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OFFICIAL REPORT
(HANSARD)

Wednesday, February 19, 2003

—

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Wednesday, February 19, 2003

The House met at 2 p.m.

Prayers

• (1405)

[English]

The Speaker: As is our practice on Wednesday we will now sing O Canada, and we will be led by the hon. member for Halton.

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

STATEMENTS BY MEMBERS

[English]

CRAYOLA CANADA

Mr. John O'Reilly (Haliburton—Victoria—Brock, Lib.): Mr. Speaker, please join me in congratulating Crayola Canada as it celebrates 100 years of business. Binney and Smith became the owners of Crayola Canada in 1965.

Coloured crayons hit the market in 1903, being sold eight to a box and initially marketed to school children. Did you know, Mr. Speaker, that the average Canadian child will wear down 730 crayons by his or her 10th birthday?

Watch for new products this year including erasable twistables, coloured pencils with built in erasers and the centennial packs of crayons.

I ask all members to join me in wishing a happy and prosperous 100th anniversary to Binney and Smith, the makers of Crayola crayons.

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JUSTICE

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, under the Liberal regime Keith Lawrence is living proof that crime does pay. Anyone who reads this career criminal's history would certainly concur.

In 1972 Lawrence escaped Collins Bay Penitentiary after three years into his 13 year sentence for armed robbery.

Recaptured in March 2001, after 29 years on the run, this escaped convict received only eight months for his prison breach and only two years after being convicted of defrauding Workers' Compensa-

tion out of millions of dollars in two provinces while on the run using a number of false identities.

The judge justified the lenient sentence based on a totally false assumption that this wanted man had been gainfully employed for the last 30 years he was on the run.

Out after a year and a half of this new sentence, Lawrence's parole was revoked after he allegedly assaulted his common law wife.

Tomorrow this career criminal will once again seek parole. I implore the parole board to send a clear message to this career criminal: Crime does not pay.

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ESTONIA

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, on February 24 Estonians and Estonian Canadians will mark the 85th anniversary of the declaration of Estonian independence. On this proud day in 1918, the people of this Baltic republic broke free and took control of their future after centuries of rule from its various neighbours.

For the next 21 years Estonians basked in the glow of being a new nation on the world stage until the dark clouds of war once again broke out in Europe and around the world.

It was at this point that Canada opened its doors and offered Estonians a new homeland in the aftermath of World War II, and so for the next 51 years Canada served as a refuge during the dark days of Soviet occupation until 1991, when Estonia regained her independence.

I would like to offer my congratulations to President Ruutel, the Estonian parliament and the people of Estonia on this momentous occasion.

* * *

GUIDE AND SCOUT WEEK

Hon. Hedy Fry (Vancouver Centre, Lib.): Mr. Speaker, this week is Guide and Scout Week. I was a Girl Guide and a Tawny Owl and though I no longer do, do, do, belonging to the Guides left me with a respect for our environment and a deep sense of social responsibility that probably led me to becoming a Liberal.

S. O. 31

Since its introduction in 1910, Girl Guides has grown into an organization with 176,000 members in Canada. Canada's first female astronaut, Dr. Roberta Bondar, was a Guide. Girl Guides provides an opportunity for girls aged five and up to develop their skills in leadership, the outdoors, friendship, cooperation, self-esteem and self-reliance.

Most of us look forward to the Girl Guides' spring cookie campaign. Proceeds go to helping young women to make new friends, meet new challenges and experience the outdoors and adventure that guiding offers.

Last year over six million Canadians bought Girl Guide cookies. These chocolate and vanilla treats have become a Canadian tradition.

I ask the House to join me in extending our best wishes to the Girl Guides and Scouts of Canada during this important week.

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BLACK HISTORY MONTH

Mr. Geoff Regan (Halifax West, Lib.): Mr. Speaker, Black History Month is a time to celebrate the contributions made by black Canadians to Canadian society.

Let us take this opportunity to remember influential black Canadians like Mary Ann Shadd, a lawyer, teacher, lecturer, suffragist and the first woman in Canada to become a newspaper publisher; William Hall, the first Canadian Naval personnel to be awarded the Victoria Cross in 1857; and Donovan Bailey, five time World and Olympic Champion in track and field who still holds the Olympic record for 100 metres and the World record for the 50 metre sprint.

In Canada Black History Month has become an annual event celebrated nationally since it gained acceptance in the 1960s. The contributions of people of diverse backgrounds are essential to Canadian society.

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MEDICAL MARIJUANA FRANCHISES

Mr. Ted White (North Vancouver, Canadian Alliance): Mr. Speaker, if you would like something really different to do this weekend, why not come out to Vancouver and learn how to start your own medical marijuana franchise?

If hon. members need more information, just tune to Channel 2 in Vancouver and watch for the advertisement from the Kine Smoke Shop and the Canadian Sanctuary Society. They are sponsoring two seminars on February 21 and 22 to help get grow-ops up and running.

To add to the excitement, they might get to meet Mr. Briere, who started the Sanctuary Society and who was sentenced in 2001 to four years in jail for cultivating and trafficking in marijuana, money laundering, possessing a prohibited weapon and unlawful storage of ammunition.

The only thing that is not yet clear is whether the present Minister of Industry is getting a percentage of revenues for making the business possible in the first place. I could not find any evidence of a

campaign donation, but maybe a contribution in kind has long since gone up in smoke.

I wonder if they will be giving any samples this weekend. Can I count on seeing you there, Mr. Speaker?

The Speaker: I thank the hon. member for his kind invitation.

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NASHWAAKSIS MIDDLE SCHOOL

Hon. Andy Scott (Fredericton, Lib.): Mr. Speaker, I am proud to rise in the House to congratulate the Nashwaaksis Middle School on being named one of Canada's most innovative schools.

Last Friday Nashwaaksis Middle School celebrated its membership in the SchoolNet's network of innovative schools for the 2002-03 school year. Industry Canada will contribute \$10,000 to the school for each year of membership to further its work with information and communications technology.

SchoolNet's network of innovative schools helps educators develop effective strategies for integrating technology into the curriculum by having schools like Nashwaaksis share their information and communication technology expertise with other schools.

I commend the students and the faculty of the school. Together they are charting new territory, creating new opportunities for young Canadians so that they can have the skills necessary to compete in today's knowledge based economy.

* * *

●(1410)

[Translation]

STUDENTS OF ÉCOLE DE L'ARC-EN-CIEL

Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ): Mr. Speaker, the current international crisis and the threat of a war in Iraq concern everyone, from the planet's most powerful to our society's most vulnerable.

The students from the École de l'Arc-en-ciel in Lac-Saint-Charles asked me to present their views to the Prime Minister and Parliament.

Students of this elementary school are aware of the upset to world order and have expressed their fears, dismay and helplessness in a way only they can to contribute to peace.

These students, armed with only their talent and their desire for peace, created a mural symbolizing the pacifism typical of children.

They are asking the Prime Minister, who could be their grandfather, to do everything possible to avoid war. These children have a voice; we must listen to them.

PORT FACILITIES

Ms. Yolande Thibeault (Saint-Lambert, Lib.): Mr. Speaker, on January 28, the Minister of Transport announced that construction of a temporary facility at the Escoumins wharf will begin next April. After many representations by local stakeholders, the Minister of Transport Canada and the minister responsible for Quebec have decided to listen.

This investment will allow the Compagnie de navigation des Basques to provide ferry service between Les Escoumins and Trois-Pistoles this summer. This is great news for the North Shore and Lower St. Lawrence River tourism industry.

The Minister of Transport and his department know how important this ferry service is and are working to find a long-term solution to make port facilities in Les Escoumins safe.

Thanks to this construction, the Compagnie de navigation des Basques can provide services to the local population and to tourists visiting these magnificent areas of Quebec.

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[English]

MEMBER FOR LASALLE—ÉMARD

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, there has been a sighting. Yesterday a phantasm resembling the former finance minister is said to have passed through these hallways. Usually he is said to haunt the gloomy hallways of the revenue agency where he can be heard laughing every time another taxpayer cheque arrives in the mail. But yesterday his very presence was felt here in this place.

One person said that they felt a cold draft as they passed his office. Some say that during the budget speech a supernatural wailing and groaning could be heard emanating from his seat here in the House. Even the current finance minister is said to have felt an otherworldly chill in his spine and the Prime Minister definitely felt a pain in his rear.

Yet, though a spectre, and we all know a spectre by definition is without substance, some in the Liberal caucus think this flimsy apparition should be their leader. I say to the member for LaSalle—Émard, “show yourself spectre so all Canadians can have a chance to see right through you”.

* * *

INDO-CANADIANS

Mr. Joe Peschisolido (Richmond, Lib.): Mr. Speaker, this past Saturday, February 15, Indo-Canadians from across Vancouver gathered in my riding of Richmond to address the issue of violence in their community. Their goal was to educate young and old alike of the need to stem the tide of violence that has claimed the lives of nearly 60 Indo-Canadian men.

Organizers Balwant Sanghera, Balbir Jawanda and Paul Binning invited prominent members of our society to speak to the group. They included former B.C. Premier Ujjal Dosanjh and B.C. Supreme Court Justice Wally Oppal. Their message focussed on encouraging the younger generation to seek out and emulate positive role models in their lives.

S. O. 31

All Canadians want to see an end to this violence. I congratulate the organizers and members of the Indo-Canadian community for dealing with this serious issue in such a positive and insightful manner.

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ARTS AND CULTURE

Ms. Wendy Lill (Dartmouth, NDP): Mr. Speaker, it is fair to say that yesterday's budget is uncultured. The minister made no effort to even pretend Canadian culture is a priority. In fact the budget hurts arts in the country.

By not renewing \$60 million in CBC funding, our national public broadcaster will have to cut television and radio production in both official languages. Fewer Canadian stories will be told because the CBC is the primary producer of distinctly Canadian television and radio.

By reducing the federal commitment to the Canadian television fund while increasing the film and video tax credit for foreign production, he is shifting public support from Canadian stories to Hollywood productions.

The promise of only \$10 million per year to preserve our thousands of historic properties is a travesty and an insult. Our nation's soul needs a strong public broadcaster and well funded culture support to flourish.

The budget reaches a new low in Liberal cultural policies. We now not only see a policy of indifference but one of active neglect. Our nation and our creators deserve better.

* * *

●(1415)

[Translation]

HAITI

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, yesterday, the Secretary of State for the Francophonie really got his foot in it when he said that the values of democracy, human rights and good governance were Canadian values that did not seem to be part of the Haitian vocabulary.

I would like to remind the Secretary of State that Haitians were among the first emancipated people on this continent. In the 18th century, the Haitians abolished slavery, while in Canada in the following century, we hanged Louis Riel.

While Canada was still just a colony, Haiti was already a republic. The Haitian people are as passionate about democracy and human rights as Canadians are.

Each and every day, Haitians battle relentlessly to achieve their goals, which are no less noble for coming up against such arrogant attitudes.

The Bloc Québécois feels that Haitians have nothing to learn from the Liberal Government of Canada, whose vocabulary abounds in smugness.

*Oral Questions***DE ROCHEBELLE SECONDARY SCHOOL**

Ms. Hélène Scherrer (Louis-Hébert, Lib.): Mr. Speaker, I would like to applaud the efforts and determination of the young students at De Rochebelle secondary school in Sainte-Foy in my riding of Louis-Hébert.

These young people decided to raise awareness among those around them, their family and friends, about the negative impact Canada's participation in a war against Iraq would have.

They held several debates on the issue and collected 4,000 signatures on a petition that they will present to the Prime Minister today after oral question period.

They want to send a message of peace, and they hope this message will be heard by the political decision makers.

It is inspiring to see young people getting involved in their future and the future of their peers. I would like to congratulate the school's leaders for encouraging such initiatives.

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[English]

EAST COAST MUSIC AWARDS

Mr. Loyola Hearn (St. John's West, PC): Mr. Speaker, I would like to congratulate the Newfoundland and Labrador nominees and participants in the East Coast Music Awards held this past weekend.

I congratulate specifically the winners: Crush and The Flummies, and in particular the group, Great Big Sea.

These fine young men are not only good friends of mine, not only constituents, they are also super musicians and tremendous ambassadors for the province of Newfoundland and Labrador. We are very proud of them.

