provincial governments, like the federal government, are free to set tax rates consistent with their responsibilities. In most federations the provinces or states do not have nearly such wide taxing powers.

Provinces have access to the same major tax bases as the federal government does, including personal and corporate income tax as well as sales and payroll taxes. Provinces have access to some tax bases which we do not, such as gaming and liquor profits, property taxes and resource royalties. Some of these are growing very rapidly. Provincial revenues last year from the combination of liquor and gaming levies, property taxes and resource royalties were \$27.4 billion compared to just \$10 billion in 1990. Those provincial revenue sources, which the federal government does not even have, have enjoyed rapid growth in recent years. That is an annual average growth rate of 10%. On the other hand the few federal-only revenue bases are small and volatile.

[Translation]

For example, because of the liberalization of trade, import duties have decreased substantially, from more than \$4 billion at the beginning of the 1990s to less than \$3 billion today.

[English]

The Séguin report implies that federal revenues will grow faster than provincial-owned source revenues but the report from the Conference Board of Canada, used by the Séguin commission, predicts otherwise.

[Translation]

According to the study, Quebec's revenues will increase at an average annual rate of 3.2% over the next 20 years, which is exactly the same rate federal revenues are expected to increase.

Quebec's assumption concerning the higher increase in federal revenues is based on the fact that personal income tax is one the fastest growing revenue source and that a large part of such revenues are collected by the federal government.

●(1615)

[English]

However the situation is changing. Recent federal tax cuts and the full indexation of the personal income tax system will reduce the future growth of federal and personal income tax revenues. There will be continuing international pressure to reduce taxes to improve Canada's growth prospects. This will be particularly acute for the federal government because only the federal government can provide income tax relief for all Canadians, not just those in a few more affluent provinces. Moreover provinces claim that the perceived imbalance is rooted in rapidly growing health care costs.

Despite assuming an average growth rate of almost five per cent for health care spending, Conference Board of Canada projections show that government revenues and program spending will grow at the same rate for both the Quebec government and the federal government.

How does this evidence support the notion of a fiscal imbalance? The answer is that it does not. We do not need to look to growth projections in estimates of future surpluses to see that there is no fiscal imbalance.

[Translation]

It is just that for over two decades, provincial revenues have been higher, and substantially so, than federal revenues, a trend that will continue for the foreseeable future.

[English]

On top of this, federal cash transfers to the provinces are expected to increase more than three times faster than the growth in federal revenues over the next five years. These funds are available to provinces to use as they see fit on health care, post-secondary education, social programs and early childhood development. The federal government faces a much bigger debt burden than the provinces, almost double that of the provinces on average.

[Translation]

In fact, in the last fiscal year, the federal government has paid \$42.1 billion in interests, compared to the debt charges paid by the provinces, which totalled \$22.4 billion.

Supply

It is an enormous cost that makes us more vulnerable than the provinces to the volatility of interest rates worldwide.

[*English*]

Moreover, it reduces the federal government's fiscal room to manoeuvre when managing its own responsibilities and pressures, pressures which are not inconsiderable.

There is no doubt that health care and education represent major challenges for the provinces but the same is true for the federal government. Almost 70% of all the new federal spending initiatives we have undertaken since balancing the books have been in the areas of health care, education and innovation.

In support of the historic agreements reached by first ministers in September 2000 on health care renewal and early childhood development, \$23.4 billion in increased funding is being provided to provinces and territories over five years. That is a huge new spending initiative and undoubtedly one of the largest in Canadian history. The sum of \$21.1 billion of this investment is for the Canada health and social transfer, CHST, and \$2.3 billion is for targeted investments in medical equipment, primary care reform and new health information technologies.

This investment will lead to innovations in health care, increase the number of doctors and nurses, provide new MRI machines and other medical equipment, and enhance the use of technology to improve the care Canadians receive.

This is one of the largest single expenditures by any Canadian government in the country's history and it will bring federal transfers to record highs, starting this year.

Clearly the quality of social programs is not being jeopardized by the government's actions, quite the contrary. Provinces are receiving \$2.8 billion more in CHST cash this year, bringing CHST cash to \$18.3 billion. Next year the increase rises to \$3.6 billion. These amounts keep growing. By 2005-06, CHST cash will reach \$21 billion, which is \$5.5 billion or a 35% increase over the levels of 2000-01.

While the CHST is at its highest level ever, the Quebec government would have us believe that this program should be abolished in favour of a transfer of GST revenues to the provinces. More generally, in 2001-02, total transfers to Quebec, that is CHST and equalization, were almost \$12.4 billion. That is about 25% of Quebec's total estimated revenues.

Moreover, the transfers are expected to total about \$1,670 per person, about 16% above the national average. The province wants to trade CHST cash for GST revenues, a scenario in which Ontario would receive 22% more per capita than Quebec. The less wealthy provinces would receive even less than Quebec.

What we are talking about today is the essential issue of fairness that lies at the very heart of our federation.

First, the CHST and equalization programs were conceived with fairness in mind, a fairness that could never be achieved through the transfer of tax points, whether GST or personal income tax.

Second, only the federal government can provide income tax relief for all Canadians, not just those in a few more affluent provinces.

Third, there is another issue at stake here. Just last Thursday our Bloc colleagues issued a press release stating that they believed the Séguin commission's recommendations should be phased in according to a five year plan. While Mr. Séguin himself suggested that his recommendations be implemented without the federal government returning to deficit, the plan advertised by the Bloc Québécois in its press release last week would, according to the conference board's own numbers, return us to a deficit of some \$6 billion in 2006-07.

• (1620)

[*Translation*]

This plan does not take into account the great influence that the federal government's financial situation has on interest rates in Canada. Canadians, as well as the provinces, have benefited from lower interest rates resulting from the federal government's sound financial management.

[*English*]

The Bloc program would put us back into a big deficit and that would jeopardize the low interest rates which have become so important for the Canadian economy. Our economy is beginning to recover from the global economic slowdown. This recovery is being fueled by consumer demand, demand enhanced by low interest rates and tax cuts, which would not have been possible without healthy federal financing.

The plan supported by the Bloc would put our financial situation back into jeopardy. After the sacrifices they have made, Canadians will not tolerate the federal government going back into deficit. The struggle to restore fiscal integrity was just too long and too hard fought. I might say for my colleagues on this side of the House that they will not want to go back into deficit either because I have noticed that Liberal members of parliament are more against going back into deficit than are bank economists.

There will be unanimity on this side in terms of not going back into deficit and that is why the plan of the Bloc Québécois, which would put us back into deficit within a few years, is so utterly and totally irresponsible. Certainly that is reason enough for me to vote against it.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, listening to the member, it is hard to believe that he trained as an economist and worked as one for the Royal Bank.

His analyses are unbelievably misleading, and contain major errors that would be unworthy even of a first year economics student at a CEGEP. It was not for nothing that he used to be an economic advisor to the Minister of Finance, one of the five or six economists consulted each year, who were out by 173% in what they told the Minister of Finance the surplus would be. What I have heard is unbelievable.

Supply

Does he know anything about trend analysis? This is what the Conference Board did. It did not take real surpluses and make projections. It gave the federal system every chance, saying: "Now, we will take the worst-case scenario". Do you know what the worst-case scenario is? It is what the Minister of Finance forecast as a surplus for the first three years in his December budget. These are forecasts that were no good but the conference board took him at his word and said "This is how we will do it. We will even take away from the federal government the entire EI surplus".

The conference board thought that the federal government would perhaps accept the chief actuary's recommendations that the surplus be eliminated by lowering premiums to \$1.70. Their projections were based on overestimated expenditures, and underestimated revenues which have climbed to \$90 billion in 20 years of federal government leeway, while every year the provinces are in the red. This is trend analysis—they are not real figures—it is a trend. If real figures had been used, it would have been much worse than \$90 billion after 20 years.

The secretary of state says that analyses based on one year are good; under a year, even better; two years, risky; and, after three years, no good. I have just one question for him, but there are two parts to it. Two weeks from now, on March 31, at the end of the fiscal year, what will the federal government's surplus stand at?

Does he think it is right that in December, therefore, three months ago—these are accurate forecasts at three months, less risky—the Minister of Finance, whose forecasts are out an average of 173% every year and who is getting ready to make one that is out 500% this year, forecast a surplus of \$1.5 billion for March 31? Is this reliable?

• (1625)

Hon. John McCallum: Mr. Speaker, what I said is that two-year forecasts are hard to make, five year forecasts nearly impossible, and 20 year forecasts, ludicrous. That is why the Liberal government has decided not to make five year forecasts anymore, since huge errors were made in the past. The federal government made a decision to plan over two years instead of five. So, this is in keeping with what I just said.

I would like to add that the hon. member from the Bloc is perhaps the only persons in all of Canada to predict huge surpluses. I think it has to be one of two things: either the Bloc member is wrong and has no credibility whatsoever, or he is the most brilliant economist in the world. In that case, he should leave politics and start his own business, because his very valid forecasts would make him an instant millionaire.

Mr. Yvan Loubier: Mr. Speaker, tit for tat. If the member is no longer with the Royal Bank, if he was fired, it may be because he could not come up with any reasonable forecast. Let me put the question to him again.

If one year forecasts are reliable and two year forecasts are risky, then three month forecasts must be quite reliable. What does the member think about the surplus forecast for the year ending March 31, which the finance minister made last December? Three months ago, the minister estimated these surpluses at \$1.5 billion, but the facts do not bear this out. Let me tell you what the reality is, not that I am a genius, but I can do the math. I take a calculator and I

figure it out. For five years now, we on this side of the House have consistently not been wrong. Our forecasts are now being used by large institutions. Institutions not only from Quebec but from all over Canada call us to find out what the federal surpluses will be this year and next year.

Let me tell you what the reality is. Even with tax cuts, the security measures announced last December and the tax instalment payments deferred for six months, there will still be a \$9 billion surplus come March 31 of this year.

An hon. member: At least.

Mr. Yvan Loubier: At the very minimum. Let me again put my question to the brilliant former economist of the Royal Bank who advised the finance minister very poorly based on forecasts that were off by 173%.

Does the hon. member find reasonable the \$1.5 billion surplus the finance minister forecast three months ago for the period ending in a few days? Is it accurate? It must be very reliable, since he just said that forecasts for under a year are quite reliable.

Are such forecasts reliable? Is this government reliable, having predicted three months ago that the surplus would stand at \$1.5 billion? Please answer the question instead of uttering complete nonsense.

The Deputy Speaker: Before giving the floor to the secretary of state, I want to say that it is all right to disagree but I would ask members not to forget the Chair. It may be useful from time to time. Therefore, I ask you to address your remarks to the Chair. The secretary of state has the floor.

Hon. John McCallum: Mr. Speaker, I find it somewhat difficult to understand my colleague opposite. At one point, he told us that even three month forecasts were difficult to make and lacked credibility. Especially after the events of September 11, the world has clearly become more uncertain.

First, he tells us that three month forecasts are difficult to make and now he wants us to accept the Séguin report with its 20 year projections. It makes absolutely no sense.

• (1630)

Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ): Mr. Speaker, first, I must say that I will be sharing my time with the member for Jonquière.

The speech made by the parliamentary secretary and the stand he is taking remind me of the guy on the highway—

An hon. member: He is not on highway 30.

Mr. Richard Marceau: No, he is not on highway 30. He is driving along and sees a lot of cars coming toward him. He hears a warning on the radio that people should be careful because there is a car going the wrong way. He thinks, "That is not true; there is more than one car going the wrong way".

The government is the only one that is saying that there is no fiscal imbalance. It is the only one. All premiers agree that there is a fiscal imbalance.

Supply

I would like to put today's debate into context and look at it from a broader perspective. What we are discussing today is an extremely important issue that goes to the heart of the debate on the future of Quebec.

There are three things that have a stranglehold on Quebec right now, and they are all related to the federal government's increasing appetite for a greater centralization of powers.

Mr. Antoine Dubé: It is a case of bulimia.

Mr. Richard Marceau: Let us take the three elements that made my colleague from Lévis-et-Chutes-de-la-Chaudière say that the federal government has bulimia, when it comes to power and centralization.

The first is globalization. My colleague, the Minister for International Trade, will agree with the following premise: more and more things that affect our daily lives today are decided around international tables. This is what is called the globalization phenomenon. More and more, governments are giving away to supranational organizations, such as the WTO, the power to make decisions affecting the lives of the citizens of their countries.