* * *

MEMBER FOR LASALLE—ÉMARD

Mr. Chuck Strahl (Fraser Valley, Canadian Alliance): Mr. Speaker, the former finance minister has been busy working the phones and here are his top 10 requests for redefining the term, blind trust.

Ten, the word trust should be taken with a grain of salt.

Nine, blind refers to the ethics counsellor.

Eight, shipping companies are automatically exempted.

Seven, private companies do not count, if they are mine.

Six, only one minister shall have regular access to his blind trust.

Five, that minister will be me.

Four, blind trust and blind obedience will both apply to my caucus.

Three, as is now the case, writing contracts on serviettes will continue when necessary.

Two, in case there is confusion on this, the phrase blind trust will be erased from past, present and future red books.

The number one reason the former finance minister would like to redefine blind trust is, "What the electorate doesn't know, can't hurt me".

ORAL QUESTION PERIOD

[English]

THE BUDGET

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, yesterday the government went on a shopping spree and ordinary Canadians know they will be paying.

Canadian workers and families wonder why when the Liberals get to spend, spend, spend, they have to pay, pay, pay. They are wondering what is in it for them. Why is there absolutely no tax relief in the budget for ordinary middle class Canadians?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, how soon they forget a five year \$100 billion tax reduction by the government. How soon they forget full indexation of all tax brackets. How soon they forget that Canadians' top priority has been increased spending on health care, on poor kids, on the environment. These are the things that we have been doing.

● (1420)

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, the reason they forget is that those tax cuts were offset by CPP premium increases, airline taxes and a record GST that the Prime Minister brags about.

Canadians know that most of the personal income tax cuts that the government talks about have been deferred well into the future. I challenge the Minister of Finance, if he is serious about middle class tax reduction, why does he not revise his budget and today move those future tax cuts for personal taxes into this year's budget?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, he is wrong. Personal income tax cuts have been implemented and they continue to be enjoyed year after year by Canadians.

Unlike the Leader of the Opposition, I spent the last several months hearing from Canadians about what they wanted to see in the budget and I can tell him that we responded to that. We responded to their demands to see more money for health care, more money for children living in poverty, more money for homelessness, more money for affordable housing, and more money for the environment. Those are the priorities of the government.

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, if we look at the tax relief in the budget for ordinary Canadians, there is not enough to pay for the rose that was in the finance minister's lapel.

Oral Questions

For months the finance minister went around the country talking about the need to control spending. He even said in this budget that he promised in the future to look at up to \$1 billion a year. It was nothing more than an attempt to whitewash the spending scandal swirling around the government.

After months of looking into this issue, why could the budget not identify one example of one program that will be reduced by one dollar?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, there are a billion examples like that because the result of the reallocation exercise is a reallocation of spending of \$1 billion in 2003-04.

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, it is strange that there was not one example in yesterday's budget.

The government increased spending by \$7.50 for every dollar in tax relief and none of that tax relief will go to hardworking middle class families. The government has neglected the average Canadian family. If the cuts already announced are so great, why will the finance minister not deliver the full package this year?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, I just wish to draw to the hon. member's attention that the difference in tax paid by a typical two earner family of four with a combined income of \$60,000 this year is a saving of \$1,395, a saving of 24%. For a one earner family of four with \$40,000 in income, it is a saving of 44%. Those are the ordinary Canadians. That is the tax relief they are experiencing.

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, here is an example from yesterday's budget. The \$8 a year in premium reductions on EI will not get an average Canadian to a movie, not one movie a year. In fact, it would not even pay for a babysitter long enough to get through the coming attractions.

Why is the Minister of Finance burdening the average Canadian and average Canadian families to pay for his spending spree?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, I am glad the hon. member raised the question of employment insurance premiums.

When the Liberal government was elected in 1993 the premiums were \$3.09 and scheduled to go up to \$3.30. Instead, nine consecutive times we have reduced employment insurance premiums. The 10th time was yesterday when we set a premium rate for next year of \$1.98. That is progress in employment insurance.

* * *

●(1425)

[Translation]

IRAQ

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, yesterday in the House, the Prime Minister rejected any Canadian participation in the coalition of willing countries the United States wants to set against Iraq. Unfortunately, his director of communications rushed to alter this by stating that the government had not yet reached a decision.

Instead of backtracking, ought not the Prime Minister to be reassuring the public and announcing, once and for all, that Canada will not be participating in the coalition of willing countries the United States wants to send to war against Iraq? The public has a right to know clearly what Canada's position is.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, if the hon. member is following the situation closely, he will realize that, only a few weeks ago, neither the Americans nor the British wanted a second UN resolution, and now they will likely be introducing one. This means that the United Nations process we have favoured since last July is being followed by all parties interested in finding a peaceful solution.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, that is not what I am asking. I am following the situation very closely and I have just been listening to Donald Rumsfeld.

He was asked whether the U.S. would go if the UN does not. He still reserves the right to go, and says that there are willing countries standing by. The journalists asked him to name these willing countries, but he refused.

Is it not the duty of Canada, in monitoring the situation very closely, to tell Mr. Rumsfeld, "We will not be part of that coalition. Get that idea out of your head. We will not be in any coalition with the United States and without the United Nations"?

That is what I want an answer to.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, as I said yesterday in the House, we have not been asked to take part in any such group, nor have we offered to.

* * *

THE BUDGET

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, one wonders why the Minister of Finance is proud, when his budget consisted of handing out more than \$15 billion with nothing to improve access to employment insurance, nothing for the cost of gas and heating oil and nothing for softwood lumber.

Since he has the money, how can the Minister of Finance explain that his budget contains not one word on the issues that are having a terrible impact on thousands of Canadians and Quebecers?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, I consulted with people across Canada, in every region.

And what I heard from these Canadians were the priorities that we chose: health care, children, especially in low-income families, the environment and climate change. These are the investments that we made, an innovation. And we responded directly to what the public wanted.

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, once again, this budget contains nothing for softwood lumber, a human economic crisis that has hit thousands of workers and their communities in addition to hundreds of businesses. The assistance plan provided for a second phase. We are still waiting for it.

Can the minister deny that his budget contains absolutely nothing for the victims of the softwood lumber conflict?

Oral Questions

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, we have programs that are working very well in the area of softwood lumber. The industry in Saint-Fulgence, in the riding of Lac-Saint-Jean—Saguenay, just reopened, with 150 jobs.

Human Resources Development Canada and Natural Resources Canada have programs and the negotiations in Washington are going very well. Our government is doing its job.

[*English*]

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, one wonders sometimes what the Liberals would do without the Canadian Alliance. The Liberals pretend to spend and the Canadian Alliance pretends that it is true when in fact the reality is something quite otherwise.

The mayor of Winnipeg calls the infrastructure program a joke. The Federation of Canadian Municipalities calls it a doomsday budget. This patchwork budget completely ignored the needs of communities.

With the absolute pittance devoted to infrastructure this year, can the Minister of Finance tell us which community gets to buy half a water treatment plant?

• (1430)

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, only the NDP pretends that \$3 billion is a pittance. Not only that, it is an investment on top of the \$5 billion that was in the last two budgets for infrastructure, all of which is not yet spent. It is on top of the money that we have put into housing, increased in this budget. It is on top of the money that we have put into children living in poor families, most of whom live in cities. It is on top of the money that we have made available for projects related to climate change, much of which will benefit people living in cities and there is more.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, the Minister of Finance knows that money is spread so far and so thin into the future that it reminds me of the minister's answer.

The money announced yesterday does not buy a kilometre of subway in Toronto. It is half the money for Halifax harbour. There is a \$57 billion infrastructure deficit in this country.

What does the minister think Vancouver should do with its share of the infrastructure budget, its \$50,000? That is what each community gets. What should Vancouver do with its 50 grand?

The Speaker: I am not sure that the question has to do with the administrative responsibilities of the government, but since the member has asked the minister to speculate, perhaps we can allow the question in the circumstances.

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, I think once again the hon. member has a strange view of the Canadian Constitution.

What we have done is we have established over the last nine years a practice of investing in municipal infrastructure with the cooperation of the provinces and municipalities. In doing that, we have set the bar for provinces to make the necessary investments that they should be making in the case of municipalities which are clearly within their jurisdiction.

What we have seen in each province is a response to that, which has seen the money we have put in leveraged again and again into increased projects that would otherwise—

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

* * *

ETHICS

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, my question is for the Prime Minister.

Until 1994 the rules on blind trusts prohibited absolutely cabinet ministers from personally intervening in any discussion or decision making that may affect assets held in that blind trust.

Will the Prime Minister acknowledge that he changed those rules to allow personal interventions by ministers and will he tell the House why he changed those rules?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I would like first to take the compliment on behalf of the Minister of Finance that the leader of the fifth party had no question on the budget.

I gave the explanation yesterday. There are circumstances like that. The arrangement made was to make sure that the former Minister of Finance could do his job as Minister of Finance and have the trustee run his company and to make sure that he would be briefed from time to time, as is normal when we have some assets. He was not managing the assets. The assets were managed by the trustee.

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, so he can run the Department of Finance and CSL at the same time.

Yesterday the Prime Minister referred to the code of conduct guide for ministers. The code says, "Ministers and Secretaries of State are held accountable by the Prime Minister for their adherence to the code's provisions".

Is it the Prime Minister's position that he has been fully briefed on all the relevant details of his former finance minister's dealings with Canada Steamship Lines? Will the Prime Minister guarantee personally that the letter and the spirit of the code of conduct were followed at all times in—

The Speaker: The right hon. Prime Minister.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, blind management is blind for the person who is the minister. It is blind for me and it is blind for the people. When it is to be protected to not affect the operation of the government, it would not have been wise for me to be briefed on the operation of CSL. It was not my business. It was a family business run by trustees in the interest of the company and the Minister of Finance of the day who was doing his job properly without any conflict of interest.

Oral Questions

•(1435)

THE BUDGET

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, in nine years the former finance minister ripped a cumulative \$29 billion in 2002 dollars from the defence budget. To fix the problem the House of Commons committee recommended putting back \$5 billion per year by 2005.

We are talking about the safety of Canadian citizens and the security of our nation, yet the government committed less than 20% of what the House of Commons committee said we would need. Why?

Hon. John McCallum (Minister of National Defence, Lib.): Mr. Speaker, early in my days as defence minister I received advice from the current military leadership, as opposed to retired military people, that there was a budget shortfall of \$936 million. Little did I know at the time but the government had the wisdom to wipe out this gap with a stroke of the pen in a single year. There is no more gap.

Now that the objective has been achieved, we are on a path of reallocation and making difficult choices to build the military of the future.

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, at least today the defence minister is acknowledging that \$29 billion is the right figure. That is some progress, but the Canadian Alliance has called for \$2 billion to be added this year to the defence budget base.

The House of Commons committee and the Senate committee have asked for substantial increases in defence spending and yet the government continues to add just a small portion of what the parliamentary committees have called for.

The government has shown that defence spending is a low priority and it is not willing to commit to what the House defence committee and the Senate committee have called for. Why?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, one of the functions of government is to make choices and we did make choices yesterday. The largest single increase in any departmental spending was in the defence department. An \$800 million increase was made in a department that was receiving about \$12 billion a year.

I only take from the member's intervention that he suggests that less money should be given to poor kids and more money should be given to the military. Less money should be given to the environment and more money should be given to the military. Less money should be given to health care and more money should be given to the military.

[*Translation*]

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, not only is the Minister of Finance throwing billions of dollars around, but not to the unemployed who are struggling because of the gap, reduced benefits, the two-week penalty, not to mention reduced access to benefits for thousands of young people and thousands of women.

What is there in the budget for all these people? Nothing.

Hon. John Manley (Minister of Finance, Lib.): Mr. Speaker, there are many things in the budget for ordinary Canadians, for

children living in low income families and children with disabilities. We have developed a program to help those who must look after seriously ill parents, children or family members.

I think that Canadians will benefit greatly from the measures introduced yesterday.

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, with the billions of dollars available to him, is the Minister of Finance not embarrassed to keep picking the pockets of the unemployed, to the tune of \$3 billion over the next year?

Hon. John Manley (Minister of Finance, Lib.): Mr. Speaker, there have been cuts in several tax measures. We have cut \$100 billion over five years, including cuts in EI rates.