However, in this phenomenon, the government that is negotiating for Canadians and for Quebecers at the international level is the Ottawa government, and it does so in all areas. Even in provincial jurisdictions, it is the federal government that negotiates at the international level.

The federal government is using its negotiating power at the international level to reach agreements in provincial jurisdictions. Then, it imposes them on the provinces, under the pretext that, if the provinces do not apply the negotiated agreements, they will be penalized, for example, by a WTO or a NAFTA panel.

Thus, the federal government is using its role of negotiator at the international level to intrude into provincial jurisdictions. This is the first major element.

The second major element is the social union agreement, which, as we know, was signed on February 4, 1999, by all the Canadian premiers, except of course the premier of Quebec. This agreement formally recognized for the first time the federal spending power, which implies the federal government's power to spend in provincial jurisdictions.

It was the first time in the history of the federation that the provinces, again with the exception of Quebec, granted such a power to the federal government. With this agreement, Ottawa obtained legal justification to pursue its centralizing efforts. That is the second element.

The third element is the fiscal imbalance. As we will see, everything is interrelated. Through this fiscal imbalance, which the federal government wanted, Ottawa has the financial means to centralize.

Through these three elements, namely its role as negotiator on the international scene, the social union agreement and its determination to maintain the fiscal imbalance—in fact it even denies that there is an imbalance—Ottawa is increasingly centralizing the Canadian federation.

As regards the fiscal imbalance, the Séguin commission—I repeat it, because people tend to forget it, the Séguin commission is a non-partisan commission chaired by a former Quebec Liberal minister—said “By definition, the Canada social transfer thus represents an infringement on provincial jurisdictions, which is in itself a cause of fiscal imbalance”.

● (1635)

A third party was asked to look at the situation and it came to the conclusion that there is indeed a major fiscal imbalance. There is no need to look very far. Let us take the figures provided by the federal government itself, which is not a separatist party.

In 2000-01, surpluses totalled \$17.1 billion. It is unfortunate that the secretary of state does not agree, but, for 2001-02, surpluses will reach about \$9.5 billion. This will come out in a few days, in spite of the September 11 events.

A few moments ago, the secretary of state said that there could be another September 11 that would completely change the situation. But the fact remains that, by the end of this month, in spite of the tragic events of September 11, the federal government will have surpluses of \$9.5 billion. For 2002-03, these surpluses will total \$12.6 billion.

There is a very broad consensus in Quebec among the three political parties at the national assembly, that is the Parti Québécois, the Quebec Liberal Party and the Action démocratique du Québec, and also among the provinces. The other provincial premiers are not separatists. They unanimously recognize this fiscal imbalance. They have brought up that problem seven times since 1997. This is no small feat.

I will quote one of the conclusions of their December 2000 conference.

There is a growing imbalance between the cost and tax pressures felt by provinces and territories and those felt by the federal government.

This is not a separatist refrain. The fiscal imbalance exists. Here is what this situation tells us. When the fiscal imbalance problem is set in its proper perspective, we can see that the federal steam roller is going full blast. It is running full steam ahead.

Since the last referendum, in 1995, the federal government has an avowed intent to bulldoze its opponents, to grab more and more powers, to act in such a way that the Canadian federal state will become profederal. It is based on the three-pronged approach of globalization, social union and fiscal imbalance.

The Bloc Québécois is dedicated to fight for Quebec. Among other things, it will inevitably go strongly after the government to ensure it puts an end to this fiscal imbalance problem. This supply day where the Bloc is representing the views not only of the three political parties in the national assembly but also of all the provincial premiers is but a step toward a fight which is more and more important, that is fighting against the federal government's insatiable hunger for centralizing powers.

Supply

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Mr. Speaker, I would like to congratulate the member for Charlesbourg—Jacques-Cartier for his unique contribution to this debate. Naturally, he spoke about globalization and the pressure it is putting on the federal government which, in turn, is increasing its efforts to centralize, to the detriment of the provinces.

I know, as he is the critic for intergovernmental affairs, that he is well informed on the subject, so I would like him to talk some more about the abusive use of the federal spending power. This has grown progressively over the years, to such an extent that, nowadays, it is nowhere near what it was at the beginning of confederation. That spending power is now excessive. This fact is recognized by every consensus the member just referred to. I would like him to expand on the issue of the federal government's abusive recourse to its spending power.

• (1640)

Mr. Richard Marceau: Mr. Speaker, I thank the hon. member for Lévis-et-Chutes-de-la-Chaudière for raising this issue, which really bothers him, I know.

When, in political theory, we look at what a federation is made up of, we find that one of its elements is the distribution of powers. The distribution of powers is at the heart of what a federal system is all about.

The existence of a spending power intrinsically contradicts the very nature of a federal system. In other words, to allow the central government to intervene in provincial fields of jurisdiction, with a spending power or otherwise, goes against what a federal system really is.

With this spending power that the federal government has grabbed, a power that leads to centralization, as I have already said on numerous occasions, we can see that the Canadian federal system is less and less a federation, and more and more a unitary state. This use, by the federal government, of its spending power in fields of jurisdiction that are not its own—in other words, it goes against the distribution of powers at the heart of a federal system—is a denial of the true nature of Canada's political system.

Starting from there, Quebecers and Canadians will have to decide whether they want to live in a country that is increasingly centralizing and centralized or whether they want to live in another system where the state of Quebec could live in accordance with its own priorities and objectives.

Mr. Serge Marcil (Parliamentary Secretary to the Minister of Industry, Lib.): Mr. Speaker, the original assumption of the Séguin Commission was wrong. It was told that there was a fiscal imbalance. The commission was never asked to check if there was a fiscal imbalance but was told about one. Mr. Séguin and his people were asked to prove and to come to the conclusion that there actually was a fiscal imbalance.

Quebec's Premier Landry showed his hand last week when he stated that the report will be used as a reference document to promote Quebec's sovereignty.

This reminds me of the 1995 referendum strategy where Premier Parizeau asked Mr. LeHir to report, on almost all fields, to show that Quebec could become sovereign and did not need the rest of Canada

to look after its business. This is precisely along the same lines, its the same strategy.

I put this question to the member. Is there a fiscal imbalance in paying back \$100 billion in taxes to all Canadians, including Quebecers? Is a \$21 billion agreement on health care interference in provincial jurisdiction?

Mr. André Harvey: They invested it in Toronto.

Mr. Serge Marcil: What about leaving \$800 million in a bank account in Toronto? Is it also interfering in provincial jurisdictions?

Some hon. members: Oh, oh.

Mr. Serge Marcil: Well, that is exactly what it is. Who decided to grant early retirement to 1,100 Quebec doctors who will each receive \$300,000?

Mr. André Harvey: And to 5,000 nurses.

Mr. Serge Marcil: Yes, and to 5,000 nurses. Is that fiscal imbalance? Is paying back a \$500 billion debt to Canada a way to fight the deficit?

Some hon. members: Oh, oh.

• (1645)

The Deputy Speaker: Order, please. I have a feeling that some are dipping a bit prematurely into Easter chocolate. Let us take it upon ourselves to react a bit more calmly and proceed with our work as usual.

When a member has the floor other members must listen. Thus, when it is another member's turn to be recognized he is also treated politely and respectfully. I hope that with your cooperation things will soon be back to normal.

Mr. Richard Marceau: Mr. Speaker, I rise on a point of order. I heard it and you also heard very distinctly the member say "You are lying through your teeth". We all know that the word "to lie" is unparliamentary. I would like you to ask the member to retract himself before I answer his question.

The Deputy Speaker: Let me point out that the hon. member for Charlesbourg—Jacques-Cartier used specific words. I am now asking the Parliamentary Secretary to the Minister of Industry to withdraw his remarks.

Mr. Serge Marcil: Mr. Speaker, I withdraw them, but it will not stop me from thinking them nonetheless.

Mr. Richard Marceau: What nonsense. Frankly, Mr. Speaker, you know me, and I have always been respectful of the House, and I find it very difficult to stoop that low.

I have seldom seen a member, a parliamentary secretary to boot, make all kinds promises and talk about building bridges during the election, and then come out accusing us of spreading inaccuracies. It is so low, so childish and nonsensical that I will make just this remark: instead of condemning people on the basis of their political opinions and saying that, because somebody is a sovereignist, his opinion does not make sense, he should remember that the Ottawa based conference board, which does not even have a French name and is not a separatist outfit by any means, agrees with our conclusions.

Supply

Let him draw his own conclusions and think for himself instead of being told by his ministers what he should think.

* * *

• (1650)

[*English*]

BUSINESS OF THE HOUSE

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR): Mr. Speaker, I did not want to interrupt the flow of the chaos that was taking place in the last few minutes on this debate, but there have been discussions among the parties and I believe you would find consent for the following motion. I move:

That the vote on Motion No. P-20, under the name of the member for New Brunswick Southwest, that was deferred until the end of government business today be further deferred until Wednesday, March 20 at 3 p.m.

The Deputy Speaker: Does the hon. member for Pictou—Antigonish—Guysborough have consent to propose the motion?

Some hon. members: Agreed.

The Deputy Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

* * *

[*Translation*]

SUPPLY

ALLOTTED DAY—SOCIAL PROGRAMS

The House resumed consideration of the motion.

The Deputy Speaker: Pursuant to Standing Order 38, it is my duty to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Cumberland—Colchester, Foreign Affairs; the hon. member for Vancouver East, Post-Secondary Education.

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, it is a pleasure to rise to speak to the Bloc Québécois motion, which states:

That this House acknowledge the existence of a fiscal imbalance jeopardizing the continued quality of social programs, such as health care and education, in Quebec and in the other provinces.

We all know that the Séguin commission, which was asked to consider and investigate the causes of the fiscal imbalance in Canada, as well as possible solutions to that problem, tabled its report a few days ago.

It is sad to have to ask the federal government to acknowledge the existence of a fiscal imbalance in the country. We have to ask the Liberals to recognize a fact recognized by 64% of all Canadians and 74% of Quebecers, as well as all the political parties in Quebec, namely that the money is in Ottawa while the needs are in the provinces. Again, I find it sad that we have to spend a day of debate on something that is so obvious to everybody except the Minister of Finance, his parliamentary secretary, and the Minister of Intergovernmental Affairs, who deny this situation.

Even his former university colleague, the MNA for Chapeau, Mr. Benoît Pelletier, went as far as asking the Minister of Intergovernmental Affairs to stop denying that reality for he was sinking into ridicule. Those words were not mine, they were from his colleague in the Quebec Liberal Party.

Here are some other quotations. Bernard Landry said “The Séguin report gives an absolute, clear and easy to understand proof that Quebec, like other provinces, is being suffocated by the Government of Canada.”

Jean Charest, the current leader of the opposition in Quebec, said “There is clearly a fiscal imbalance.”

Mario Dumont, the ADQ leader, said “Now, even before thinking of decentralizing the federation, it is imperative to point out the major fiscal imbalance between Quebec City and Ottawa.”

What are the causes of the fiscal imbalance? The three main causes are: first, the imbalance between expenditures and access to revenue sources; second, the inadequate federal transfers; third, the federal spending power.

It is very simple, the federal government is piling up revenues largely exceeding its expenditures. As an example, in 2000-01, its revenues exceeded its expenditures by \$59 billion. That shows that this government is increasingly bulimic, as pointed out by my hon. colleague for Charlesbourg—Jacques-Cartier.

Moreover, as soon as they came to power, the Liberals started to cut unilaterally into the health and social transfers to provinces. In summary, the federal transfers account for a decreasing share of the revenue of the Quebec government from the early 1980s on.

In 2000-01, that share was only 16% of Quebec's revenues, compared to 28% in 1983-84. That is a 12% revenue shortfall.

What are the impacts of the fiscal imbalance? The Bloc Québécois has identified five major impacts. Essentially, taxpayer dollars stay in Ottawa, while the needs are in Quebec and the other provinces. That jeopardizes the health and education systems. People's needs are not well covered. Services delivery is not as efficient as it should be. The autonomy of Quebec and the other provinces in terms of decision-making and budgeting is compromised.

• (1655)

With its staggering surplus, the federal government is restricting the provinces' flexibility. Quebec, for example, will no longer be able to provide quality health care because its fiscal balance will be very precarious, according to the Séguin commission.

The impact on the regions of Quebec results directly from the other factors I just mentioned, which will have an exponential negative effect on the survival of the regions and their balance.

Moreover, it is clear that the impact on the development of Quebec's regions will be terrible in the years to come.

Supply

Representing as it does 25% of the total population of Canada, Quebec should normally be able to benefit from transfer payments in keeping with its demographic weight. This is, alas, far from the reality. At present, there is an under-representation of what are termed “structuring” expenditures, such as the purchase of goods and services, investments and grants to businesses.

Based on our estimates, Quebec receives \$3.5 billion less than its demographic weight entitles it to, which allows us to state that this deficit might at least partly explain the historical gap between the unemployment levels in Quebec and in Canada.

If we refer to the Institut de la statistique du Québec, for every \$100 million in expenditures by the central government, some 920 direct jobs and 381 indirect jobs are created.

If this \$3.5 billion shortfall were done away with, Quebec could hope to see 45,500 jobs created. This amount represents one third of the jobs in Saguenay—Lac-St. Jean. It represents a 1.4% increase in the activity rate for Quebec and close to 1% decrease in the unemployment rate.

Inevitably, the consequences of fiscal imbalance are extremely harmful for the regions of Quebec. In addition to the federal cutbacks in health, education and social services, the \$3.5 billion shortfall in structuring expenditures has a very negative impact on the economy of Quebec and the regions.

This is also the case for capital investments in the various regions of Quebec. In light of these figures, it seems obvious that the regions of Quebec are being abandoned by the central government and that they get back but a tiny portion of the taxes they send to the federal capital.

Let us talk about the Saguenay—Lac-Saint-Jean region alone. In 1998, taxpayers in my region sent \$508,464,000 to Ottawa in personal income taxes. In terms of capital expenditures, the federal government spent \$763,000 in my region in 1999, which is less than one half of 1%, even though we account for 3.9% of Quebec's population.

Since 1993, the Government of Canada has slashed transfers to the provinces. In Quebec, cuts in health transfers alone totalled \$1 billion. For my region, this represents a \$38 million shortfall since 1993, which is equivalent to the total budget of the Centre hospitalier de Jonquière.

It means fewer nurses, fewer doctors, less equipment and fewer direct services to the public. It has become increasingly difficult to get medical care quickly. Waiting lists for surgery keep getting longer. This is the direct result of what is happening now. People have no choice but to go to the United States to get medical care.

We are not asking the federal government to give us the moon. We are merely asking that it recognize that there is an imbalance, that the needs are in the provinces and that it is taking too much money from these same provinces. We are merely asking that it give back to the provinces what is rightfully theirs and stop denying the fact that a fiscal imbalance does exist. Everybody else agrees on that.

● (1700)

Mr. André Harvey (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, it is my pleasure, after my colleague's speech, to request clarifications on certain points.

In health, the premier of Quebec said the problem was not only a money and abudget problem. He said that it was also a problem related to resource management. Obviously he was referring to the thousands of people forced into retirement, which made it difficult to deliver services because of the lack of resources, nurses, doctors and so on. That was the first point recognized by the premier of Quebec.

My colleague from Jonquière often raises the impact of the Canadian government on regions. In her own region, our region, our university, a study was recognized by all economists. Lecturer Sergieh Moussaly proved that the impact of the Canadian government is much greater than the impact of the government of Quebec in remote areas.

He quantified his assertions in this way. There is an essentially positive impact of more than \$300 million, dollars impacts are essentially positive, compared to a deficit of approximately \$300 million in transfers by the province. These are the economic data. Mr. Séguin has his own data and we have an economist in our region who has proven that the impact of the Canadian government is largely positive.

I would like the hon. member to comment on this.

Ms. Jocelyne Girard-Bujold: Mr. Speaker, I am always pleased to answer to the hon. member for Chicoutimi—Le Fjord. We both come both from the same region, the most beautiful one: the Saguenay. The new city of Saguenay was created on February 16. I am proud to say this will be the name of the new city.

Even his former colleague, now the opposition leader in the national assembly, has said so. He said that the Séguin commission was right, and he acknowledged the existence of a fiscal imbalance in Canada. Canada was grabbing too much money while providing no direct services to the people. His former colleague and leader of the Quebec Liberal Party confirms what the Séguin commission said and what we, in the Bloc Québécois, are saying.

As for Mr. Moussaly's report, I have no idea where he got his data. He is the only one in Quebec saying that. However, Mr. Séguin is not the only one saying it and he is a former Liberal minister. I do not think that he has become a sovereignist. He agreed to do a job and he said, “Now, in 2002, we must get the facts straight about what is happening in Canada”. It is not only Quebec that is suffering because of this imbalance. All the other provinces are as well.

Mr. Séguin is not a member of the PQ nor of the BQ. He is someone who carried out a credible study and listened to witnesses. The commission sat down and listened to the people. People testified and said, “Yes, there is a fiscal imbalance.” The federal Liberals are the only ones to deny it. All the provinces say there is such an imbalance.

They are going to have to admit it. The finance minister will have to talk about it at the next finance ministers' meeting. That is all we want.

Supply

• (1705)

[English]

Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance): Mr. Speaker, there have been references made to the view of fiscal federalism of professional economists. I would like to bring forth one study with which I am familiar.

Mr. Mansell, chair of the University of Calgary economics department, has made some fairly extensive studies on fiscal federalism in the broad sense. He published a paper in 1998 that studied the period 1961 to 1998.

There were some interesting findings in that report. Only two provinces were net contributors to federalism under his study. There was Alberta with an average per capita contribution of \$2,000 per year and Ontario was second with \$244. Every other province was a net taker from the system.

There are some real disparities. Manitoba and Saskatchewan had the same standard of living as New Brunswick and Nova Scotia, but they received considerably less in the way of transfer payments, equalization payments and other benefits from the federal government.

One of the really perverse findings which relates to a comment that was raised by the member is that Alberta actually has a law which prohibits the provincial government from giving direct subsidies to a corporation or government. The federal government takes money out of Alberta and then turns around and gives grants to entities such as Bombardier.

I heard the member make comments that she thought Quebec was being shortchanged in that regard. I have a difficult time understanding her point. If I understand the Bombardier situation correctly, a whole lot of loans have never been repaid. They seem to be loans that nobody ever calls in. They just sit on the books and so on.

In her mathematics about Quebec being shortchanged on subsidies to corporations did she include these loans that never seem to have to be repaid by Bombardier?

[Translation]

Ms. Jocelyne Girard-Bujold: Mr. Speaker, I am quite happy that the member of the Canadian Alliance has asked that question. However I believe he has not read the Séguin report. I will send him a copy of the English translation so he can read it. I am sure he will find it very interesting.

He is talking about one thing and we are talking about about another. It is a credible study carried out by credible people. Moreover, the finance ministers of all provinces, as well as other credible people, said there was a fiscal imbalance in Canada.

Therefore I cannot answer his question. I do not know what he is talking about. However I will send him a copy of the Séguin commission report.

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, the Bloc members still know only one tune. I do not think they listen to what we have to say. As my colleagues said earlier, federal-provincial relations are balanced in Canada.

I think we can say that the government's financial situation is better than it was before, and it makes us very proud. Our government has done a remarkable job in balancing our public finances. Caution and efficiency have paid off for the government.

Surpluses have been a long time coming. My colleagues from the Bloc have a short memory. We had deficits from 1981 until 1997. All in all, over \$506 billion in deficits. In comparison, deficits from 1993 to 2000 totalled \$35.8 billion. We have to continue to be careful.

Fortunately, this is something the governing party, the Liberal Party, has realized. My colleagues from the opposition parties and the Bloc in particular have a long way to go. We should not forget that the provinces also have surpluses, as well as a whole series of tax measures. They can collect personal income taxes, corporate taxes as well as sale taxes. They also get revenues from the lotteries, the sale of alcoholic beverages and the development of natural resources.

Transfers to the provinces also go to show how balanced our federation is. For instance, equalization payments help the provinces provide similar services to everyone in Canada. The federal government is assuming its responsibilities. It is providing all Canadians with equal opportunities through transfers and programs. These strategic investments are well targeted, something the public appreciates.

Under the various transfers, the provinces are free to set their own priorities. My colleagues from the Bloc are quoting those conclusions of the conference board that serve their own purposes. I would remind the House that this study shows that Quebec will have a deficit in 2002-03. However, on March 13, *Le Soleil* reported that the Quebec finance minister keeps saying that there will not be a deficit this year.

I am interested to know what the Bloc Quebecois thinks about this. Do my friends from the Bloc still totally support this study? We believe that a 20 year forecast is a very long period. Most forecasters do not go beyond two years in their studies. Moreover, the conference board assumptions are unrealistic. They take for granted that in the next 20 years there will be no recession, no tax cuts and no new spending. It is unrealistic.

One does not need an degree in economics to know that this is not going to happen. Things change.

• (1710)

The Bloc has joined with the Seguin commission to ask for the abolition of the Canada health and social transfer. Why abolish a program that is working so well? Quebec gets a lot from this program, from a financial as well as a social standpoint. Thanks to this program, the province has more money to invest in health and social programs, based on Quebecers' needs.

For example, in 2002-03, Quebec will get \$8.5 billion, and during the next few years, this amount will go up. Following the agreement of September 11, 2000, there will be a \$5 billion increase over five years in the cash transfers through the Canada health and social transfer. Once again, the Quebec government will be able to use that money as it sees fit.

Furthermore, I believe my friends from the Bloc Québécois should have a long term rather than a short term vision. However, it is true that the way things are going the Bloc might not be here for a long time.

If the provinces kept revenues from the GST, this would be a disadvantage for Quebec. Such a change would result in increasing inequities among the Canadian provinces. The Liberal Party has always wanted to ensure equal opportunities for all Canadians. Moreover, such a transfer would be difficult to apply to provinces other than Quebec.

My colleagues from the sovereignist party can campaign on this issue but I am sure they will not reach their objective. A consensus with the provinces outside Quebec is not possible.

With the Séguin commission and the resulting demands, my colleagues from the Bloc and the Parti Québécois believe they have found a way to embarrass the federal government. They say they want to improve federal-provincial relations and, consequently, the federation. Come on. The Bloc improve the federation? No one is fooled. The prime objective of my colleagues of the Bloc and the separatists of the Parti Québécois is to make Quebec a sovereign state. All they want is to dismantle Canada. This is their objective.

A new fiscal arrangement would help to increase the autonomy of the Quebec government and to put aside the Government of Canada. For my colleagues, the sovereignists, greater autonomy boils down to a greater independence and, consequently, to Quebec's sovereignty.

They should stop using roundabout means to reach their objective. They should tell the truth. They should be honest with Quebecers. They would soon realize that the members of the Bloc are not speaking on Quebec's behalf, but on their own.

I always heard that the Bloc was a leftist party, but what a surprise it is to hear its members talking about balance. They are not taking the economic element into consideration.

I will say this in another way. The federal government is constantly trying to maintain the balance in public finances and in the common good. The prosperity and happiness of a society are not measured only by the thickness of one's wallet. We have understood this well.

This is why we have developed various social initiatives such as the strategy against tobacco, the antiterrorist legislation, the anti-gang legislation, the new immigration legislation and the employment insurance reform.

I will stop here because I know an hour would not be enough for me to list everything. I believe that it must be understood that our government has an overall and long term vision, which makes the difference. This is certainly why the Liberals are in office and Canadians continue to put their faith in us. Can the Bloc Québécois make the same claim? I do not think so.

• (1715)

My colleague spoke earlier about transfers and economic development. We have seen what the provinces and municipalities across the country can do in these areas. Finally, when it comes to

Supply

transfers between the federal government and the provinces, the majority of these transfers, as I mentioned earlier, are in the fields of health and social programs.

Let us look at other things the federal government has accomplished thanks to the different ministers. Let us take the example of the Minister for International Trade. Thanks to his quite practical policies that show such extraordinary vision, we have managed to increase revenue levels in Canada. Before, international trade revenues accounted for around 25% of our GDP, now international trade revenues make up more than 45% of Canada's GDP.

These federal government policies yield direct benefits to the provinces, and also to Canadians, in the end, whether they be from Quebec or anywhere else in Canada.

Another issue. Let us take the example of the Prime Minister and the Minister of Finance's policy in the field of taxation. We have seen how federal prudence has led to extraordinary benefits, particularly when it comes to interest and inflation rates, which are very low now. Both of these federal fiscal policies benefit the provinces directly, and Canadians too, including Quebecers.