We have now reduced the EI premium rate for the tenth time. Next year and in 2005, there will be a totally transparent process for setting the rate for the following years.

[*English*]

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, the 2000 budget scheduled EI premiums to drop to \$2 by 2004. That means yesterday's announcement for 2004 EI rates works out to a pathetic drop of 2¢. Thanks for very little. That works out to \$8 a year. Middle class Canadians generated that surplus.

Why is the finance minister giving this \$8 middle finger to the middle class?

•(1440)

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, the reduction for next year will be 12¢ per \$100. That is the tenth consecutive reduction. Furthermore, that will reduce the premium rate to approximately the cost of the benefits being paid. Going further, the fund will be based on revenue in equal to costs of the program.

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, the Liberals keep announcing the same thing year after year. This was first announced three years ago.

Liberals have collected \$45 billion more in EI taxes than they have given out to workers. The fact that they have not mentioned this in the budget is their way of saying, "Too bad. We have spent the surplus. We are going to keep EI taxes too high so that we can build up a new surplus and everyone is just going to have to trust us not to spend it again". That is basically what they are saying.

Will the finance minister confirm that no EI surplus actually exists and that it was all a scam created by the former finance minister?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, as I have already said, next year's rate is based upon the expected costs of the program and not to generate any additional revenue. The process that we will adopt following broadly based consultations is one that will ensure that the program going forward has premiums that reflect the actual costs of the program.

Oral Questions

The hon. member talks about a surplus. Yes, it has been used because it was included in the consolidated revenue fund of the government. It has reduced our debt and increased our spending on health care. It has increased our spending on important programs to benefit Canadians.

* * *

[Translation]

GASOLINE PRICES

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, while gasoline prices are hitting everyone hard, the Minister of Finance, with all the money at his disposal, has let taxpayers down and has not included anything to help them.

Since one of the components of the price of gasoline is an excise tax of 1.5¢ per litre to fight the deficit, and since there is no longer a deficit, why did the Minister of Finance not remove that tax? Had he done so, he would have helped all Canadians.

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, in the year 2000, we decided to reduce by \$100 billion the taxes paid by all Canadians. All Canadians will benefit from this tax reduction. However, the hon. member would rather reduce one specific tax, instead of the others.

All Canadians can benefit from our tax reductions, from lower employment insurance premiums and from the other cuts made by the government.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, if the minister wants to talk about the budget of 2000, we can certainly do so. In 2000, just before the general election, the government was in a panic and sent cheques to all citizens of Quebec, including some who were dead and some who were in jail, to reduce the price of the litre of heating oil, which stood at 50¢. Yesterday, the price of a litre of heating oil was 60¢.

Why did the Minister of Finance not think about helping those who are paying 60¢ for a litre of heating oil? Is it because the next election is still a long time away?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, it seems that the hon. member is now convinced that the idea which he opposed in 2000 was a good idea. I am pleased to see that he is open to new initiatives.

Considering the fact that we reduced taxes across the whole tax system, I think that even the hon. member would agree that a reduction of \$100 billion is not bad.

* * *

[English]

THE BUDGET

Mr. James Rajotte (Edmonton Southwest, Canadian Alliance): Mr. Speaker, yesterday's budget proves the Liberals still have an unhealthy addiction to high taxes.

Each year Ottawa collects \$4.5 billion in gas taxes, but only 5% of that money is returned to Canadians in the form of federal highway funding. The government is ripping off Canadians at the gas pump and not returning the benefits to them.

Why did the minister yesterday not help to ease the burden on taxpayers by reducing the federal share of the fuel tax?

● (1445)

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, we are in the third year of a five year program to reduce overall taxes by \$100 billion and choices were made as to what taxes should be reduced. Personal income taxes were sharply reduced in that process and tax rates were indexed in that process. That was the choice that was made rather than reducing taxes on fuel.

Mr. James Rajotte (Edmonton Southwest, Canadian Alliance): Mr. Speaker, let us hope that some of the sewers that the minister's money will build can hold that kind of answer.

The current situation is completely unacceptable to all Canadians. The government has a choice to make, either it dedicates a portion of the federal fuel tax or it transfers the tax to the provinces to allow them to make the funding decisions to address their infrastructure needs.

Will the Minister of Finance consider vacating a portion of the federal tax on gas to allow the provinces room to address their infrastructure needs?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, occasionally the opposition complains that the answers we give in the House are unclear. So I want him to listen closely. No, absolutely not.

The responsibility that the provinces have for areas which are in their jurisdiction is one for which they have entirely the same capacity to raise revenue as does the federal government. Our revenue goes into the consolidated revenue fund and we make choices as to how to spend it. It is not a matter of dedicating taxes; it is a matter of meeting our responsibilities.

* * *

POST-SECONDARY EDUCATION

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, my question is for the Minister of Human Resources Development.

It is very expensive to go to college and university in most provinces in Canada. The provinces control tuition, but the federal government can help through scholarships and loan programs.

I would like to ask the minister, what is she doing to better help students through the Canada student loan program?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, we are very pleased that the budget allocated \$60 million to the Canada student loan program to reduce barriers to post-secondary education.

We have tripled the amount students can earn while studying without affecting their student loans, we are improving debt reduction for students who experience long term difficulties with paying their loans, and we are very proud that protected persons, including convention refugees, will now be eligible to receive the Canada student loans.

Oral Questions

I want to recognize the hon. member for his consistent work in this area as well as the Canadian Alliance of Student Associations and the Canadian Federation of Students for their advice and support.

* * *

THE BUDGET

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, we know the Liberals do not care about cities and communities. But it goes beyond caring about water or roads. There is nothing in the budget for public transit, freight rail or high speed rail. In fact, only \$505 million this year for Kyoto and not a specific project to put it in. So much for the Kyoto plan.

Can the finance minister tell Canadians, who happen to care a lot about the environment, why he gave a tax break for coal, but not a single penny dedicated for public transit or rail?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, I wish the hon. member would read the budget and perhaps look at yesterday's televised version.

She will discover that there is an extra \$3 billion in infrastructure moneys, in addition to \$5 billion put aside, that can be used by municipalities for transit projects. She will see there is \$2 billion of which \$1.7 billion is available for municipalities if they put forward transit schemes which reduce greenhouse gases in a manner which is competitive with other proposals that come forward from municipalities and other partners.

There is plenty of opportunity for the municipalities. The challenge is for them to do something about it.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, there is nothing but smoke and mirrors in the budget on Kyoto and the same happens to be true for child care.

The finance minister ought to be ashamed for putting more effort into a photo op than he did in creating child care spaces. We end up not with a day care program but with a child care lottery. He spent seven times as much scrapping the capital tax as he did on child care.

How can the finance minister give business the jackpot for capital taxes while families have to play the lottery for child care spaces?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, first of all, I do not apologize for visiting my constituents anytime.

What we have been able to do is a breakthrough in making arrangements with the provinces to increase the number of child care spaces available. No, it is not a lot of money this particular year coming up because agreements need to be reached with the provinces.

However, it is almost \$1 billion over the next five years. For the first time the federal government is putting real money behind a commitment to provide child care spaces for Canadians. This is an important move forward.

● (1450)

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, the capital markets are in the tank, our biggest trading partner is in recession and the world is teetering on the brink of war.

Why did the finance minister not use his first budget to address these economic uncertainties instead of using Canadian taxpayers' money to buy Liberal backbencher support for his Liberal leadership bid?

The Speaker: I am not sure that question has anything to do with the administrative responsibility of the government. Perhaps the hon. member in his supplementary will ask a question that could be answered in the House.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, it is the sixties and seventies all over again. There are anti-war protestors in the streets, there is talk of decriminalizing marijuana, and there is a free-spending Liberal government in Ottawa. The Prime Minister must be having a flashback.

Why did the Prime Minister fail to warn the finance minister not to make the same mistakes he made when he was finance minister in the 1970s and just say no to Liberal largesse?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, no, I did not ask him not to give money to the poor children. I did not ask the Minister of Finance not to give money to the environment. I did not say to the Minister of Finance, do not invest in infrastructure that will be useful.

We have run the country very well over the last ten years. We are the only G-7 country still having a surplus and we do what we have to do. When we have money we help the poor, not the rich.

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, the air tax is down but it still—

Some hon. members: Oh, oh.

The Speaker: Order, please. I know hon. members have suggestions for the hon. member for Port Moody—Coquitlam—Port Coquitlam for his question, but I think he has his own question and we will want to hear it. The hon. member has the floor.

Mr. James Moore: Mr. Speaker, last year the Liberals imposed the \$24 air tax and admitted to doing so without doing any impact study whatsoever on the air industry. The \$24 amount was picked right out of the sky without any economic background done on it. As a result, fewer Canadians are flying, communities are losing service and people have lost their jobs.

My question: Why was the new tax rate amount chosen without any new background studies done on its impact on the air industry?

Oral Questions

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, the rate is set based upon the costs of the additional air security measures that are being adopted. As was made clear yesterday in the budget, as well as in the documents we circulated in November, the ability to reduce the tax is based on the fact that we are moving to a full accrual accounting system, which will enable us to apportion the cost over the life of the assets being acquired.

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): So, Mr. Speaker, no study was done.

Increased rail security: no rail tax. Increased port security: no port tax. Increased border security: no border tax. Increased marine security: no marine tax. For some reason, the Liberal government sees fit to tax the air industry for air security but not any other industry at all.

My question is for the transport minister. Why does the government insist on taxing, unfairly, the air industry for a security regime that it does not impose on any other industry? Why does the government insist on hammering the air industry?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, I will take that this is a representation by the member that he wishes us to increase the taxes in other sectors in order to pay more of those costs.

He will know that there are already user charges that apply to other transportation sectors. He knows that the additional measures that were adopted after September 11, 2001, in the aviation sector were designed directly to provide greater security to the passengers who use the service. It was appropriate in that case to have the users pay the costs of the additional security.

• (1455)

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, while 7 out of 10 provinces expect a deficit for this fiscal year, the Minister of Finance is piling surplus upon surplus, and is even managing to conceal his surplus funds. He is pocketing taxpayers' dollars to meet needs that are not really there.

Is this not the best possible proof that there is indeed fiscal imbalance, or in other words that there are provincial governments without enough money to meet their responsibilities, while the federal government has to invent expenditures in order to justify its actions?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, it is always easy to bring up fiscal imbalance when there is a surplus. When there is a federal deficit, however, there is never any mention of it.

We know that the level of provincial indebtedness is always less than that of the federal government. We also know that, when we do have money to spend, on the École de médecine vétérinaire de Saint-Hyacinthe for instance, the hon. member may then think it is a good idea.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, the minister is forgetting that the money is not his, it is the taxpayers'. Incidentally, a large part of that money comes from Quebec.

The minister is also forgetting that there is, when it comes down to it, only the one set of taxpayers. This year, given the Minister of Finance's surplus, it would have been easy for him to reduce federal taxes so as to allow the provinces to raise theirs, and thus to be able to finance their own initiatives within their own areas of jurisdiction, namely health, education and some other areas, without squeezing money out of the one and only taxpayer, who has to bear the brunt of the federal government's bungling.

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, the Government of Canada is going to act within those areas of responsibility that come under its jurisdiction. We are going to make the investments Canadians want us to make for children in families of modest means, the environment, the Canadian Forces, infrastructure, and health. This is our responsibility. At our level of government, we are going to do what needs to be done.

* * *

[*English*]

ETHICS

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, what my colleague really wanted was a complete removal of the transportation tax, totally.

I will go back to the issue of blind trusts. Canada's ethics counsellor, speaking in Australia back in February 1999, said, and I quote:

In a nutshell, you can be a personally active investor or you can be a Cabinet minister. You cannot be both.

Now that the Prime Minister knows that the former finance minister had numerous meetings with officials in his big company, does he still think that qualifies as a blind trust?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the former minister of finance was not investing. He had invested a long time before he became a minister. When we become ministers we are not asked to forget our assets and our responsibilities vis-à-vis our family. We make sure that there is no conflict of interest. The guidelines have been drafted accordingly and the former minister of finance has respected the guidelines.

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, I guess it was the same thing in Shawinigan and is the same thing with CSL.