If we take these two examples alone, the government's international trade policy, which brings in lots of revenues to Canada, and the government's domestic fiscal policy, these two issues provide direct benefits to the provinces and to Canadians.

As regards confederation and the different areas, the provinces, including municipalities across Canada, have all of the means necessary to try to find opportunities for citizens in their province or municipality. It is not always entirely up to the federal government. When things go well, everyone is happy to take the federal government's money, but when there are problems, then they begin to blame the federal government.

The provincial, municipal and community levels all have their responsibilities. Finally, we should all take our responsibilities seriously. The provinces should take their responsibilities seriously too, and set up fiscal and economic policies that meet the needs of their citizens.

My colleague from the Canadian Alliance said that Alberta paid out much more money than it should. So they will be very glad to discuss federal transfer payments to the provinces. Mr. Harris, in Ontario, will probably be quite glad and will probably agree with my colleague from the Bloc Québécois that we should discuss federal transfer payments.

• (1720)

That is not the way this federation was built. It is based on more solid ground than just transfer payments between the federal government and the provinces. This federation is based on equality for all citizens, on justice and on the feeling that we are at home throughout this country.

Supply

Examples abound. It is just never said that something is perfect. We say we keep striving for the ideal system. Canada is an ideal country. There is a good reason for the fact that, five years in a row, the UN said that Canada was the best country to live in.

I wonder why my colleagues from the Bloc Quebecois have never realized how beautiful this country is. They have never come to their senses to tell us "We made a mistake". We will forgive you. That is fine. Everybody makes mistakes. Nobody is perfect.

We are saying that we will do our utmost to build a Canada that is strong, that is fair and that provides equal opportunities for all. It is possible to be Quebecers, to believe in Quebec and in Canada. Let our colleagues rise and say "We love Canada, we want to build a strong country, a Canada that provides equal opportunities, a Canada that takes care of its people". I guarantee that, on this side of the House, we will applaud. But saying that discussions will start all over between Canada and the provinces to resume an old battle will not meet the needs of Quebecers.

Let us go back to the nineties. Mr. Speaker, you were a member of this House then, as you are today. We remember the issue of federal transfers to the provinces. Had the cuts imposed by the Conservatives been maintained, next year and the year after that, there would have been no money at all transferred from the federal government to the provinces for health and education.

We went through difficult times, no doubt about that. Times were hard. We had a \$42 billion deficit and a debt of more than \$500 billion. Something had to be done.

As soon as we succeeded in having a surplus, in balancing the government's budget, we started investing in education and health. What is more, for the first time in modern Canadian history, the provinces were given something they did not have until then: certainty. When a transfer is made to the provinces, they can now plan for five years without any fear of federal government cuts. This is something that did not exist before. This has been accomplished through the leadership of this government and the ministers responsible for Human Resources Development, and others.

My colleagues should rise and applaud the work that has been done by the federal government, the leadership it has shown over the past nine years. They should say that this federation is one of the best in the world. I am certain that my colleagues on this side of the House will applaud them. This is the reason for the difficulty with this motion.

● (1725)

[English]

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I listened with great interest to the hon. member for Ottawa Centre. He has strayed far from the motion. It is a finely worded motion which puts forward a critical issue: Why are our social, educational and health care programs in jeopardy?

The hon. member has failed to acknowledge in any way the critical situation facing Canada today. He can crow all he wants about the great Liberal government but it has lost the moral high ground in the debate. It has lost its vision about what is taking place.

Let us look at the evidence of the Romanow commission. Why do we have a royal commission on health care? It is because our health care system is in crisis due in large part to a lack of federal funding.

Why do we have a 30 year low in federal financing for educational programs? Why do we have the widest gap between rich and poor in Canada that we have seen for 30 years? It is because of these fiscal arrangements. I am disappointed the hon. member has not acknowledged this in any way.

Would the hon. member look at the evidence and discuss the situation as it relates to health care? A royal commission is studying the question. Surely he must acknowledge that one of the reasons we are in crisis is the federal government's massive devolution and retreat from public funding of health care. We have gone down from 50 cent dollars to 14 cent dollars.

The hon. member should take an honest hard look at what is going on in many communities. People are hurting as a result of the imbalance.

● (1730)

Mr. Mac Harb: Mr. Speaker, my colleagues in the Bloc applauded my colleague in the NDP. That is because they have two completely different agendas.

My colleague in the NDP posed an important question. However I would remind her of when the NDP government was in power in Ontario. She knows full well it is easier said than done. Members in opposition can call on the government to do all kinds of things, but when it comes to governing we must take our responsibilities seriously.

We saw what happened when the NDP was in power in Ontario. The government moved from a positive fiscal situation to a huge deficit in excess of \$60 billion a year. The province of Ontario was literally wrecked. I am not surprised that as a result Ontario is seeing the kind of ravaging that is taking place under the Tory government of Mike Harris. In part he claims to be repairing the damage done by the NDP. Members can see the rationale. If we go to the NDP at the extreme left of the political spectrum we could wreck the government. If we go to the extreme right of the political spectrum we could ravage the province.

Another case in point where the NDP governed, supposedly with heart, is the province of British Columbia. The province was one of the richest in Canada. Sadly, as a result of its NDP government British Columbia is one of the have not provinces. I say this in all fairness and not to pick on my colleague. Her question is a legitimate one. It is imperative to recognize we have gone through a difficult time. It is also important to recognize the difficult time is behind us. We must now look ahead.

Supply

In the nineties when we came to power we acknowledged we had to make cuts. We started at home. With the exception of the Department of Indian Affairs and Northern Development every department of the Government of Canada has seen cuts. We had to clean house. We had to prepare for the next century. Otherwise we would not need this debate. We would not have money to pay for even the basic and necessary expenses of our citizens.

We had to go through a difficult time so we could have a bit of a surplus. Now we are in a position where we can start investing in the future of Canadians. During the difficult times when we had a deficit none of my colleagues on the opposition side were asking for anything more than for the government to continue to work to establish a fiscal balance. We have done that because Canadians told us they wanted a fiscal balance. They wanted a healthy economic situation and we have done that.

Now we are saying we must work with Canadians to improve on the services we are providing. Mr. Romanow's report is being made public. We asked Canadians to give their input because we are Liberals. Being a Liberal means always having an open mind to ideas and looking ahead to the future. We do not close the doors and say we know it all. We never claimed to know it all. If there are recommendations that will improve the health care system and the services we provide to Canadians we will surely follow through with them.

My colleague knows full well the government is committed to social justice. She knows full well the government has a heart and responds to the needs of Canadians. We have turned a corner. We are in a situation where we can use some of the dividend for which Canadians have worked so hard and invest it in the future of Canadians. That is why we are securing to the provincial governments the transfer payments and tax points we have already committed to them. We will continue to work with the provincial governments and territories to ensure the federation truly works.

• (1735)

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, last week when it went to -37° in my riding I promised some of my friends if they voted for me I would solve the mosquito problem. Lo and behold, we saw no mosquitoes last week. That is the same as the hon. member claiming the government did such wonderful fiscal work in balancing the budget, posting surpluses and making a mediocre paydown of the debt. It is exactly the same as the Liberals claiming they have done a great job. They had no more influence on the deficit than I did in solving the mosquito problem in Alberta. The economy was flying. We would have done a lot better if the tax and spend Liberals had not been in power.

The Liberals took \$30 billion in EI surpluses. They took \$30 billion out of the pension funds of civil servants. Some \$60 billion is missing. Where did it go?

Mr. Mac Harb: Mr. Speaker, before I answer, my distinguished colleague from Quebec brought an interesting point to mind. Perhaps my colleagues in the Bloc who put the motion before us today want to pass a message to their Quebec colleagues on this side of the House that it is time to go to the people of Quebec and ask for another mandate to see whether the people of Quebec agree with what my hon. colleague is proposing to the House.

My hon. colleague asked a question about missing money. There is a myth in the public domain about the EI fund. Allegedly there is a separate box sitting somewhere into which the money goes and into which someone could come and tap the account.

The reality is that there is no such account per se because every dollar that comes to the government goes into the general revenue fund. On an annual basis when the government does its budgeting plans it looks at what it has received in terms of income and what it has in terms of expenses.

The myth in the public domain that we are sitting on some huge surplus in the EI fund is frankly totally inappropriate. It is my hope that somehow we come to a non-partisan understanding that there is no such thing. There is the general revenue fund, period. There is no money missing anywhere.

[*Translation*]

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Mr. Speaker, our Liberal colleague wants us to applaud. Most of all I think he wants members of his party to applaud because we are all aware of his hopes for the presidency of the Liberal Party of Canada.

However, with all due respect, I did understand that he was telling Quebec to tax lotteries and alcohol even more if it wants to replenish its treasury; he did not mention tobacco, but that goes without saying. The bottom line is that the member is suggesting that Quebecers pay for their health care by making themselves sicker. That is the member's theory. As a national vision it is not very impressive.

He said that by our motion—he attacked Bloc members—we want to talk about sovereignty. What about his very partisan attack on the NDP member who basically asked the same question as we did?

In closing, I would like to ask the member what he thinks about the federal intrusion into provincial jurisdictions, and especially about the last thing the Minister of Finance dreamed up, financing the municipal infrastructure program through a foundation in order to get around provincial jurisdiction. I could also talk about the Canada Millennium Scholarship Foundation but there is little time left. I will just ask him to answer the question.

Mr. Mac Harb: Mr. Speaker, my colleague mentioned several things. I do not know if I will have enough time to answer, since I only have one minute left.

I will mainly focus on the last point, that is, infrastructure. I am convinced that the member will agree that federal investments in infrastructure are outstanding.

An hon. member: Talk about the provinces.

Supply

Mr. Mac Harb: Whether we are talking about the provinces or about the citizens in all the provinces, whether it is municipalities or MPs, like my colleagues, at the end of the day, we all have opinions and visions; we all have ideas; we all want different things in different places. It is important, therefore, to have infrastructure programs, and this is why the government has implemented various infrastructure initiatives.

I hope that, as soon as we have the details, my colleague will cooperate with the minister responsible and the government to ensure visible results in his area and to create jobs.

• (1740)

Mr. Robert Lanctôt (Châteauguay, BQ): Mr. Speaker, I will be sharing my time with the member for Terrebonne—Blainville.

In rereading the motion, I think that we will be able to understand clearly the impact of the statement and we will be able to conclude that it is not without foundation. On the contrary, it is very serious, worrisome and urgent.

The motion reads as follows:

That this House acknowledge the existence of a fiscal imbalance jeopardizing the continued quality of social programs, such as health care and education, in Quebec and in the other provinces.

We acknowledge that this imbalance is real and that it will not go away of its own accord. On the contrary, it will keep on growing. In fact, what is real is that there is a consensus as to the existence of this fiscal imbalance.

The polls clearly show that 64% of Canadians—these are not just sovereignists—and 74% of Quebecers acknowledge that there is a blatant fiscal inequality between the federal government, Quebec and the provinces, and all are critical of it.

We can obviously conclude that those surveyed included ardent Liberals. So I have trouble understanding why the Liberal MPs duly elected to represent them are still refusing to do so. I wonder about the real intentions of parliamentarians who refuse to acknowledge such a clear consensus and denounce the unacceptable actions of their government.

The opinion of Quebecers and Canadians is clear: the money in Ottawa's coffers should be redirected towards Quebec and the provinces in order to ensure the continuity of social programs. We will be able to restore balance between the amounts of money lying idle in Ottawa and the health and education needs of Quebec and the provinces. This is what 72% of Canadians and 74% of Quebecers are calling for and the federal government is doing nothing. In fact, it shows no intention of doing this, which is a major concern. What are the elected representatives of all these people doing? What sort of representation are they providing their constituents?

How can there be such a great divide between the federal and provincial Liberals. On the one hand, all political parties in Quebec, including the Liberal party, are critical of the fiscal imbalance created by the mismanagement of the federal Liberal government and, on the other, this same party completely refuses to acknowledge it. I cannot understand how there can be such a difference in opinion between the federal and the Quebec wings of the Liberal Party.

There is also unanimity among the premiers and the finance ministers of Quebec and the other provinces. They have spoken repeatedly about the crisis, but Ottawa has been slow to respond. Again, I cannot understand how so many premiers, finance ministers and citizens can be wrong, while only the federal government is right.

It might be appropriate to review the origins of the fiscal imbalance so that we can understand its scope and direction. First, we have to realize there is a marked difference between spending and the accessibility of funding and sources of revenue, for each level of government. Second, transfer payments to Quebec and the provinces are clearly insufficient. Finally, the intrusion into Quebec and the provinces' constitutional jurisdictions through the federal government's spending power is another source of this fiscal imbalance, which is penalizing us.

There are also other facts that magnify the imbalance between Ottawa and Quebec and the provinces. It has to be pointed out that, on the one hand, federal government revenues are steadily increasing while its expenditures are stable and its debt service is diminishing, and on the other hand, Quebec and the provinces' expenditures are steadily increasing, as well as their debt service.

That is how the federal government managed to find significant budget flexibility. Those are the causes of the fiscal imbalance.

Now, it would be appropriate to look at what the impacts will be. Because of the scope of the fiscal imbalance, the wheels of the Quebec government are affected in terms of the delivery of services in health and education.

• (1745)

The federal Liberal government is not doing anything to correct this situation, which has been persisting and which is deteriorating.

Based on this, it is obvious that Quebec must have real budget independence. To totally reject this independence means is tantamount to not giving due consideration to Quebecers in decisions that concern them. This is unacceptable. To act in this fashion results in the inappropriate development of public policies.

In spite of the jurisdictions that they enjoy under the Constitution, Quebec and the other provinces are often forced to act in compliance with the requirements of the federal government, even in their own jurisdictions. Why? Because Ottawa pulls the purse strings.

As I just pointed out, there are situations where federal requirements do not reflect Quebec's priorities. Since the Constitution gives exclusive jurisdictions to Quebec and the provinces, it is urgent that related resources be also given to the entities that are responsible for the fair distribution of these resources, namely Quebec and the provinces. Otherwise, it becomes impossible to do justice to the public because of a lack of resources.

Supply

So, because of the federal government's miserliness, the public is penalized regarding priority services such as health, education and income security. What is the federal government's response? Is the Liberal federal government receptive to people's needs? Is the Liberal federal government even listening to the public, to its voters? I doubt it. This government completely rejects the public's wishes, as shown in the polls.

The commission that reviewed Quebec's fiscal imbalance tabled its report on March 7, the Séguin report. As members know, Mr. Séguin is definitely not a sovereigntist. He worked for federalism and he is able to look at the Constitution in a consistent manner. It is not being respected. There is a fiscal imbalance. The report is supported by figures. I am asking all members of this House to read this report, even if they come from western, central or eastern Canada. Read the report. Each member of parliament, in his or her province, has the same problem.

This report addresses four sectors of recommendations. First it recommends restoration of fiscal balance. This is to be done by increasing the funds available to Quebec and the provinces by at least \$8 billion. Note that this is an annual figure. For Quebec, this represents \$2 billion in the medium term and \$3 billion in the long term.

Second, equalization payments must be improved, taking into account the fiscal capacity of Quebec and the provinces, rather than that of five provinces as is the case at present. This would, among other things, require elimination of the existing ceiling and floor provisions, as well as being reality based.

Third, it would be essential to restrict the federal government's spending power. To that end, Quebec would be justified to exercise its unconditional right to opt out with full financial compensation in respect of any federal program which, by its power of expenditure, encroaches on areas of Quebec and provincial jurisdiction.

Finally, the Séguin report recommends the prevention of any potential future imbalance. It is recommended that there be a transparent process as far as the relationship between Quebec and Ottawa is concerned.

We have the facts before us and the proof is on the table. How can the federal government deny them? Fiscal imbalance exists today and will only continue to grow if nothing is done, so something must be done right now. Health and education cannot wait since our young people are the ones who will bear the brunt of this.

The position of the national assembly is clear, as is that of the provincial first ministers. It is now up to the federal government. It is high time for the federal Liberal MPs to act like true representatives of the people of Quebec and to finally respect the parliamentary process.

• (1750)

It must be kept in mind that we were elected to represent our fellow citizens.

We are answerable to them. That is why the Bloc Québécois will continue to speak out against the unacceptable actions of the Liberal federal government, this government which is mocking the people of Quebec. The Bloc Québécois will then show that it is the one and

only party providing responsible representation of the people of Quebec in Ottawa.

Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.): Mr. Speaker, I would like to put a question to my colleague. I know the Quebec Liberal Party decided not to join the Quebec government coalition because, even though it agrees with the issue in principle, it thinks this study will only be about sovereignty and that the Quebec government will only use it as another tool to promote its main objective which is sovereignty for Quebec.

Maybe my colleague from the Bloc could tell us once and for all why, since it has been in place for four years now, the government does not call a general election in Quebec and give all its citizens, like my colleague and myself, the opportunity to express their opinion on this issue and choose the government they want for Quebec.

That could be the solution. Why is the Parti Québécois so unwilling to call a general election?

Mr. Robert Lanctôt: Mr. Speaker, it is really strange to hear a former Quebec MNA ask when the Quebec premier will decide to call an election.

First, it is up to the premier of Quebec to decide when he is going to call an election. This will surely happen during the coming year.

Here is my answer to the hon. member's first question: it is the provincial Liberal leader, Jean Charest, who refused to be party to the coalition. He thus showed an incredible lack of vision and inability for someone who wants to realize the best interests of Quebec. Because of his partisanship, his militancy, he refused to make use of such an important commission that submitted real data. He is making a terrible mistake, and this goes to prove how unsuited he is to be the premier of Quebec.

It is time for people to realize that this person—you gave me the opportunity to say so—does have duties and should read the report. He himself recognized there was a fiscal imbalance but today he is refusing to make use of an essential instrument like the Séguin Commission. So I fail to see how this man could ever lead Quebec.

Mr. Serge Marcell (Parliamentary Secretary to the Minister of Industry, Lib.): Mr. Speaker, the imbalance that exists in Quebec is not fiscal, but political. In 1998, the Liberal Party of Quebec got more votes, but the Parti Québécois got more seats. Therefore, there is a deficit, a political imbalance.

The fact is that the Government of Canada, the federal government, has the responsibility of wealth distribution, and to do that, it has a tool called equalization. It is through equalization that the Government of Canada can intervene in some provinces in order to support the delivery of various services to the people, such as education, health care, and so on.

Points of Order

Before 1995, the Bloc Québécois criticized the Liberal government then in power for its successive deficits. Today, it criticizes the government for running surpluses. Yet, I am at a loss to comprehend how one can say that there is a fiscal deficit or imbalance between the provinces, between Quebec and Ottawa when the Government of Canada has a debt of over \$500 billion. It is fairly clear to me that normally surpluses should be used to pay down the debt.

Moreover, the Government of Canada must pay off a debt that is owed by all Canadians: Quebecers, Ontarians, Manitobans, etc. We cannot talk about a fiscal imbalance when the Government of Canada has to pay off a debt of more than \$500 billion. Canada's debt is, on a per capita basis, higher than Quebec's.

• (1755)

Mr. Robert Lanctôt: Mr. Speaker, actually, my government colleague did not ask a question, he just made a comment. I would have preferred a question from him. I will try to analyze his comment to find out if there was anything he did not understand.

Speaking about equalization, one should first consider the ability to generate revenues, as well as the health and education needs. The equalization system needs to be reviewed. That is what is mentioned in the Seguin report. The member should read it.

He says that there is no fiscal imbalance, so I would ask him—but I cannot because I have to answer, and I am having a problem due to the lack of questions—I will simply tell him that in the 1970s the federal government was sharing health costs on a 50:50 basis. The provinces were paying half of the costs, and so did the central government. Today the latter pays a meagre 14%.

While on the subject of tax points, the parliamentary secretary referred to 30% and 32% only. If I asked my kid, a first grader, whether there is an imbalance, given the fact that I used to pay 50% while I now pay only 30%, he could easily answer. The government reduced the transfer payments beginning in 1993. There is no denying it.

Transfer the money to the provinces, transfer all the tax points—

The Deputy Speaker: I am sorry to interrupt you, but the hon. member for St. Albert is raising a point of order.

* * *

[English]

POINTS OF ORDER

SUPPLEMENTARY ESTIMATES (B)

Mr. John Williams (St. Albert, Canadian Alliance): Mr. Speaker, I rise on a point of order with regard to several items contained in the supplementary estimates (B) for 2001-02. I am rising at this time because in Marleau and Montpetit, at pages 734 and 735, it states:

—Members raise questions about the procedural acceptability of Estimates as early as possible so that the Chair has time to give “intelligent” consideration to these questions.

Speaker Jerome suggested that this take place on the next to last allotted day of a supply period, which is today.

On page 125 of the supplementary estimates (B) for 2001-02 there are a number of votes listed under the Department of Public Works

and Government Services. I am referring specifically to votes 6b, 7b, 8b and 9b, which are all one dollar items.

On page 733 of Marleau and Montpetit there is a significant amount of information on one dollar items. It states:

Dollar items may be used to transfer funds from one program to another; to write-off debts; to adjust loan guarantees; to authorize grants; or to amend previous appropriation acts.

Marleau and Montpetit continues to state on the same page:

The inclusion of one dollar items in the Estimates also gave rise to the issue of using Estimates to “legislate” (i.e., Estimates going beyond simply appropriating funds and attempting to obtain new legislative authority which would otherwise require separate enabling legislation through the regular legislative process, outside the Supply procedure).

Continuing on page 735, Marleau and Montpetit states:

The Chair has maintained that Estimates with a direct and specific legislative intent...should come to the House by way of an amending bill.

I would like to quote Speaker Jerome who, on March 22, 1977, ruled:

—a supply item in my opinion ought not, therefore, to be used to obtain authority which is the proper subject of legislation.

Indeed, Speaker Jerome ruled an item that sought to extend and exceed a sum of money to be paid out according to the provisions of a statute was out of order.

Let us now examine the items I mentioned earlier. I will first deal with Department of Public Works and Government Services vote 6b with the Supplementary Estimates currently before the House.

Vote 6b for the optional services revolving fund in the amount of \$1 states:

—in accordance with section 12 of the Revolving Fund Act R.S.C. 1985, c. R-8, to amend subsection 5.5(3) of the Act by reducing from \$75,000,000 to \$35,000,000, effective March 31, 2002, the amount by which the aggregate of expenditures made for the purpose of the fund may exceed the revenues.

Let me first quote subsection 5.5(3) of the Revolving Funds Act:

The aggregate of expenditures made under subsection (1) shall not at any time exceed by more than two hundred million dollars the revenues received in respect of the purposes mentioned in that subsection.

I believe I have the most recent copy of the Revolving Funds Act taken from the consolidated statutes and regulations on the Department of Justice's website, and according to the website, last updated on August 21, 2001.

Mr. Speaker, you will note the discrepancy of amending the supplementary estimates (B) from \$75 million down to \$35 million effective March 31, 2002 when it appears that the statute currently reads \$200 million. I fail to see how one can amend a number that does not exist in the statute. Therefore, for that reason, vote 6b should be struck from the supplementary estimates.

Supply

Let me also quote section 12 of the Revolving Funds Act. It states:

The provisions of this Act may be amended or repealed by an appropriation act.

I repeat again from Marleau and Montpetit, which states that Speaker Jerome ruled an item that sought to extend and exceed a sum of money to be paid out according to the provisions of a statute was out of order.

There is a long parliamentary tradition which states that supplementary estimates cannot be used to amend an appropriations act. Yet section 12 of the Revolving Funds Act states that it may be amended by using an appropriation act. Clearly, we have a conundrum where the House of Commons reserves to itself only approving money through the appropriations act yet legislation says that a bill can be amended through the appropriations act.

● (1800)

Therefore, Mr. Speaker, I ask that you rule on this issue with sufficient rationale provided because no doubt the ruling I am requesting will be used as a precedent from this point forward.

It is clear that vote 6b of the Department of Public Works and Government Services seeks to amend already existing legislation by way of a supply bill. The government should seek this legislative authority by amending the legislation already in place but not with a supply bill, as indicated by your predecessors in the chair.

In Speaker Jerome's ruling of March 22, 1977, he stated that it was his view that:

—the government receives from Parliament the authority to act through the passage of legislation and receives the money to finance such authorized action through the passage by parliament of an appropriations act.

Today, we have an instance where a supply bill is being used to amend legislation. No one is disputing that point but the question is, is it appropriate for the legislation to contain a clause which allows it to be amended by an appropriations act?

The same rationale applies to votes 7b, 8b and 9b of the Department of Public Works and Government Services.