A blind trust is supposed to prevent a cabinet minister from having personal knowledge about his companies. We now know that there were significant meetings with CSL officials.

So I ask the question again, as I did not get an answer: Does the Prime Minister still hold that that arrangement qualifies as a blind trust? Because I do not.

Oral Questions

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I explained yesterday that having personal assets is not like having shares in a bank or in a company. It was a family company, and it could not be split. He had to receive reports about only one company, and it was the company that was his. That is what arrangement was made, but the management of these assets was done by trustees, and when there was a meeting, officials in charge of that for the government were always present to make sure that there was to be no conflict of interest.

* * *

THE BUDGET

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, my question is for the Minister of Canadian Heritage. Last night's budget actually addressed a number of—

Some hon. members: Oh, oh.

The Speaker: Order. We have to be able to hear the question. The hon. member for Parkdale—High Park has the floor. I know hon. members are trying to be helpful, with other questions suggested, but I am sure she has one in mind.

• (1500)

Ms. Sarmite Bulte: Mr. Speaker, while the budget last night addressed many of the major priorities of Canadians, notably absent from the finance minister's speech was a mention of any additional funding for the CBC.

Could the Minister of Canadian Heritage confirm that the CBC will receive in its 2003-04 fiscal year the additional \$60 million that it has received in the last two years?

Some hon. members: Oh, oh.

The Speaker: Order. I know the Minister of Canadian Heritage is a popular minister. However, we have to be able to hear her answer.

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, may I thank the member for Parkdale—High Park for not only an excellent question but an excellent contribution as the parliamentary secretary and one of those who worked so hard to support public broadcasting in the country. I want to thank my friend and colleague, the Minister of Finance, and the Prime Minister, for making sure that new funding to the CBC is indeed in the fiscal framework.

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CANADA-U.S. BORDER

Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance): Mr. Speaker, the government is constantly playing catch-up with Americans on security issues. The U.S. recently passed new regulations prohibiting non-Americans from driving commercial vehicles carrying explosive materials. This unilateral action affects hundreds of legitimate Canadian truck drivers and the government was unaware of the change until after it had been implemented.

When is the government going to take some proactive steps before more Canadians lose their jobs?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, one of the problems we have had since September 11 is that

the U.S. Congress has acted with great haste to deal with security threats and sometimes the legislation has unintended consequences. The hon. member has just explained one of those unintended consequences. We have worked with the department of transportation in the United States and we are close to resolving the issue.

Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance): Mr. Speaker, American legislators and media figures are calling for even tighter controls at the Canada-U.S. border, suggesting that 100,000 American troops be posted there. Every time the Americans unilaterally increase border security, it adversely affects Canadian exports to the United States, which account for a third of our economy.

When is the government going to protect Canadian jobs that are at risk when they are dependent upon exports to the United States?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, the hon. member should acknowledge the fact that after September 11 the Prime Minister established a security committee of cabinet, chaired by the Deputy Prime Minister, which has tried to resolve all of these bilateral security issues, particularly in the transportation sphere. I think we have been very successful.

The United States, once the case is taken to it, accepts our logic. I believe that many of these problems are being dealt with and will continue to be dealt with in a very efficient way.

* * *

[*Translation*]

THE BUDGET

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, municipal infrastructure needs an investment of at least \$1 billion this year. However, for the next fiscal year, plans are to invest only \$100 million of the \$300 million available for municipal infrastructure, one-tenth of what is needed.

Does the Minister of Finance realize that, with all the money at his disposal, he has missed a great opportunity to fix the problem, while his all-over-the-map approach has succeeded only in making everyone unhappy?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, in the budget, we signalled our intention to continue to support the construction of strategic infrastructure over the next 10 years, with an additional \$3 billion investment, which is in addition to the \$5 billion that had already been made available, some of which remains to be spent.

Given the choice of investing in highways or children living in poverty, I am going to choose children living in poverty.

* * *

[*English*]

PRESENCE IN GALLERY

The Speaker: I would draw to the attention of hon. members the presence in the gallery of the Hon. Jeff Lantz, Attorney General and Minister of Tourism for Prince Edward Island.

Some hon. members: Hear, hear.

Routine Proceedings

●(1505)

POINTS OF ORDER

PRIVATE MEMBERS' BUSINESS

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, I rise on a point of order to ask the government House leader if he could indicate to the House whether the stalemate regarding private members' business being votable has finally come to a conclusion?

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to confirm to the House, through the question of the hon. House leader for the official opposition, that we have arrived, I am very pleased to say, at a satisfactory conclusion which, hopefully, will be ratified tomorrow morning by the modernization committee and tabled at 10 a.m. in the House of Commons.

I want to thank the House leader for the official opposition, all other House leaders and all members of the modernization committee, including the chair of course, for their tremendous support, along with all those who contributed toward the process.

ORAL QUESTION PERIOD

Mr. Loyola Hearn (St. John's West, PC): Mr. Speaker, during question period today you ruled out of order a question from the member for Kings—Hants. I know it was very noisy in the House but I was wondering if you perhaps could look at the blues because I believe that the main part of that question was in order. I would certainly appreciate your ruling on that matter.

The Speaker: I would be pleased to look at the blues and get back to the hon. member in due course.

ROUTINE PROCEEDINGS*[English]***ORDER IN COUNCIL APPOINTMENTS**

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to table, in both official languages, a number of order in council appointments made recently by the government.

* * *

GOVERNMENT RESPONSE TO PETITIONS

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

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*[Translation]***COMMITTEES OF THE HOUSE**

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the 21st report of the Standing Committee on Procedure and House Affairs concerning the

list of associate members of standing committees. I intend to move for concurrence in this report later this day.

* * *

*[English]***BILL C-225**

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, there have been discussions among the parties and I think if you were to seek it you would find unanimous consent for the following motion. I move:

That Bill C-225, an act respecting Terry Fox Day, stand in the name of the member for Hamilton Mountain.

The Speaker: Is there unanimous consent for the motion?

Some hon. members: Agreed.

(Motion agreed to)

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COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, if the House gives its consent, I move that the 21st report of the Standing Committee on Procedure and House Affairs, presented to the House earlier this day, be concurred in.

(Motion agreed to)

* * *

PETITIONS

STEM CELL RESEARCH

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to present a petition on behalf of a number of Canadians, including from my own riding of Mississauga South, on the matter of stem cells.

The petitioners acknowledge, as I do, that life begins at conception and they would like to point out that Canadians do support ethical stem cell research which has already shown encouraging potential to provide the cures and therapies for the illnesses and diseases of Canadians.

They also want to point out that non-embryonic stem cells, also known as adult stem cells, have shown significant research progress without the immune rejection or ethical problems associated with embryonic stem cells.

The petitioners therefore call upon Parliament to support legislative efforts which will pursue adult stem cell research to find the cures and therapies necessary for Canadians.

• (1510)

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, I have a petition from a number of people in the St. John's area who are making the point that non-embryonic stem cells, known as adult stem cells, have shown significant research progress and do not have the immune rejection problems or ethical problems associated with embryonic stem cells. They are calling upon Parliament to focus support on adult stem cell research to find cures and therapies necessary to treat the illnesses and diseases of suffering Canadians.

CHILD PORNOGRAPHY

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): Mr. Speaker, pursuant to Standing Order 36 I wish to present a petition on behalf of constituents living in the riding of Lambton—Kent—Middlesex who call upon Parliament to protect children by taking all necessary steps to ensure that all materials which promote or glorify pedophilia or sado-masochistic activities involving children are outlawed.

BILL C-250

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): Mr. Speaker, pursuant to Standing Order 36 I would also like to present the following petition on behalf of the constituents of Lambton—Kent—Middlesex who call upon Parliament to oppose Bill C-250 and not allow it in any form to be presented into federal law.

CANADA POST

Mr. Gerald Keddy (South Shore, PC): Mr. Speaker, it is my pleasure to present a petition on behalf of constituents of South Shore regarding rural route mail couriers. We all realize that section 13(5) of the Canada Post Corporation Act prohibits rural route mail couriers from having collective bargaining rights. It would seem to me and to all parliamentarians that this is just simply wrong. It is my pleasure to present this petition on behalf of mail couriers.

CHILD PORNOGRAPHY

Mr. Joseph Volpe (Eglinton—Lawrence, Lib.): Mr. Speaker, pursuant to Standing Order 36 I am pleased to present the following petition in its correct form and content regarding child pornography.

Several constituents from both my riding and other places appeal to the House and petition Parliament to protect our children by taking all necessary steps to ensure that all materials which promote or glorify pedophilia and sado-masochistic activities involving children are outlawed.

AFGHANISTAN

Mr. Joseph Volpe (Eglinton—Lawrence, Lib.): Mr. Speaker, I would like to present another petition related to military action in Afghanistan. I am pleased to present it to the House.

WESTRAY MINE

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, in a few months we will be tragically commemorating the 11th anniversary of the explosion in the Westray mine where 26 men lost their lives. Petitions are still coming in that were circulated at the time of the 10th anniversary.

The petitions note that May 2 is the anniversary of the explosion in the Westray mine where 26 men lost their lives and they call upon

Routine Proceedings

Parliament to enact legislation that ensures that any further disregard for the health and safety of workers will not go unpunished.

FREEDOM OF RELIGION

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, I have a second petition concerning religious freedom. This petition calls upon Parliament to protect the rights of Canadians to be free to share their religious beliefs without fear of persecution.

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, pursuant to Standing Order 36 I have the privilege to present to the House two petitions signed by more than 400 constituents of mine from Cambridge.

The petitioners call upon Parliament to protect the rights of Canadians so they can share their religious beliefs without fear of persecution. The petitioners oppose Bill C-250 and fear that if adopted, expressing moral disapproval of a sexual practice by citing the Bible or other sacred religious books, could lead to hate crime charges, and I agree with them.

The Speaker: The hon. member for Cambridge is an experienced member and he knows that it is quite out of order to express his view as to whether he agrees with a petition or not. I know he will not want to make that mistake again.

STEM CELL RESEARCH

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, pursuant to Standing Order 36 I wish to present a petition from a number of petitioners from my riding of Huron—Bruce who find that it would be an objective scientific fact that a human being exists from fertilization on. They also believe it to be unethical to harm or destroy some human beings in order to benefit others, embryos being destroyed in the process of taking stem cells being the example.

Adult stem cell research holds enormous potential and does not pose the serious ethical questions of stem cell research using embryos and aborted fetal tissue.

They therefore petition the Parliament of Canada to ban human embryo research and direct the Canadian Institutes of Health Research to support and fund only promising ethical research that does not involve the destruction of human life.

• (1515)

FISHERIES

Mr. John Cummins (Delta—South Richmond, Canadian Alliance): Mr. Speaker, I have two petitions. The first one is from some concerned fishermen. The issue is the large management fees that have been imposed on them. They suggest that all management fees should be affordable and relative to the value of the fishery.

Routine Proceedings

COAST GUARD

Mr. John Cummins (Delta—South Richmond, Canadian Alliance): Mr. Speaker, the second petition calls upon the government to restore funding to the coast guard. The petitioners note the difficulties the coast guard has had over the past year and the failure of the government to respond to that in an adequate way. They suggest as well that the coast guard should be separated from the Department of Fisheries and Oceans.

CANADA POST

Mr. Gurbax Malhi (Bramalea—Gore—Malton—Springdale, Lib.): Mr. Speaker, I have the honour to present the following petition.

The petitioners are saying that rural route mail couriers often earn less than minimum wage and have working conditions reminiscent of another era; that they are not allowed to bargain collectively to improve their wages and working conditions like other workers; and that private sector workers who deliver mail in rural areas have collective bargaining rights, as do public sector workers who deliver mail for Canada Post in urban areas; that section 13(5) of the Canada Post Corporation Act prohibits RMCs from having collective bargaining rights; and that this denial of basic rights helps Canada Post keep the wages and working conditions of RMCs at an unfair level and discriminates against rural workers.

Therefore the petitioners call upon Parliament to repeal section 13 (5) of the Canada Post Corporation Act.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, Question No. 106 will be answered today.