Mr. Speaker, this might seem to be a trivial matter to the government across the way but, as you know, I maintain an active interest in assuring that the supply process is properly carried out. Indeed, your ruling of November 22, 2001 on the matter of Canada Foundation for Sustainable Development Technology was a clarion call that indicated that the government cannot take parliament for granted and break the rules when it sees fit.

Therefore, Mr. Speaker, I would ask that you give serious deliberation to the conflict between parliamentary procedure, parliamentary tradition and parliamentary supremacy on one hand and a piece of legislation on the other hand.

I do hope, Mr. Speaker, that you will uphold the supremacy of parliament and rule Department of Public Works and Government Services votes 6b, 7b, 8b and 9b of the supplementary estimates (B) for 2001-02 out of order and send a message to the government to get its house in order so it does not treat this House as an afterthought.

● (1805)

The Deputy Speaker: I thank the hon. member for St. Albert for his intervention. The Chair will give this matter the serious deliberation that he suggested and even, hopefully, meet the test of that intelligent consideration he also referred to in his earlier remarks.

I will take the matter under advisement and will return to the House if necessary.

* * *

[*Translation*]

SUPPLY

ALLOTTED DAY—SOCIAL PROGRAMS

The House resumed consideration of the motion.

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, I would have liked to follow up on what my colleague of Châteauguay was saying, but we were somewhat interrupted by another debate. However, I would like to come back to the text of the motion proposed today. It says:

That this House acknowledge the existence of a fiscal imbalance—

It is quite obvious that our colleagues opposite do not want to acknowledge this fiscal imbalance, even though a few years ago at the premiers' meeting in Victoria, the veil had been lifted on this issue, even though the Romanow commission will certainly talk about a financial resource problem, about a lack of money, even though the Séguin commission, on which everyone in Quebec agreed, effectively acknowledged the existence of this imbalance, even though, at the Standing Committee on Finance the Canadian Medical Association came to tell us that there was a lack of money in health care and the Canadian Federation of Nurses Unions came to tell us that they had difficulties, despite all this it would seem there is a lack of will somewhere.

Of course I understand that the government wants to toe the line drawn by the Minister of Finance because it is in the same party, but the fact remains that there is a fiscal imbalance and one must be right in the field to really know the extent of it.

I was president of a local community health centre in Quebec from 1990 up until very recently. I was also vice-president of a regional board. One must have experienced all the changes in the health system and have gone from door to door, including to the federal, to be told that there is no money and that no more will be added, to understand the scope and consequences of this fiscal imbalance. I would like to talk about the consequences of this imbalance.

There is a fiscal imbalance in Quebec as in other provinces. I had the opportunity to travel to different places where there are no local community health centres. In New Brunswick, for instance, there are community centres providing certain services and health care. In Ontario, particularly among French-speaking communities, people specifically complain about the lack of services and say they should normally have more, but there is not enough money. The same applies to Alberta, where there are problems at the regional level.

Supply

The result is that our needs are badly covered. There is a lack of services. How does this translate? Take geriatric medicine. We know that the population is aging. How can we ensure a minimum of care in geriatric medicine when we do not have the money? When we raise this with the federal government it tells us to discuss it with the provinces. The federal government is also responsible for these people as they age.

How can the federal government not be responsible for children with reduced motor skills? How can people with intellectual disabilities be overlooked? How is it we can ignore psychosocial needs? That is the problem right now.

I also experienced all of the transformations in the health care system. I was there in 1990. When the Liberal Party, the current federal government, came to power and decided to download its debt on the backs of the provinces it created a monumental mess where every province was forced to turn on a dime and do reorganize their own health care systems in turn. The provinces are under tremendous pressure now. There is no fat left to trim. They have done what they had to do.

• (1810)

What is happening is that the federal government continues to keep the money that it said it was going to give us. It was temporary, I remember.

In health, I remember that the federal Minister of Health visited the regional health services board in my community. The minister said "We are asking you to get things in order. We are asking you to clean up shop, but only for a few years, the time we need to get the healthcare system back in shape".

We did get things in order, but the budgets never came and the promises were never fulfilled. It is not surprising. I think it is like the bridges that we were promised at one time.

In Quebec we tried, and we are still trying, to establish a health care system that cannot be found elsewhere, that does not exist in the other provinces. It is a system of integrated services where we call on the services of all of the stakeholders in the system together. These integrated service systems ensure cohesive services in prevention and health promotion. We need money for this. It takes money in order to promote health.

When looking again at the consequences of the fiscal imbalance, we can see that it leads to a loss of efficiency. In Quebec, we have had to send people out of province to get medical care. I think it has also happening in other provinces, but we do not hear about it because it is embarrassing. Proper care could not be provided to these individuals. We did not have the technology. I know it has happened in British Columbia and Manitoba, where people were quietly sent to the United States to get medical care. Quebec is not the only one talking about a fiscal imbalance, and it is not the only one experiencing problems with the health care system.

At one point, the government opposite introduced a policy to let people know how lucky we were to have volunteers in Canada. These are community groups that are often dirt poor, whose staff are paid hardly anything. They have a hard time making ends meet. Were it not for these community groups, and these volunteers trying to provide services, how would these services be provided? Directors

of regional boards have to set priorities. Who should have priority? Young people? Women? The handicapped? The elderly? What is a regional board to do when it is \$80 million short in its budget? And the situation is the same in all regional boards, whether in the Saguenay region or in any other region in Quebec.

Francophones in Ontario have difficulty obtaining services. That is still a very real problem.

I have nothing against paying part of the debt, but we cannot create a new debt in the process. Canadians and Quebecers must not lose services just because the debt has to be paid down. Prevention is part of health services, and it is something we have to work at every day. Therefore, we have to invest in it.

I hope the government will at least admit that there is a fiscal imbalance and put extra money into health services.

I also hope that Quebecers who saw tonight how the Bloc is fighting to get the money needed will remember that at the next federal elections. I certainly hope that they will elect people who will truly represent them and that they will consider the fact that the Quebec government has done its utmost, in health, to turn the situation around, despite the cuts imposed by the federal government.

• (1815)

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, I wish to congratulate my colleague on her speech. I listened with great interest. What she said is true. It is true that there is an imbalance. The needs are in the provinces and the money is in the federal coffers.

In addition to what my colleague said, how should the government acknowledge this imbalance? How should it return the money to the provinces? Does she agree that it should not create any programs but those requested by the provinces and rather give the money back to the provinces?

Ms. Diane Bourgeois: Mr. Speaker, when I was the vice-chair of the Lanaudière Regional Health Board, as I said in my speech, the federal Minister of Health of the day came to visit us. We told him about our needs to meet the people's expectations.

He just hid behind his role as a minister and said "Yes, I will give you a little bit of money. I do not have much, but I will give you some". He left without taking into account the priorities of the regional board. He visited various groups in the area and asked them to put a nice ad or a nice article in the paper saying that the Minister of Health had given them \$10,000, \$15,000, \$60,000. For instance, he gave a hospital \$55,000.

Supply

First, he interfered in an area under Quebec jurisdiction. Second, he did not pay any attention to the regional board's priorities or to the action plan that had taken us years to develop. This is scary. Such total lack of respect.

My colleague asked me what we could do. I think that the more I know the Canadian federal system, the more I realize that this lack of respect is blatant; it hurts me. Whenever I have a chance, I do not pretend otherwise, I tell my constituents, I tell my friends, and I tell everybody I know that, for Quebec, this system is no longer liveable. We must get out of it for the simple reason that we are being stifled.

As a Quebecer, I am being stifled. I am telling you, go and ask francophones outside Quebec, go and ask people in Alberta. I have relatives in Manitoba, and they are telling me exactly the same thing. We must leave this system.

[English]

Mr. Larry Bagnell (Yukon, Lib.): Mr. Speaker, I am pleased to take part in this debate because I am one of those people who believe that there is a role for a Government of Canada that can take a view of this country from coast to coast to coast of where this country is and the goals that we can reach.

When I hear claims of fiscal imbalance I must ask that we look at the realities of life in Canada. We must look at how Canada is dealing with the issues of importance to its prosperity and to the inclusion of all citizens, now and in the future. With that in mind I want to comment on the Government of Canada's role in post-secondary education.

Why does post-secondary education matter so much in terms of public policy? The work that takes place in our universities and colleges in all its diversity is essential to Canada's innovation strategy. This is true in terms of the research and development that any advanced country needs.

Indeed the Government of Canada has a long tradition of supporting research that is such an important part of the work of our post-secondary system. During the 2000-01 fiscal year the overall federal investment in research was valued at more than \$4.5 billion if we include both the value of spending and tax measures to support this research. Currently in cabinet committee we are looking at how that money is distributed. I am constantly making the point to witnesses that we would like more of that money spent in the north on northern research, and I continue to make that point.

However, our colleges and universities are also important in providing skills and learning to individual Canadians. That is as true for individuals doing the classroom work they need for an apprenticeship in a skill trade as it is for someone doing doctoral work in computer science.

Let us be clear that Canada needs both sets of skills. We need a post-secondary system with a capacity to help Canadians gain that full range of skills. Those skills do not just matter to individuals; they matter to Canada too. The knowledge-based economy of our era, and the skills and knowledge of individuals lead to innovation and ensures Canada's ongoing economic competitiveness.

The Government of Canada's commitment to skills and learning is about ensuring that individual Canadians can drive economic

development and can fully participate in it and benefit from it. It is essential that our post-secondary system have the resources to do its important work. The Government of Canada helps to provide those resources through many vehicles with the full recognition that education is a provincial and territorial responsibility.

The most important means that our government invests in post-secondary education is through the Canada Health and Social Transfer, the CHST. It is worth reminding the House that budget 2000 provided a \$2.5 billion increase in the CHST. That marked the fourth consecutive federal enhancement to the transfer. Does that money matter? Of course it does. During this fiscal year alone the value of the CHST to the provinces and territories would reach an all time high of \$34 billion with a significant portion of that money going into our colleges and universities.

However, federal support is about more than investment in the system. It is about direct investment in people. In February 2002 the Government of Canada announced its innovation strategy. Investments in people, skills, and learning for Canada would be a centrepiece of that innovation strategy.

There is a clear and compelling case for action. For example, by 2004 70% of new jobs would require some form of post-secondary education. Most of those new jobs would require a university degree, a college diploma or an apprenticeship certification for a skilled trade. Fully a quarter of all new jobs created by 2004 would require a university degree. Fortunately, while there is much to be done, we have a strong base on which to act.

Of all the countries in the world Canada has the highest proportion of people with post-secondary education in its working age population. This did not just happen. It was the result of years of public policy choices that have the strong support of Canadians.

Canadians recognize that our success as a nation has come not only from strong growth but also from an abiding commitment to strong values and assistance on the equitable sharing of the benefits of economic growth.

For years we have chosen to expand access to post-secondary education. The Government of Canada has developed a range of programs and services that help students reach their education goals. Under the Liberal government those programs and services have expanded both in number and in reach.

● (1820)

In every budget since 1997 the Government of Canada has made important investments in post-secondary education. These include the Canada millennium scholarship bursaries which pays out \$285 million a year in non-repayable scholarships to close to 95,000 students across Canada. The enhanced Canada study grants go to 65,000 students and are worth close to \$85 million in non-repayable support. Enhanced interest relief worth over \$110 million a year benefits 125,000 students who are in the process of repaying their student loans.

Government Orders

The best known federal program supporting access to post-secondary education is the Canada student loans program. For the 2000-01 fiscal year alone the Canada student loans program helped about 350,000 students with loans that were worth \$1.6 billion.

In the context of this debate it is particularly important to point out that the Government of Canada has built this program in a way that reflects our commitment to flexible federalism with the focus on results. One example of that is the fact that students from Quebec, the Northwest Territories and Nunavut do not take part in the CSLP. Instead, the program has been structured so that those governments get funding from the Government of Canada for their own equivalent student loans programs.

Of course the government has introduced other improvements that are designed to enhance access to post-secondary education, especially for students of low and middle income families and for students facing other barriers such as those with disabilities. The Canadian millennium scholarships are a good example of this. In 2000-01 some 95,000 Canadian students with financial need received Canadian millennium scholarships averaging \$3,000 per student.

In the context of this debate, it is important to point out that the Canadian Millennium Scholarship Foundation has development agreements with the governments of all the provinces and territories on the delivery of scholarships to students.

Since 1995 the Government of Canada has offered non-repayable Canada study grants to students in specific kinds of situations, to high needs students, those with disabilities, part time students, to women in some doctoral programs and to students with dependants. In December 2001 the federal government announced \$10 million to increase the Canada study grants for disabled students to help accommodate their expenses associated with post-secondary education.

The government is not just looking at today's college and university students. It is interested in paving the way for tomorrow as well. For that reason the government brought in the Canada education savings grant which provides a grant of up to \$400 a year for children who are beneficiaries of a registered education savings plan.

To date over \$1 billion in grants has been paid toward the future post-secondary education of 1.5 million of our youngest Canadians. Canadians are not too concerned about so-called imbalances between one government and another.

• (1825)

[*Translation*]

The Deputy Speaker: It being 6.27 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the business of supply.

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

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And more than five members having risen:

The Deputy Speaker: Pursuant to order made earlier today the recorded division is deferred until Tuesday, March 19, 2002, at the end of the period provided for government orders.

* * *

[*English*]

BUDGET IMPLEMENTATION ACT, 2001

The House resumed from March 15 consideration of the motion that Bill C-49, an act to implement certain provisions of the budget tabled in parliament on December 10, 2001, be read the third time and passed.

The Deputy Speaker: The House will now proceed to the taking of the deferred recorded division on the motion at third reading stage of Bill C-49.

Call in the members.

• (1855)

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 247*)

YEAS

Members

Alecock
Anderson (Victoria)
Assadourian
Bagnell
Barnes
Bélangier
Bertrand
Binet
Bonin
Bradshaw
Bryden
Byrne
Calder
Caplan
Catterall
Chamberlain
Chrétien
Collenette
Cullen
Dhaliwal
Drouin
Eggleton
Finlay
Galloway
Goodale
Harb
Harvey
Jennings
Keyes
Knutson
Laliberte
Leung
Longfield
Macklin
Malhi

Allard
Assad
Augustine
Baker
Bélaïr
Bennett
Bevilacqua
Blondin-Andrew
Boudria
Brown
Bulte
Caccia
Cannis
Castonguay
Cauchon
Charbonneau
Coderre
Copps
DeVillers
Dion
Duplain
Eyking
Fontana
Godfrey
Guarnieri
Harvard
Jackson
Jordan
Kilgour (Edmonton Southeast)
Kraft Sloan
LeBlanc
Lincoln
MacAulay
Mahoney
Manley

Adjournment Debate

[English]

FOREIGN AFFAIRS

Marcel
 Martin (LaSalle—Émard)
 McCallum
 McKay (Scarborough East)
 Minna
 Murphy
 Nault
 O'Brien (London—Fanshawe)
 Owen
 Paradis
 Peric
 Peterson
 Phinney
 Pillitteri
 Price
 Provenzano
 Reed (Halton)
 Richardson
 Rock
 Savoy
 Scott
 Sgro
 Speller
 Stewart
 Telegdi
 Thibeault (Saint-Lambert)
 Tonks
 Vanclief
 Wood— 127

Marleau
 Matthews
 McGuire
 McLellan
 Mitchell
 Myers
 Neville
 O'Reilly
 Pagtakhan
 Patry
 Peschisolido
 Pettigrew
 Pickard (Chatham—Kent Essex)
 Pratt
 Proulx
 Redman
 Regan
 Robillard
 Saada
 Scherrer
 Serré
 Shepherd
 St. Denis
 Szabo
 Thibault (West Nova)
 Tirabassi
 Valeri
 Wilfert

NAYS

Members

Abbott
 Bachand (Richmond—Arthabaska)
 Bailey
 Benoit
 Breitreuz
 Cadman
 Clark
 Davies
 Duncan
 Epp
 Forseth
 Gagnon (Québec)
 Gauthier
 Godin
 Grey
 Hinton
 Keddy (South Shore)
 Lalonde
 Lebel
 MacKay (Pictou—Antigonish—Guysborough)
 Martin (Esquimalt—Juan de Fuca)
 Meredith
 Mills (Red Deer)
 Pallister
 Penson
 Rajotte
 Reynolds
 Robinson
 Schmidt
 Solberg
 Spencer
 Vellacott
 Williams

Anders
 Bachand (Saint-Jean)
 Bellehumeur
 Bourgeois
 Brien
 Chatters
 Dalphond-Guiral
 Dubé
 Elley
 Fitzpatrick
 Fournier
 Gallant
 Girard-Bujold
 Goldring
 Herron
 Jaffier
 Laframboise
 Lanctôt
 Loubier
 Marceau
 Martin (Winnipeg Centre)
 Merrifield
 Nystrom
 Paquette
 Picard (Drummond)
 Reid (Lanark—Carleton)
 Ritz
 Sauvageau
 Skelton
 Sorenson
 Toews
 Wasylcyia-Leis
 Yelich— 66

PAIRED

Nil

The Speaker: I declare the motion carried.
 (Bill read the third time and passed)

ADJOURNMENT PROCEEDINGS

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

Mr. Bill Casey (Cumberland—Colchester, PC/DR): Mr. Speaker, on November 19, 2001, I asked a question of the Minister of Foreign Affairs about an amendment he might consider which would provide information in the form of an annual report to parliament on offenders who claimed immunity under Bill C-35 which has been expanded to include a whole new category of foreigners under the immunity act.

The minister did not agree to do this. He refused the request despite the fact recent circumstances have proven we need access to the information. It is a matter of public safety, a matter of safety to Canadians, that we know who is using the immunity protection for diplomats. With this new expanded coverage for immunity it is even more important than ever.

The refusal of the request is typical of the Liberal government. It is consistent with the refusal to provide information to parliament, limiting access to information under the guise of security issues and security concerns, the refusal to provide ministers' budgets, and so on. It is very consistent that the government refuses to give parliament and Canadians the information we need simply to protect ourselves.

A Russian diplomat is on trial in Russia at this moment for a terrible offence in this country that could have been prevented had the information been made available which we are asking to have available now. This information was completely ignored by the authorities. We knew that the Russian diplomat had a bad track record of driving while under the influence and it was ignored. It was not available to us. All we are asking now is that this information be made available to parliament once a year so that we can know how to protect ourselves if there is a dangerous situation.

Once again, will the minister provide parliament with an annual report on those who file for immunity under the diplomatic immunity process?

● (1900)

Mr. Lynn Myers (Parliamentary Secretary to the Solicitor General of Canada, Lib.): Mr. Speaker, the hon. member for Cumberland—Colchester proposes that Bill C-35 be amended to require the Minister of Foreign Affairs to report every six months to both Houses on the criminal and civil immunity of foreign diplomats in Canada.

Following the tragic events involving Catherine MacLean and Catherine Doré, the government adopted a zero tolerance policy toward impaired driving, sending a strong signal that impaired driving will not be tolerated in this country. The government took a number of steps, including contact with police authorities and meetings with representatives of the diplomatic community to ensure that the government's zero policy, zero tolerance policy, for serious crimes was understood and implemented.

Adjournment Debate

The policy of zero tolerance and the consequences are firm. The department will suspend a diplomat's driving privileges even where charges are not laid by police. In most cases a first offence will result in a one year suspension of the licence. A second offence or a first involving death or injury will result in the diplomat's recall or expulsion.

The government has already put in place a policy of careful monitoring and record keeping on foreign diplomatic behaviour amounting to alleged criminal misconduct. The chief of protocol in the Department of Foreign Affairs has been instructed to prepare a detailed quarterly report on diplomatic misbehaviour to the department's deputy minister. These quarterly reports are available under the Access to Information Act to any member of the public. In releasing the quarterly reports we have to adhere to privacy considerations under the Privacy Act. Once the reports have been released under an access request they are made available to the public on request.

I would like to point out that the minister takes very seriously his commitment to the people of Canada to strengthen the procedures responding to incidents of foreign diplomatic misbehaviour. That is why a policy of frequent reporting requiring not annual or biannual reporting but rather quarterly reports has in fact been implemented. As these reports are being made available to the public there should be no reason to question the transparency of the policy.

This system of reporting would be duplicated by a statutory requirement to make reports. This issue was raised in committee, and the committees of both the House and the Senate accepted the view of the government that such a statutory reporting requirement would not add to the system already in place. A statutory reporting requirement, then, is neither necessary nor appropriate for every government function. Such a requirement is not necessary in this case.

As noted in committee, the system in place provides for quarterly reporting on alleged criminal misconduct. While the Department of Foreign Affairs can expect to be notified by the police of any alleged criminal activity by foreign representatives, there is no guarantee that the department would be made aware of a civil action involving a diplomat if the status of the diplomat is not contested. For this reason, the hon. member's suggestion of reporting on the civil actions involving a foreign diplomat would then not be practical. I would submit that this being the government position it is a credible one and worth supporting.

Mr. Bill Casey: Mr. Speaker, it was perhaps a Freudian slip when the parliamentary secretary said that there was zero policy. In any case, it is not a zero policy. It is a policy. My complaint is that it is a policy of the government to have these quarterly reports. We are asking that it be legislated. Policies can be changed with the snap of a finger. If the government does not like what is happening, it will just change the policy and we will never even know it has changed the policy. We in the House want this in legislation so we know we will have an annual report.

This goes back to the ethics counsellor, who was supposed to report to parliament. In the red book it is very clear. In the red book promises of the Liberals they said we would have an ethics counsellor who reports to parliament. They have changed that. They

have a new policy now. The ethics counsellor reports to the Prime Minister.

We want this report made to parliament. We do not want a policy. We want it legislated so we know that we can count on having this access to information. This is a matter of public safety for Canadians. If this information is available to all of us then we can insist that the right steps are taken to ensure that dangerous driving and other actions that are inappropriate or present a danger to Canadians can be restricted or some action can be taken. By this policy, in refusing to bring this to parliament, it denies us access and prevents us from doing our job, so once again I ask the parliamentary secretary to change his mind, put this into legislation and demand that this be an annual report to parliament.

Mr. Lynn Myers: Mr. Speaker, as I said before, both the committees of the House and the Senate as well looked into this very important matter. It was agreed to in fact proceed in this manner and that in fact there is zero tolerance when it comes to this kind of behaviour.

I would hope that the hon. member is not by implication trying to say that there is all kinds of misbehaviour and criminal activity by foreign diplomats in our area who are seeking immunity, because that is not the case. In the last five year period, less than 1% has been involved in that kind of activity. We do not want to get carried away here and make those kinds of implications. Based on the facts about Ms. MacLean and Ms. Doré and the problems as a result of what happened, we want to make sure there is a policy in place that underscores zero tolerance, because that is precisely the position of our government.

● (1905)

POST-SECONDARY EDUCATION

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, as the federal New Democrat spokesperson for post-secondary education I bring forward to the House the urgency of the crisis facing Canada's post-secondary educational system. I also bring forward shocking evidence that the federal government is not only ignoring the crisis but exacerbating it by its own decisions.

In recent weeks there have been a number of developments that are destroying an already fragile system. First, the federal government's student debt reduction program is a failure. The finance minister said it would help 12,000 students each year but in the last year it missed its target by a whopping 96%.

Second, the long awaited innovation strategy, rather than offering concrete proposals to improve accessibility and funding for post-secondary education, is accelerating a dangerous slide toward the commercialization of university research.

Third, StatsCan reports show students from high income families are two and a half times more likely than low income students to attend university. This is clearly due to the retreat of federal and provincial public funding.

Adjournment Debate

Fourth, in my home province of B.C. the situation is devastating. Gordon Campbell's deregulation of tuition fees, elimination of grants for first year students and staggering tuition fee increases of up to 300% are creating chaos and fear. Summer McFadyen, chair of the B.C. Federation of Students, has described the situation as students' "worst fears come true."

Where does this leave us? The federal government's decisions coupled with provincial cuts are having an unprecedented impact on students. We are facing the lowest levels of federal funding for post-secondary education in more than 30 years, yet ironically the federal government is crowing about the importance of higher education in today's competitive world. Under the Liberal regime it seems only the rich can afford to compete.

It is not as though Canadians do not care about or understand the importance of accessible and publicly funded post-secondary education. A recent poll by the Canadian Association of University Teachers shows 70% of Canadians believe the federal government is not doing enough to support post-secondary education, and 75% of Canadians are in favour of Ottawa establishing national standards based on accessibility and not for profit administration.

We in the NDP have long advocated these policies but our system will continue to deteriorate unless critical action is taken. Three key things need to be done. First, we must establish national standards that spell out clear objectives for accessibility for all students.