[*Text*]

Question No. 106—**Mr. John Herron:**

With respect to actions of the Department of Fisheries involving the Credit River in Ontario: (a) how much lampricide was used in 2002 and in what concentrations; (b) what were the reasons for the use of lampricide; (c) how did cloudy weather conditions affect the action of the lampricide, that is, did the combination cause the death of thousands of fish of non-target species in the river; and (d) what sampling, analyses, tests, measurement and monitoring occurred in the Credit River following the use of the lampricide?

Mr. Georges Farrah (Parliamentary Secretary to the Minister of Fisheries and Oceans, Lib.): The answers is as follows:

A. The Department of Fisheries and Oceans (DFO) 2002 lamprey control field season began on April 22. Up to June 18, DFO had treated 13 streams with a lampricide 3-trifluoromethyl-4-nitrophenol (TFM). The concentrations used varied between 1.0 and 8.0 mg/L and the amount of TFM used ranged between 0.3 kg. and 2342 kg. The total amount of TFM applied was 5845.3 kg. The concentration of TFM required to kill sea lamprey larvae (referred to as the minimum lethal concentration or MLC) is a function of stream pH and alkalinity while the total amount of TFM used depends on the MLC and the size or flow of the stream.

B. The lake trout and other fisheries in the Great Lakes collapsed during the 1950s due to a combination of overfishing and the invasion of sea lamprey (*Petromyzon marinus*), an exotic species that is native to the Atlantic Ocean and its tributaries. Sea lampreys accessed the Great Lakes following the construction of canal systems and other navigation works. The governments of Canada and the United States signed and enacted the Great Lakes fishery convention treaty in 1956, in response to the collapse of the fishery in the Great Lakes. The convention created the Great Lakes Fishery Commission (GLFC) to undertake fishery research in the Great Lakes and to control populations of sea lamprey. The GLFC conducts an annual program of sea lamprey control in the Great Lakes through its agents, the US Fish and Wildlife Service (USFWS) and DFO. USFWS and DFO assess the population abundance and distribution of lampreys in the lakes and their tributaries. They also conduct a control program that includes, where appropriate the construction of barriers, trapping, and release of sterilized males, to reduce the abundance of spawning lampreys. In addition, a critical component of the control program is the application of a lampricide, TFM, to kill larval lamprey in streams before they migrate to the Great Lakes and begin feeding on fish. If allowed to complete their life cycle, each lamprey can kill the equivalent of 18 kg. of lake trout during the parasitic stage of its life cycle.

DFO uses lampricides as part of an integrated management program to restore and rehabilitate the fishery community of the Great Lakes. The TFM program has been an effective tool in the control of sea lampreys. Sport, commercial, and tribal fisheries in the Great Lakes are now valued at more than \$4 billion due in large part to the sea lamprey control program. Applications of TFM in streams are highly effective in killing sea lamprey larvae (~95% mortality) while having minimal effect on other fish species. In 2002 the sea lamprey control program expects that over 10 million larvae will be removed from Great Lakes tributaries.

DFO, USFWS and the GLFC have used TFM since 1958. Recently, the US Environmental Protection Agency and Health Canada have reviewed TFM as part of re-registration legislation in each respective country. TFM is eligible for registration in both countries because it is environmentally benign (breaks down rapidly into non-toxic products) and for the most part, does not significantly affect non-target species. TFM causes mortality in lampreys because their primitive physiology does not have a mechanism to metabolize or excrete TFM while most other species can effectively eliminate TFM in the concentrations that are applied in the control program.

C. The toxicity of TFM is governed by a stream's alkalinity and pH. Biologists determine the stream pH and alkalinity so that they can apply TFM in concentrations high enough to kill sea lamprey but low enough to not affect non-target fish. Both alkalinity and pH vary through time. However, while alkalinity can vary seasonally, it is relatively stable over the one to three days of a TFM treatment. On the other hand, pH has a daily cycle that is a function of the rate of respiration of periphyton, algae and other aquatic plants. The pH cycle in a stream is generally predictable and repeatable during short (one to two weeks) time intervals. During the day plants extract carbon dioxide from the water and release oxygen. This has the effect of increasing stream pH and reducing the toxicity of TFM. However, during the night, plants use oxygen and release carbon dioxide causing the stream pH to decrease and increasing the toxicity of TFM. The magnitude of the daily changes in stream pH is typically not enough to cause TFM to become toxic to non-target species.

Sudden changes in environmental conditions can change the pH cycle in a stream beyond the typical daily fluctuations. For example, drastic changes in stream water temperature or the amount of sunlight can affect the amplitude of the pH cycle. Several sunny days followed by heavy overcast and a sudden decrease in water temperature can result in a significantly lower night stream pH compared to preceding nights. Other factors can also unexpectedly suppress stream pH. Larger than normal discharges from sewage treatment plants can increase biological oxygen demand, resulting in lower than expected stream pH.

The probability of a TFM treatment causing significant mortality to non-target fish increases if a sudden change in environmental conditions occurs after a TFM treatment begins. In some circumstances, biologists can decrease the volume of TFM being applied and thereby protect non-target fish species. However, in relatively rare instances, especially large pH suppressions can cause some mortality in non-target fish. DFO conducts between 25 and 30 TFM treatments each year. We have observed significant non-target mortality on average once every 10 years, i.e. one in every 250–300 treatments. It should be noted that significant non-target mortality is defined as 50 fish of any particular species and likely constitutes only the most sensitive component of a population.

DFO is investigating the environmental circumstances that occurred in the Credit River after the TFM treatment began. Both a change in solar input and increased biological oxygen demand have been proposed as causes for the sudden decrease in pH in the Credit River.

D. DFO conducts extensive water quality and discharge analyses prior to and following every lampricide application. These tests include monitoring discharge, temperature, pH, alkalinity as well as other water quality parameters. The tests are conducted at pre-determined locations throughout the watershed and are repeated at 30 minute to one-hour (TFM) and two-hour (pH, alkalinity, etc.) intervals. In addition, bioassays are used to confirm that local conditions are consistent with the published relationship between pH, alkalinity and TFM toxicity to larval lamprey and non-target fish. After the initial application of TFM, its concentration, along with water quality parameters, are assessed from the initial application point to the mouth of the river. The concentration of

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TFM declines to non-detectable levels within hours of completing a treatment.

[*Translation*]

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

The Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

[*English*]

MOTIONS FOR PAPERS

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, would you be so kind as to call Notice of Motion for the Production of Papers No. 27 in the name of the hon. member for Saskatoon—Humboldt.

Motion P-27

That a humble Address be presented to Her Excellency praying that she will cause to be laid before this House a copy of all documentation, including correspondence, notes, minutes of meetings, reports, phone records, e-mails and briefings between former Canada Lands Company vice-president, Michel Couillard and company president Erhard Buccholz, regarding former Public Works Minister Alfonso Gagliano and his chief of staff Jean-Marc Bard and the possible employment at Canada Lands Company of certain individuals contrary to sections 23(1) and 23(3) of the government's Conflict of Interest Code.

Mr. Geoff Regan: Mr. Speaker, we have no information to offer regarding this motion. The company does not have any records pertaining to this request. I would, therefore, ask the hon. member to withdraw his motion. However in this case I think you would find that the Minister of Health would be prepared to transfer it for debate.

Hon. Anne McLellan (Minister of Health, Lib.): Mr. Speaker, I ask that Motion No. P-27 be transferred for debate.

The Speaker: The motion is transferred for debate.

Mr. Geoff Regan: Mr. Speaker, I would ask that all other Notices of Motions for the Production of Papers be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from February 18 consideration of the motion that this House approves in general the budgetary policy of the government.

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Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, it is a pleasure to address the budget.

We in the Canadian Alliance have always said that Canada has the natural, historic and human resources necessary to attain the highest levels of wealth, security and democracy in the entire world. With these attributes Canada can achieve its true potential. We have confidence in Canada's people, in its potential and in our future prospects. My colleagues and I entered politics and were elected on this belief. Not only were we elected on this belief, we have acted upon this belief.

Thanks to this party, thanks to my predecessors in this party, the preconditions are in place for Canada to achieve its potential: balanced budgets, lower debts and low inflation. There is unprecedented fiscal room to do the right thing. Canadians are a well-educated people with a strong entrepreneurial history. There is every reason to be optimistic about possibilities for the future.

Unfortunately, the choices made by the government, the previous finance minister in particular, threaten our potential and this budget continues in that tradition. Prudence in budgeting has been laid aside for the padding of ministerial budgets. Surplus funds have been turned into slush funds for prime ministerial hopefuls. Canadian families and workers will remain overtaxed and overburdened.

We say real progress could have and still can be made. We can control the growth of runaway spending while providing for real program priorities. We can lay out a plan to further reduce our debt. Finally, we can and we should continue to cut taxes: personal taxes, family taxes and business taxes. We should cut all of them, including the mother of all deficit fighting taxes, the GST.

Let me turn to the opportunities that this country has. Canada has it all: a beautiful, pristine and wealthy natural resource environment and an educated and motivated population that has come from all parts of the globe. Left to their resources and their abilities, Canadians have a history of achievement and of freedom. We have an unprecedented opportunity to make the best of these endowments and make this country the most wealthy, most secure and most democratic country on the face of the earth.

National budgets are a time to examine how Canada cannot just compete but also win at these competitions, creating opportunity, wealth and a better life for us and the children and grandchildren that we want to see stay in this country. Canada can achieve these things with a new kind of thinking, the kind of thinking that propelled this party from nowhere to the national political stage, the kind of thinking that has pushed the government to frequently act against its own instincts and ultimately for the betterment of our population, and the kind of thinking that led provinces like Alberta and Ontario to create the real economic growth that this country has seen over the past decade.

Some progress has been made in the past 10 years, but that progress, at least federally, came only at the urging of my party and its former leaders fighting Liberal resistance and ridicule every step of the way. My party emerged on the scene largely due to the fiscal mismanagement of the Liberals and previous Tory governments.

Preston Manning used to say that the best thing to do when one is in a hole is to stop digging. This party's zero in three plan outlined a

way to eliminate the deficit. You will recall, Mr. Speaker, that the Liberals mocked our promise to eliminate the deficit by focusing on spending reductions and focusing on a plan that went over three years. Yet faced with pressure from my party, from financial markets and ultimately from Canadians themselves, the government finally started to do something in 1995. What it did bore some semblance to what my party proposed in its zero in three plan, but of course, being delayed, what the Liberal government did was much more harsh. However, following our lead, the budget was indeed balanced in three years.

Once the budget was balanced, my predecessors also reflected Canadians' desire to address our massive national debt. We called for a legislative plan to reduce the debt. After dithering, the government finally started to set aside contingency and prudence reserves that were an ad hoc way to address the debt.

● (1520)

Today, although the national debt remains massive, the long course of debt reduction has at least begun, thanks to my party pushing the issue up the government's agenda, and I should say in the process reflecting only where it was on the population's agenda.

Finally, let me address taxation and the government's reluctant shuffle to lower taxes. Very reluctant, very hesitant and incomplete as it is, this move came only because of the leadership of others, for example, Mike Harris and his progressive tax-cutting government in the province of Ontario, and my predecessor who carried pressure for his historic introduction of Canada's first single rate of tax when he was finance minister in Alberta, and who brought it to this House of Commons, the member for Okanagan—Coquihalla.

The government responded to the public and political pressure by announcing some tax cuts at the eleventh hour, days before the calling of the 2000 election campaign. I will deal with these tax cuts in a few moments. The reality remains, and let us be very clear, that without this party, without all the efforts that its members of Parliament past and present have done, and without all of the Canadians who have supported it and worked behind it, Canadians would never have seen a dime in tax relief from the Liberals. They would never have seen any reduction in debt and they would never even have seen a balanced budget, at least not before there had been a fiscal calamity.

● (1525)

[*Translation*]

Dealing with deficits, debt and taxes was only a start. Now it is time to get the job done. Getting the job done will require new and ambitious thinking – the kind of new thinking my party brought to Ottawa, the kind of new thinking the Liberal Party is incapable of understanding.

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[English]

Thinking about things from a new and different perspective is not about reading the polls and having focus group tests. It is never easy because it takes courage, conviction and the strength to know that taking a new and innovative course is going to make change for the better.

Genuine leaders are the ones who do the right thing. The right thing to do now is to get on with the job, to get beyond reversing the mistakes of the past, to get beyond not repeating those mistakes, to get beyond cycles of taxes and spending followed by cycles of cutting later on, to get on with the goal that a budget can pursue making Canada specifically the most wealthy country in the world.