Second, we need to take immediate measures to reduce student debt load, roll back tuition, freeze fees and institute a national grants program.

Third, the federal government must develop a clear mandate for publicly administering post-secondary education and halting the privatization and commercialization of research programs and curriculum development. For profit degree granting institutions should be banned.

Taking these actions would send a clear message that Canada recognized education as an important social and economic investment. The measure of an enlightened, democratic and civil society is found in its recognition of education as a human right. Such a society recognizes the worth and dignity of all individuals and allows them to reach their potential. It recognizes that the pursuit of the highest quality of public education serves all of society.

Why then is the federal government forfeiting its responsibility at a time when support and leadership are desperately needed?

• (1910)

[*Translation*]

Mr. Serge Marcil (Parliamentary Secretary to the Minister of Industry, Lib.): Mr. Speaker, the Government of Canada has been trying for a long time to provide Canadians with an equal access to advanced studies, and I am happy to announce that our strategy is working. In comparison to other countries, Canada can boast of having the most people old enough to work with a post-secondary education.

It has committed to ensuring that all Canadians eligible for post-secondary education have access to it. It provides financial aid to

students through many programs allowing low income families to overcome the financial difficulties they often have to cope with.

Initiatives such as the Canada student loans program, the Canada millennium scholarship fund, Canada study grants and Canada education savings grants were created to help learners from low income families overcome the financial obstacles they are often faced with.

The main mechanism used by the government to invest in post-secondary education is the Canada health and social transfer, the CHST. For the current fiscal year alone the total value of the CHST to provinces will reach an all-time high of around \$34 billion, most of the money going to colleges and universities.

The Canada student loans program provides financial support to eligible students who want to pursue post-secondary education. This is the most important financial assistance program for students in Canada and has handed out \$1.6 billion to some 350,000 students during the current fiscal year.

The Government of Canada has created the Canada millennium scholarships to improve access to post-secondary education, especially for students from lower and middle income families. In the 2000-2001 academic year, millennium scholarships were granted to close to 95,000 disadvantaged Canadian students, for an average of \$3,000 per student. As stipulated in its mandate, the Canada Millennium Scholarship Foundation negotiated agreements with the provinces and the territories to ensure they handed out the scholarships to the students.

The Canada education savings grant is helping Canadian families save over the long term for their children's post-secondary education through a grant of 20% of their contributions to a registered education savings plan.

Up to now, about 1.5 million grants have been awarded for a total of \$1 billion. All Canadian children are admissible, regardless of family income. The Canada education savings grant is the equivalent of 20% of the first \$2,000 an individual's annual contributions. It means that this grant can be as high as \$400 a year per child. Over the years, it could reach a total of \$7,200. Even smaller contributions add up in the long run. It is never too early to start saving.

Since 1995 the Canadian government has been giving nonrefundable financial assistance to students in need through the Canada study grants. During 1999-2000, almost 65,000 Canada study grants have been given to handicapped students, part-time students in need, women who study at the doctorate level and students with dependants.

Adjournment Debate

[English]

Ms. Libby Davies: Mr. Speaker, I feel like we are speaking about two different realities here. I listened very carefully to what the parliamentary secretary had to say. I take issue with what is being put forward here tonight.

When he speaks about the Canadian health and social transfer as being the main mechanism from the federal government to support post-secondary education, let us be very clear that there are absolutely no strings attached to that money. There is no way to ensure that those funds actually go toward post-secondary education. There is no way to ensure that those funds are actually used to help students lower their student debt load.

The same is true of the millennium fund. The reality is the millennium fund helps less than 2% of students in the country. I am glad it is there but it is a very small program. It is completely contrary to what is being called for by universities, colleges and student organizations that want to see a national grants program.

While I appreciate that the government did make some changes in tax deductions for families, that does not help low income students.

● (1915)

[Translation]

Mr. Serge Marcil: Mr. Speaker, on top of the measures I just spoke about, such as the education savings grant program, we also dealt with the debt management of young students.

There is a tax exemption for interest on student loans: \$42 million in tax credits in 2000; interest relief for a greater number of graduates: \$107.4 million in 2000-01; an extended payback period for those who need it: 29,000 persons benefited from it since 1998; and debt reduction for borrowers having financial difficulties: \$2 million in 2000-01.

As I said before, we also implemented the millennium scholarships to increase non-refundable grants to students.

I doubt any government ever did as much for post-secondary education to help doctoral students and others.

The Deputy Speaker: 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 7.16 p.m.)

CONTENTS

Monday, March 18, 2002

Business of the House

The Speaker 9725

PRIVATE MEMBERS' BUSINESS

Ten Cent Coin

Mr. Keddy 9725
Motion 9725
Amendment 9725
(Amendment agreed to) 9725
Mr. Jordan 9727
Mr. Goldring 9728
Mr. Godin 9729
Mr. MacKay 9730
Mr. Keddy 9731

GOVERNMENT ORDERS

Supply

Allotted Day—Social Programs

Mr. Loubier 9731
Motion 9731
Mr. Wilfert 9734
Ms. Picard 9735
Mr. Wilfert 9736
Mr. Loubier 9737
Mr. Nystrom 9738
Ms. Bulte 9738
Ms. Picard 9739
Mr. Bachand (Richmond—Arthabaska) 9740
Mr. Reid 9740
Mr. Bachand (Richmond—Arthabaska) 9741
Ms. Picard 9744
Ms. Davies 9744
Mr. Nystrom 9744
Mr. Wilfert 9747
Mr. Loubier 9747

STATEMENTS BY MEMBERS

2002 Arctic Winter Games

Mr. Bagnell 9747

Taxation

Mr. Solberg 9748

Conestoga College

Mr. Peric 9748

Christine Hamilton

Ms. Phinney 9748

Elvis Stojko

Mr. Wilfert 9748

The Economy

Mr. Schmidt 9748

MetroStar Gala

Mr. Proulx 9749

MetroStar Gala

Ms. Bourgeois 9749

Cindy Klassen

Mr. Harvard 9749

Citizenship and Immigration

Mr. Forseth 9749

Michel Malboeuf

Mr. Bélanger 9749

Agriculture

Mr. Proctor 9750

Racism

Ms. Lalonde 9750

International Women's Day

Ms. Bulte 9750

Education

Mr. Herron 9750

Red Cross

Mr. Binet 9750

Zimbabwe

Mr. Martin (Esquimalt—Juan de Fuca) 9751

Fight Against Terrorism

Ms. Scherrer 9751

ORAL QUESTION PERIOD

Grants and Contributions

Mr. Reynolds 9751
Mr. Boudria 9751
Mr. Reynolds 9751
Mr. Boudria 9751
Mr. Reynolds 9751
Mr. Boudria 9751
Mr. Jaffer 9752
Mr. Boudria 9752
Mr. Jaffer 9752
Mr. Boudria 9752
Mr. Gauthier 9752
Mr. Boudria 9752
Mr. Gauthier 9752
Mr. Boudria 9752
Mr. Lebel 9752
Mr. Boudria 9752
Mr. Lebel 9753
Mr. Boudria 9753

Softwood Lumber

Mr. Nystrom 9753
Mr. Pettigrew 9753

Mr. Nystrom	9753	The Environment	
Mr. Pettigrew	9753	Mr. Chatters	9757
Grants and Contributions		Mr. Anderson (Victoria)	9757
Mr. Clark	9753	Mr. Chatters	9758
Mr. Boudria	9753	Mr. Anderson (Victoria)	9758
Mr. Clark	9753	Sudan	
Mr. Boudria	9753	Mr. Fontana	9758
Mr. Goldring	9754	Mr. Paradis (Brome—Missisquoi)	9758
Mr. Boudria	9754	Lumber Industry	
Mr. Goldring	9754	Mr. Duncan	9758
Mr. Boudria	9754	Mr. Pettigrew	9758
Mr. Gauthier	9754	Heating Fuel Rebate	
Mr. Boudria	9754	Mr. Loubier	9758
Mr. Gauthier	9754	Mr. Martin (LaSalle—Émard)	9758
Mr. Boudria	9754	Fisheries	
Employment Insurance		Mr. MacKay	9758
Mrs. Skelton	9754	Mr. Thibault	9759
Mrs. Stewart	9754	Health	
Mrs. Skelton	9754	Mr. Bélanger	9759
Mrs. Stewart	9755	Ms. McLellan	9759
Public Works and Government Services Canada		ROUTINE PROCEEDINGS	
Mr. Gauthier	9755	Kyoto Protocol	
Mr. Boudria	9755	Mr. Anderson (Victoria)	9759
Mr. Gauthier	9755	Winter Paralympic Games	
Mr. Boudria	9755	Mr. Chrétien	9759
Employment Insurance		Mr. Reynolds	9759
Mr. White (Langley—Abbotsford)	9755	Mr. Lanctôt	9760
Mrs. Stewart	9755	Ms. Davies	9760
Mr. White (Langley—Abbotsford)	9755	Mr. MacKay	9760
Mrs. Stewart	9755	Interparliamentary Delegations	
Softwood Lumber		Mr. Harvard	9761
Mr. Savoy	9755	Petitions	
Mr. Pettigrew	9756	Fisheries and Oceans	
Middle East		Mr. MacKay	9761
Mr. Robinson	9756	The Environment	
Mr. Chrétien	9756	Mr. Robinson	9761
Canadian Grain Commission		Genetically Modified Foods	
Mr. Proctor	9756	Mr. Robinson	9761
Mr. Vanclief	9756	Questions on the Order Paper	
Airport Security		Mr. Regan	9761
Ms. Meredith	9756	Request for Emergency Debate	
Mr. Martin (LaSalle—Émard)	9756	Fisheries and Oceans	
Ms. Meredith	9756	Mr. MacKay	9761
Mr. Collenette	9756	Speaker's Ruling	
The Environment		The Speaker	9762
Mr. Mills (Red Deer)	9757	Privilege	
Mr. Anderson (Victoria)	9757	Private Members' Business	
Mr. Mills (Red Deer)	9757	Mr. Bélanger	9762
Mr. Anderson (Victoria)	9757	Mr. Breitzkreuz	9764
Public Works and Government Services Canada		Mr. Goodale	9764
Mr. Gauthier	9757		
Mr. Boudria	9757		
Mr. Gauthier	9757		
Mr. Boudria	9757		

GOVERNMENT ORDERS

Supply

Allotted Day—Social programs

Mr. Brien	9765
Motion agreed to	9765
Ms. Picard	9765
Mr. Dubé	9766
Mr. Laframboise	9767
Mr. McCallum (Markham)	9768
Mr. Loubier	9770
Mr. Marceau	9771
Mr. Dubé	9773
Mr. Marcil	9773
Mr. Marcil	9773

Business of the House

Mr. MacKay	9774
Motion	9774
(Motion agreed to)	9774

Supply

Allotted Day—Social Programs

Ms. Girard-Bujold	9774
Mr. Harvey	9775
Mr. Fitzpatrick	9776
Mr. Harb	9776
Ms. Davies	9778

Mr. Epp	9779
Mr. Dubé	9779
Mr. Lanctôt	9780
Mr. Lincoln	9781
Mr. Marcil	9781

Points of Order

Supplementary Estimates (B)

Mr. Williams	9782
--------------------	------

Supply

Allotted Day—Social Programs

Ms. Bourgeois	9783
Ms. Girard-Bujold	9784
Mr. Bagnell	9785
Division deferred	9786

Budget Implementation Act, 2001

Bill C-49. Third reading	9786
(Bill read the third time and passed)	9787

ADJOURNMENT PROCEEDINGS

Foreign Affairs

Mr. Casey	9787
Mr. Myers	9787

Post-Secondary Education

Ms. Davies	9788
Mr. Marcil	9789

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:

Communication Canada - Publishing
Ottawa, Ontario K1A 0S9

En cas de non-livraison,

retourner cette COUVERTURE SEULEMENT à :

Communication Canada - Édition
Ottawa (Ontario) K1A 0S9

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

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

Also available on the Parliamentary Internet Parlementaire at the following address:

Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :

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

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Additional copies may be obtained from Communication Canada - Canadian Government Publishing, Ottawa, Ontario K1A 0S9

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.

On peut obtenir des copies supplémentaires en écrivant à : Communication Canada - Édition, Ottawa (Ontario) K1A 0S9

**On peut obtenir la version française de cette publication en écrivant à : Communication Canada - Édition
Ottawa (Ontario) K1A 0S9**