If Canada is going to reach that potential, it is going to require leadership and the right kind of leadership; leadership that understands the proper role of government, leadership that recognizes the power of free markets and of the private sector, leadership that recognizes that prosperity is best achieved by a government that spends right, that taxes less and that empowers private citizens more.

Free enterprise is a powerful thing. It drives and sustains economic growth, it rewards individual initiative and it empowers people to realize their potential. These are the values on which Canada was built, the values on which our economy was historically built.

We need policy again that focuses on economic growth, strong enough to provide the revenues needed to provide jobs and deliver core social services. It is often said that the best social program is a job. Likewise, the best guarantee of a strong social safety net is a strong economy. We can have the health care system Canadians demand and we can have the military Canadians need, only if we lay the foundations for economic growth.

However in the last years as finance minister, the member for LaSalle—Émard failed to lay the foundations for long term growth. He failed to give Canada the government that would realize our potential. He failed to get on with the job.

Instead of getting on with the job, what the former Minister of Finance did was return to the Liberal ways of tax and spend. With tax and spend came waste, mismanagement and indeed, corruption. How did this happen?

In the mid-1990s and at the prodding of my predecessors, the federal budget emerged from an era of deficits into an era of prudence. However that prudence did not last long. The former finance minister figured out how to turn the virtue of prudence into the vice of padded. He vastly underestimated government revenues. He vastly overstated projected government spending. Each successive budget more blatantly disguised the size of the surplus. The former finance minister turned the virtue of taxpayer surplus into the vice of slush funds.

A government that had temporarily been in restraint began to get reckless. This led to three critical problems, the problem of misplaced priorities, the problem of waste and mismanagement, and the problem of overtaxation. Let me deal with these one at a time.

The first problem with turning surplus into slush was the massive increases in largely wasteful public spending. The former finance minister went on a dangerous spending spree in his final three budgets. To be clear, the biggest beneficiary was not and never was health care.

He increased spending on the non-defence operations of government by \$7.4 billion over the past five years. By comparison he spent on all transfers, including health, to other levels of government only \$4.5 billion. In other words, for every \$1 spent on social transfers which include health, the former finance minister spent at least \$1.65 just on hiring binges and departmental slush funds. In simple terms, the former finance minister put hiring bureaucrats over funding health care.

The second problem with turning surplus into slush is that the slush invariably leads to lack of control over public spending.

• (1530)

The former finance minister's last few budgets gave Canadians very poor value for money: a 500-fold overrun in the net cost of the firearms registry; \$1 billion spent fraudulently in an inadequately administered Human Resources Development grants; millions of dollars in advertising contracts that are now under investigation by the RCMP; and literally untold and undisclosed millions in GST fraud.

Finally, the third problem with turning surplus into slush is that Canadians are still severely overtaxed. The former finance minister's addiction to spending resulted in taxes that were higher than ever. Canada's ballooning surpluses, always higher than admitted at budget time, are all the evidence we need that we are being grossly overtaxed.

The former finance minister took more money from Canadians than any other finance minister in the history of the country.

The public relations rhetoric around tax reductions announced prior to the last election is just that. It has perpetuated the greatest of all Liberal myths: Liberal tax reduction.

Working Canadians have rightly asked, "If Martin cut taxes, then why can't I see it on my pay cheque?" The answer is that most of these tax cuts were nothing more than future tax cut promises or forecasts. Short term relief has been overshadowed by new levies like the air tax and massive increases in Canada pension plan contributions.

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Worse, the former finance minister broke faith with Canadians on taxes that were brought in temporarily to reduce the deficit. He chose to keep increases in gas taxes that both he and his predecessors raised to address the deficit. He chose to keep capital taxes that were brought in for the same purpose. He chose to build up a massive government slush fund by collecting billions more in employment insurance premiums than he needed to run the EI program.

Worst of all, the former finance minister failed to take any action on the GST, a tax he and his party promised to scrap, abolish and kill, a promise that got themselves propelled into government.

If I could summarize the approach brought us by the former finance minister in two words, those two words would be "overtaxed" and "underserved". Canadians pay too much tax and receive too poor value for this money. That is ultimately the result of the former finance minister turning prudence into padding and surplus into slush.

The policy of slush is also a threat to our prosperity. The government's recent reckless fiscal policy is costing Canadians. Wasteful programs are misusing hard earned tax dollars. Misplaced priorities mean health care has been underfunded for years while corporate welfare and departmental budgets have grown unchecked. However the real cost to Canadians of the government's recent record has been the failure to address the slide in Canada's living standards.

Canadian living standards have been falling steadily behind the United States for 20 years. Canadians take home pay has shrunk compared to the United States. Even in years where our economy has performed better, Canadians have fallen farther behind.

On productivity, according to the Canadian Manufacturers and Exporters Association, Canada has put in one of the poorest performances on manufacturing and productivity growth among major industrialized economies during roughly the past half decade.

How has the government dealt with that? How has it masked the strategy of its apparently rosy budgets with poor economic performance? The strategy of the government has been to compensate for its dubious fiscal record in economic policies by turning Canada into a discount wholesaler. Only through a steady deteriorating currency, only by a steady drop in the Canadian dollar has the country managed to keep its exports high. By devaluing the dollar, the government has been able to devalue its debts but it also has been in the process of devaluing the assets, devaluing everything Canadians own.

This poor record on living standards and productivity threatens to undermine Canada's potential and its future prosperity, and to do what it is doing already; that is, seeing what assets we have slowly bought up by the United States and by other foreign countries.

• (1535)

[*Translation*]

Yesterday, the current finance minister had a unique opportunity to set himself apart from the fiscal course set by his predecessor. In his first budget, he had a golden opportunity to demonstrate how he would chart a different course. He could have chosen to correct his predecessor's destructive course, return to sound long-run financial

management and return hard-earned tax dollars to Canadian families and workers. Or he could have chosen to continue his predecessor's destructive course, continue financial mismanagement and continue to overtax Canadian families and workers.

In fine Liberal tradition, the new Minister of Finance decided to do both—though he did more continuing than correcting his predecessor's errors.

[*English*]

The budget did some things right, and we want to be fair and acknowledge some of the ways the current finance minister corrected his predecessors errors. We applaud the finance minister for reversing the course of his predecessor and following our lead by eliminating the capital tax, a fight fought in the House of Commons by our member for Peace River.

We applaud the finance minister for reversing the course of his predecessor and following our lead by addressing resource tax inequities, a cause undertaken by our own natural resource critic, the member for Athabasca, who is unable to be here today because of illness.

We applaud some other changes like the disability tax credit. Our member for Nanaimo—Cowichan fought hard for improvements to that.

The 2¢ reduction to the EI was fought hard for by the hon. member for Medicine Hat and the finance minister's 2¢ contribution to Canadian taxpayers which workers can use to see a movie in a second run theatre once a year.

We also applaud the minister for other changes such as small business tax changes and increases to the RRSP limits. We even recognize the finance minister for reversing somewhat the course of his predecessor in following our lead by at least reducing to some degree the destructive air tax, a cause fought for and will continue to be fought for by our member for Port Moody—Coquitlam—Port Coquitlam.

Our reservations on these items are only that they will take years to implement in some cases and in many cases such as the air tax, they do not go far enough. These taxes should have been eliminated.

We also support the health accord signed by Ottawa and the provinces. We support the injection of funds into courthouse services provided by the provinces. As well, we support the flexible federal-provincial conditions negotiated for on funds into new areas. We support accountability through a non-bureaucratic health council. We also support allowing the provinces to continue to find innovative ways of delivering health services using public, non-profit and private delivery options.

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We will be watching the federal and provincial governments to complete the accord and ensure that it provides improved patient results, the kind of changes Canadians want to see, more doctors, more beds and shorter waiting lists.

We also support measures to reduce spending on existing programs to find money for new programs. Our support for that comes with some hard questions.

First, why are there no reductions now after the finance minister spent months looking for them?

• (1540)

Second, why was only \$1 billion set aside for future spending reductions? Recent scandals alone have uncovered three times that amount: the gun registry, the sponsorship programs and the HRDC programs. Eliminating corporate welfare could yield many more billions.

Third, why is the government so suddenly concerned with accountability. Could it be that a retiring Prime Minister is suddenly concerned about the scandals swirling around his government and his precious legacy?

Fourth, is this a public relations exercise or is it a serious attempt at cleaning up a record of waste, mismanagement and corruption?

In many ways the current finance minister in fact continued his predecessors errors. Let us go over the number of things he did wrong and the number of things he could have done.

First, on national defence, we support the injection of new funds into our military. We note however that this increase is not even the \$800 million per year that the government advertises but rather \$600 million a year as the government first will demand \$200 million in reductions in spending from the military to get the new money. We are concerned therefore that this is little more than a band-aid approach to a problem that needs more serious medical attention.

The Canadian Alliance has consistently called for an immediate annual injection of \$2 billion into our military. Even that would have to be very well spent given the current demands placed on our military. Otherwise this means that additional dollars will do little to equip or prepare our troops.

On child care, the government has decided once again to invade provincial jurisdiction by promising money for licensed day care spaces. This is entirely the wrong approach. The last federal plan failed because provinces would not sign on, and we see no reason why they would do so this time.

We favour encouraging parental choice. Many two parent families do not use institutional day care arrangements and thus do not benefit from this grandiose scheme. Single income families are once again shortchanged. We would prefer a universal tax deduction for children in all families so that parents, not the government, can make the choice of how they wish to care for their children. A universal child deduction is also a better way than the refundable child benefit that completely ignores the costs of children in middle income families and creates high marginal tax rates for low income families.

It is throwing money at Kyoto. The government ratified Kyoto without a plan. Now it is planning to spend billions of dollars

without a plan. The budget announces \$2 billion on top of the \$1.6 billion already spent. However, Canadians can look in vain in the budget to figure out how this money will actually be spent. Is it a slush fund for the Minister of the Environment or is it a slush fund for the Minister of Natural Resources? This is the kind of unspecified spending that leads to problems like we have seen in HRDC, the gun registry and on the sponsorship contracts. It is part of a pattern of grand schemes, no plans and billions wasted.

The government tried to announce \$5.4 billion in agriculture spending. Frankly, farmers have already seen these numbers before. I have already seen several announcements of these numbers just since I became Leader of the Opposition and that was less than a year ago. The government's plan in agriculture has become clear: announce a grand scheme with dollars recycled from previously failed programs; design programs with sufficient stringent conditions that few farmers need actually qualify; and then pretend that bold action has been taken. The government is doing nothing to address the real challenges farmers face, whether from unfair international trade disputes or from natural disasters.

I could go through a list of things. It is amazing that the government could provide a budget that starts with about 30 pages of spending promises and new spending initiatives, yet in an instant we can name major areas of the economy in our society that were completely omitted, such as agriculture for all intents and purposes. The softwood lumber crisis continues to devastate almost every province in the country and still no action. The criminal justice system in general, but on child pornography, a rampant crime, there has been no discussion of resources or initiatives to deal with this problem.

The current finance minister also continued the course of his predecessor by not doing some other things. He continued the course of his predecessor by failing to cancel the \$1.5 billion gun registry. He continued the course of his predecessor by failing to invest in GST fraud investigation. He continued the course of his predecessor by failing to eliminate corporate welfare and industrial subsidies.

In summary, the current finance minister did correct the course laid out by his predecessor by doing some things right. It is indeed a short list. Most of the items in the budget continue the path laid out by the former finance minister, a path marked by turning prudence into padding and surplus into slush.

I would like to stop for a minute to reflect upon what the finance minister termed this. He termed this approach "the approach of the northern tiger". I say no, that is not what it is. The finance minister knows what he is doing. He is borrowing his term from success stories we have seen across the globe in recent decades: the Asian tigers, Hong Kong and the others, the Celtic tiger of Ireland and all these various tigers that prowl around the globe.

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●(1545)

What those tigers had in common was disciplined public spending, a reliance on genuine free enterprise, and aggressive programs to push taxes as low as possible. That is what being an economic tiger is all about.

The government is not a northern tiger.

Miss Deborah Grey: It's a toothless tiger.

Mr. Stephen Harper: I like that one: a toothless tiger. Some of my colleagues have said that the government is nothing more than a northern pussycat, but I have difficulty with that because I like cats. I like my cat and, notwithstanding some of his weaknesses, my cat does not deserve to be compared to the Liberal government.

It does raise in my mind, though, what unfortunate animal we should actually compare the government to. Several suggestions have been made. As members know, I have already been in trouble in Parliament a few times so I will stick to some family friendly examples.

I have concluded that what we should compare the government to is the gull, the northern gull. The reason I concentrate on the gull is that we have all been there, having a fabulous picnic, and with our hard earned tax dollars we have gone out and purchased all this food with our families, brought ourselves together and we are sitting there trying to have a picnic. Who keeps swooping down on the picnic, trying to steal the food, trying to get a big meal out of it? It is those Liberal gulls, and let me say that if gulls could talk, I bet they would tell us that when they are trying to steal our food and use it for themselves it is really all about Liberal values. That is what the gulls would tell us.

There is a better way. Putting Canada on the right path requires changing course. It requires getting the job done.

First it requires controlling spending. The Canadian Alliance would immediately stop runaway Liberal spending. We support targeting spending, in particular new spending, to priority areas neglected under the former finance minister's watch: health care and the military. In general, however, we believe that spending should only increase at a rate matching increases in population and prices. Also, we would put an end to things like the wasteful billion dollar gun registry, wasteful and in some cases illegal sponsorship contracts, and wasteful and poorly administered HRDC programs. The Canadian Alliance would also end programs that are of little benefit to Canadians and Canadian families, especially welfare schemes for our major corporate sector.

If Canada is to reach its potential, spending needs to be constrained, debt needs to be paid down and broad based tax relief needs to be provided. In fact, there is no reason, and I say it again, as I have said across the country, there is no reason why taxes in this country need to be higher over the long term than taxes in the United States.

Here are the facts. The American government spends more per person on public health care, not just health care but public health care, than Canada does. The United States has much more serious problems of social pathology, which need the array of social safety net programs that all governments wrestle with. The United States

also obviously has much more serious demands on its military and security interests than anything that would be faced by even a responsible, defence oriented and security oriented Canadian government, which we certainly do not have.

With these realities, we have the potential, and we should make it our economic goal, a goal for future budgets, to make Canada the number one tax jurisdiction with the lowest tax rates in North America.

It is amazing that a statement like that would draw Liberal ire. It tells us something about their priorities. Those gulls are squawking over there.

The Canadian Alliance would immediately eliminate all taxes and tax increases originally brought in to reduce the deficit. We would eliminate, not just reduce, the air tax that is crippling our airline industry. We would deliver immediate and substantial tax relief to families, to middle and low income workers and to investors. These tax changes would be aimed at moving toward a flattening of high marginal tax rates.

●(1550)

Furthermore, we would not shy away from further cuts to corporate income taxes to free up money for businesses to create more jobs and greater opportunities for all Canadians. We would begin by finally reducing the GST.

The GST hits hardest on the people who have to spend all of what they earn: low and middle income and modest income Canadians. The GST is costly to administer, it is subject to fraud of undetermined scope and it is an onerous administrative burden on the small business owners that the government has turned into its unpaid tax collectors. This government came to office promising to scrap, eliminate and kill the GST. All we are asking it to do is reduce the GST on Canadian families and workers.

Let me take a moment to say I have rarely heard anything so shamefully spoken in the House of Commons as what the Prime Minister said to me a couple of days ago. I watched the tapes, where he bragged openly about how much money he is now gouging out of Canadians' pockets in increased GST revenue.

[*Translation*]

Canada has the natural, historic and human resources needed to be the best in the world, a country that leads the way in terms of research, security and democracy. This budget could have allowed us to go to the next level and make Canada a truly great country.

Canada could attain these objectives, but this budget prevents us from taking up the challenge. Surplus funds have been turned into slush funds. Families and workers in Canada are overtaxed and receive inadequate services.

We could have put a stop to increased and unreasonable spending. We could have developed a plan to bring down the debt more seriously. We could have continued to reduce the tax burden on individuals, families and businesses, starting with the GST. These are not the objectives shared by the tax and spend Liberals.

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[English]

Only the Canadian Alliance is offering Canada the opportunity of reaching its full potential, the opportunity to make the most of our natural historic and human resources.

I therefore move:

That the motion be amended by substituting all the words after the word "That" with the following:

this House rejects the government's budget statement because it continues the policies established by the previous Finance Minister that failed to give Canada the economic foundations that lead to a country that is number one in wealth, security and democracy and by laying aside prudence in budgeting for the padding of ministerial budgets; turning surplus funds to slush funds for prime-ministerial hopefuls; and by continuing to overtax and overburden Canadian families and workers.

• (1555)

The Speaker: The question is on the amendment. Debate.

[Translation]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, it is with a great sense of responsibility that I rise to speak on yesterday's budget presented by the Minister of Finance.

Yesterday, the government missed a golden opportunity to fundamentally change the state of finances and the state of the economy in Canada and Quebec.

The \$15 billion in spending announced yesterday for the next two years shows that the federal government had ample leeway to respond to the concerns of Canadians, Quebecers and the provinces with respect to some of the basic issues that have been debated for the past two or three years.

Rather than tackle the real problems, the government and the Minister of Finance, not unlike the Prime Minister, chose to take an all-over-the-map approach. I found 74 different areas of spending.

He chose to invest in provincial jurisdictions. Once again, he chose to create new initiatives, without really tackling the issues raised by Quebecers, Canadians and the provinces, especially Quebec.

Although I am extremely disappointed to see that the Minister of Finance and the government did not take advantage of this golden opportunity, given that they had the means to correct a certain number of fundamental problems, I am nonetheless pleased to see that the public and the media, in particular, were not taken in.

In the headlines this morning I noticed for instance that the budget handed down by the Minister of Finance was described as a budget for everybody and a budget for nobody.

One newspaper indicated in its article on the budget that he is trying to please too many people. Another headline referred to hidden defects. A third was entitled, "Promises, Promises" and another, "The Urge to Spend". Finally, there was one that I found especially striking describing yesterday's budget as a chicken with its head cut off. The government is running around in all directions and has produced a budget without a master plan.

The first thing to note in considering yesterday's budget speech and related documentation is that it has shown the extent of the fiscal imbalance. I think the federal government should have made it a

priority to correct this imbalance, whereby this government has much greater financial resources than it needs to fulfill its responsibilities, especially those recognized under the Constitution Act, 1867.

There is also the fact that the needs are in the provinces and that, over time, the past few decades in particular, these needs have caused expenditures to grow, sometimes exponentially.

With respect to health, given the aging of the population, the new technologies and drug costs, we know that health costs are growing faster than the collective wealth, the gross domestic product.

So, the needs are in the provinces, while the money is in Ottawa. This became obvious yesterday when the Minister of Finance announced an additional expenditure of \$6.4 billion to be made within a matter of weeks—we are not talking about years or decades here—that is by March 31. That is five weeks from now, six at most.

This goes to show that, unfortunately, the federal government has again kept information from the public, information on the real anticipated surpluses for the current fiscal year in particular. I will come back later to the fact that, for the next fiscal year also, we think that the surpluses will be much larger than those announced yesterday by the minister.

To illustrate this fiscal imbalance, since the Liberals took office, revenues raked in by Ottawa have increased from \$123 billion in 1993-94 to \$185 billion on 2003-04. That is a 50% increase.

We are not talking about several decades. We are talking about ten years at most, during which the federal government saw its overall revenues increase by 50%.

• (1600)

I think we all agree that this is a lot of money, considering the responsibilities of the federal government.

As I mentioned, for the current year, the minister had told us, in his economic statement, about a \$1 billion surplus for strategic planning. Let us be generous and add to that \$1 billion for strategic planning the \$3 billion contingency reserve. This amounts to a \$4 billion surplus.

Yesterday, not only was the minister able to maintain the \$3 billion reserve, but he also announced, as I mentioned earlier, additional spending of \$6.4 billion by the end of the fiscal year.

The minister himself admits that the surpluses will not be around \$1 billion, if we exclude the reserve, or around \$4 billion if we include it, but, rather, around \$9.4 billion.

Based on the forecasts of the main Quebec and Canadian banks and financial institutions, we had anticipated that the surpluses would be closer to \$10.4 billion.

Indeed, for the past several weeks, the Bloc Québécois has been telling the public, through the media, and also here in the House, that the surplus would be closer to \$10.4 billion.

The Budget

Now, we must also take into consideration the changes to accounting procedures announced by the minister yesterday, at the specific request of the Auditor General. Following these changes, this year's surplus will increase by \$3.1 billion.

While the minister admitted yesterday that the surplus would not be \$4 billion but, rather, \$9.4 billion, I can assure the House that at the end of the fiscal year, once all tax revenues and expenditures have been calculated, the surplus, before the measures announced yesterday, will be around \$13.5 billion instead.

The government is still hiding from the public the real state of public finances. This is totally unacceptable, particularly on the part of a minister who prides himself on being transparent.

This reminds me of a saying that has been around for generations in Quebec and that has to do with culture. We often say that culture is like jam: the less one has, the more one spreads it. It is somewhat the same thing with transparency. The less one has, the more one boasts about it.

I think that the minister and the current government are back up to their old tricks, incapable of acting with transparency and providing accurate information to the public. The best I heard was one commentator who said that it was true that the current Minister of Finance was underestimating the surplus, but not to the extent that his predecessor was. We could at least give him that.

This is not what Canadians and Quebecers want to see. They want to know the true state of affairs.

As I mentioned earlier, we are projecting a surplus this year of around \$13.5 billion. Next year, unlike the minister who has announced an \$8.8 billion surplus, we believe that the surplus will be around \$12.3 billion.

Yesterday in his budget, the Minister of Finance announced a surplus of \$18.2 billion over two years, based on the spending and contingency reserve he indicated; however, we project a surplus of over \$25.8 billion for this same period. That is a difference of approximately \$7 or \$8 billion.

Not only is this observation a sign that the government lacks transparency, but the size of this surplus is eloquent testimony—and no one on the government side can say otherwise—to the existence of a fiscal imbalance. Instead of spreading this \$15 billion all over the map, they should have fixed the structural problem of fiscal imbalance once and for all.

Remember that, next year, 7 out of 10 provinces in Canada will be running a deficit. Only Quebec, Manitoba and Alberta will avoid this situation. There is something wrong when the federal government has doubled its revenues over the past 10 years, while most of the provinces, except Alberta, which is a very special case, are running a deficit. Even Quebec and Manitoba are just managing to keep their heads above water. A economic downturn could push us back into a deficit.

• (1605)

I was saying that except for Alberta, Manitoba, and Quebec, all the other provinces are running a deficit. Even Ontario will run a deficit next year.

It is the same taxpayer. It is not a taxpayer with a split personality who has one way of looking at the taxes he pays to Ottawa and another way of looking at the taxes he pays to Quebec City. It is the same taxpayer who pays in both cases.

As I mentioned earlier, we would have liked the federal government to withdraw from part of the tax base and allow the provinces to independently and democratically assume their responsibilities, especially in health, post-secondary education and income security.

The first observation we must make about this budget is the extent of the fiscal imbalance, which was once again demonstrated by the Minister of Finance himself.

The other observation is that since the government has too much money and not enough responsibility, it is inventing responsibilities. I think the second thing we must take from yesterday's budget is that a good portion of the money is going to the wrong priorities.

After the first ministers meeting a few days ago when the Prime Minister of Canada announced \$2.5 billion in new money for the Canada health and social transfer, and with the size of the surplus now out in the open, although not news to us, we would have expected the federal government to have done a little more for health.

But it stuck firmly to the agreements that were reached barely ten days ago. As I was saying earlier, we have to use money we set aside for priorities that are questionable, to say the least. I will come back to this.

By the way, just in terms of interference in provincial jurisdictions, in Quebec in particular, with regard to the \$15 billion that I talked about earlier, we identified \$4.5 billion in new spending in areas that do not remotely come under federal jurisdiction.

This will result in squabbles, confusion and waste. The taxpayers of Quebec in particular, and those in the rest of Canada as well, agree that there was no need of it. The needs are so great, social needs in particular, that this money could very well have been used for more positive purposes, particularly, as I have already said in my first point, to correct the problem of fiscal imbalance for once and for all.

While they were busy invading areas of provincial jurisdiction, and funding a whole series of initiatives in a multitude of areas, many different segments of the population of Canada and Quebec who need immediate assistance failed to receive it.

I am thinking, for instance, of the workers, communities and companies that are victims of the softwood lumber dispute at this very time. There is absolutely nothing in the budget to address this dispute, which has now dragged on for over a year and half, almost two years.

The Budget

I have asked the question of the minister, but he was not able to answer. He stayed in his seat and deferred to the Minister for International Trade.

We would have expected a number of measures for self-employed workers, particularly in connection with employment insurance. It is as if they did not even exist. We know very well that, within a few years, what is termed non-standard work, that is work that is not regular or not full time, will become the norm. As far as the federal government is concerned, however, it is as if it never existed. They are still living in the 1950s or 1960s, and have not noticed that the labour market has changed.

There is absolutely nothing for aboriginal people in this budget either. I will be told, of course, that there is plenty of money for health. That, however, will not make any fundamental change in the relationship between the federal government and aboriginal people.

In the coming year, the unemployed and the workers contributing to EI will again be having to make contributions that will be used for purposes other than protecting their income if they lose their jobs.

So, a lot of areas have been ignored. There are, of course, some measures that may at first seem worthwhile, in particular the higher limit for RRSPs, registered retirement savings plans. Despite the fact that the limit has been raised to \$18,000, it must be kept in mind that only 1.5% of Quebec taxpayers are already contributing the maximum allowed amount of \$13,500.

• (1610)

I noticed that several financial analysts have highlighted this initiative, but this does nothing to solve the problem of retirement savings. Approximately 80% of the population is unable to contribute enough to RRSPs. These people have no access to additional pension funds and they may end up in poverty when they retire. In response, the federal government preferred to implement a measure that, at first glance, seems to be good, but that will only help a small minority of people in the end.

I spoke of misplaced priorities earlier. We know that since 1998, the defence budget has increased 53% and there is an additional \$1 billion in spending for next year.

Of course we are not against defence spending in principle, but we need to know what this money will be used for. There has not been a review of Canada's defence policy in more than ten years. The debate on Iraq only proves that we do not know what Canada will do; the position of the Government of Canada is unclear. Before throwing billions of dollars at defence, I think we should have had this debate.

And there are other priorities. Take the example of post-secondary education. Federal transfers for education have decreased 30% since 1996. I think that this is a priority need for Quebecers and for all Canadians. This need could have been met immediately.

I do not have much time left, and a number of my colleagues will have the opportunity to touch on different aspects of the issue, but I would like to talk about the minister's proposal regarding employment insurance premiums.

The minister has made much ballyhoo about the drop in premiums, from \$2.10 to \$1.98 per \$100 in insurable earnings. In fact, he already announced the greater part of this decrease last October during his economic statement, where he said that he would be lowering premiums from \$2.10 to \$2.00. Now he is announcing that it will not be \$2 but \$1.98.

In fact, what the Minister of Finance announced yesterday was a decrease in EI premiums of two cents more than previously announced. He will give up \$100 million and continue to collect between \$2.5 and \$3 billion in excess premiums. Obviously, this is before holding consultations. We shall have to keep an eye on the government on this one.

I would like to read from a release by the Department of Finance issued on February 2, 2001—that was just two years ago—which said the following, with respect to the EI premium rate:

In December 1999, the House of Commons Finance Committee concluded that the rate setting process needed to be revised. When Bill C-44 was introduced in September 2000, the Government of Canada announced that it would undertake a thorough review of the EI premium rate setting mechanism.

The same promise was made two years ago by another finance minister, and nothing came of it. What is scary is that the then Minister of Finance could well become the Prime Minister in a few months.

Would it not have been better to immediately resolve the issue of the process to set rates by creating an independent fund? That is what the unions are requesting, as are a good many employers' associations, to ensure that those contributing are the ones managing the fund and making decisions about premium rates and coverage.

Instead, what is announced is a consultation process, which I can predict will go nowhere. Meanwhile, the government will keep dipping into the EI fund and using this money, billions of dollars, for other purposes.

This budget is therefore a big disappointment. It provided a golden opportunity to resolve, in Canada and Quebec, a number of fundamental problems such as fiscal imbalance, misappropriation of EI funds, infrastructure—for which municipalities are requesting huge amounts of money—Kyoto and many others.

As I said, in the next few days, several of my colleagues will have the opportunity to demonstrate that this budget is utterly unacceptable.

Accordingly, I wish to move an amendment to the amendment put forward by the leader of the Canadian Alliance.

I move:

That the amendment be amended by adding after the word "Minister" the following:

"that, among other things, deny that there is a fiscal deficit between the federal government and the provinces, and conceal budget surpluses to the detriment of democratic debate, and".

• (1615)

The Acting Speaker (Mr. Bélair): I declare the amendment to the amendment in order.

*The Budget**[English]*

It is my duty pursuant to Standing Order 38 to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Nanaimo—Alberni, Health.

• (1620)

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I thank the member for his presentation. There are two areas that come to mind. First, is the issue of fiscal imbalance. There is absolutely no evidence of fiscal imbalance. In fact, the province of Quebec, along with every other province, has the same ability to raise revenue as the government does.

Second, it is interesting that when it comes to the issue of tax points Quebec is demanding more tax points, but it does not recognize the tax points it already receives. Could the member explain to us how that can work? The member wants more but does not accept what is already a fact.

I am absolutely surprised to hear his comments regarding EI. This government has been reducing EI premiums for 10 years in a row. We have now announced premiums at \$1.98. In fact, there is now an outline clearly indicating that we want to make it transparent and we want to ensure that EI pays for itself. The minister again announced that today in question period and the member continues to talk about how we are not doing enough with EI.

I hope the member will be part of those discussions when we will be ensuring that EI is used for the purpose for which we have talked about. I would like him to comment on that as well.

[Translation]

Mr. Pierre Paquette: Mr. Speaker, to understand this properly, one must look at the past. In fact, during the second world war, the provinces ceded part of their tax field to the federal government so that the latter could finance the war effort.

Since then, the provinces, particularly Quebec, have been fighting nonstop to recover their tax field. It is true that Quebec was able to regain part of its tax field during the 1960s when the federal government returned tax points to Quebec. But it was Quebec's tax field. The same thing happened in the 1970s: part of the tax points we ceded to the federal government during the second world war were returned to us.

That said, the battle is not over. Yesterday's budget makes this abundantly clear. When additional expenditures of \$6.4 billion over the next five years can be announced in the course of one afternoon, it is a sign that the surpluses are astronomical and that part of the federal tax base could be given to the ten provinces, seven of which are currently having financial difficulties.

On the other hand, the fiscal imbalance is also due in large part to the fact that the provinces' responsibilities, which were perhaps less important when the Constitution was written than they are now—I am talking about health, the environment and education—are now the public's primary concerns.

The federal government is all alone now. All Canadians, particularly in Quebec, and all the commentators agree. All that remains is to convince the federal government. That is going to take

some time. I know that it is hard to get the government to understand, but it will see logic in the end. The provinces will eventually recover these tax points so that they can assume their responsibilities. The public is already demanding it.

As for employment insurance, I cannot understand the member's reasoning. It is true that the premium rate has decreased over the past few years, but the government has nonetheless managed to build up a surplus of nearly \$45 billion in the employment insurance fund. Let us not kid ourselves. The former Minister of Finance was able to balance his budget and build up a surplus on the backs of the unemployed, workers and small businesses. The current premium rate is unnecessary. At \$2.10, the government will still have a surplus of \$3 to \$4 billion in the employment insurance fund. At \$1.98, it will still generate a surplus between \$2.5 and \$3 billion. This is unacceptable. That is not the purpose of the EI fund. We are asking for the EI fund to be managed by those who contribute to it. The federal government got out of that business in 1989, and it should stay out.

They may say, yes, but there were deficits in the past. Well, there was never a \$42 billion deficit. These are excuses and specious arguments. If the government wants to be honest, it should transfer the fund to the contributors and find another way to finance itself. It will have to forego \$3 billion, part of its surplus. As I was saying earlier, before the measures announced yesterday, we thought that over the next two years the surplus would have been \$25.8 billion. In the interests of common sense, they can certainly do without this \$6 billion.

• (1625)

[English]

Mr. Rob Anders (Calgary West, Canadian Alliance): Mr. Speaker, I would like to ask my hon. colleague from the Bloc a question.

I share many of his and his party's concerns regarding the federal government taking away money that rightly belongs to the provinces. I think particularly of health care, where in 1966 the federal government made a promise that it would be funding 50% of health care in the country. I know the premier of my province at the time, Ernest Manning, predicted that the federal government would wind up paying substantially less and would leave the provinces holding the bag.

I heard the last question and response, and I would love if the hon. member would take time to elaborate on his concerns regarding the federal underfunding of health care and how bad a position that has put Quebec in not getting its fair share of funding from the federal government. What does the member think the federal government should do to make good on that?

He also touched on employment insurance, an area where the federal government is taking massive over-contributions. I am glad that he touched on the \$45 billion surplus that the federal government has amassed from employment insurance.

The Budget

I would also like him to touch on something related to employment insurance, which is the Canada pension plan. His province was smart to set up the Caisse de dépôt to exempt themselves from the federal government on this. Education is another aspect with regard to—

The Acting Speaker (Mr. Bélair): Order, please. We must also provide an opportunity for the hon. member to respond.

[*Translation*]

Mr. Pierre Paquette: Mr. Speaker, the federal government did withdraw from health and post-secondary education. As we speak, it is contributing 14¢, perhaps 15¢, on every dollar spent. With the investments announced, its contribution might rise to 16%, or 16¢.

That is very far from what it was at the time when the system was put in place, and still far from what the provinces and the Séguin commission are recommending.

The federal government will have no choice: either it reinvests massively in transfers for health—because we now know that there will be such a thing—or it will have to give tax points back to the provinces and let them manage them as they see fit for health care.

There is a democratic problem. From the moment that the provinces depend on the federal government for health care, the legislative assemblies, including the National Assembly of Quebec, can no longer take action on the democratic choices of the people of Quebec, and this is also true of the other provinces.

We are gearing up for an election in Quebec. There will be a debate on health care. Voters in Quebec will make choices. The National Assembly may not be able to afford to take action on the choices made with respect to health care, and this is unacceptable.

The same goes for to education. The federal government did not add a cent for the provinces in the budget. Of course, there is a new grants and loans program and all that, but the provinces are still getting only 8¢ out of every dollar for education.

In closing, a change was introduced with the creation of separate envelopes for health and for social programs and education. I think it will be necessary to review the financing, as was done for social assistance a few years ago. For each dollar that Quebec put into social assistance, the federal government used to put in an equal amount. It was possible then to show imagination and creativity, and we did not have to scrounge around for every dollar, as the federal government is forcing us to do now.

Mr. André Harvey (Parliamentary Secretary to the Minister of International Cooperation, Lib.): Mr. Speaker, I have a great deal of respect for my colleague, but I find that it makes little sense to state here in this House—and not just once, moreover—that the Canadian government is only investing 14¢ in the health sector.

The figure prior to the last budget commitment of \$35 billion was 40¢, which means that the Canadian government's commitments to health range between 45¢ and 50¢ for each dollar invested.

I would therefore like to ask my colleague whether he is prepared to rectify his statement. I do not believe in all this talk about a great Quebec consensus; we have heard all of this before.

I recall the debates on the young offenders act. It was the end of the world; and yet, once the act had been passed, Quebec got millions of dollars out of it to administer its system.

Then there was the great Quebec consensus on manpower training. Just go ask the rural municipalities and the clients whether they miss having the Canadian government's involvement in manpower training.

I would ask the hon. member this one thing: is he prepared to withdraw his statement to the effect that the Government of Canada is only investing 14¢ per dollar in health? I know that this is wrong.

• (1630)

Mr. Pierre Paquette: Mr. Speaker, the government members are always right, but they are usually the only ones who think the way they do.

Allow me to read from a news release from the provincial first ministers from January 23, 2003.

First Ministers agree to the immediate restoration of the federal CHST funding to at least 18% of total health and social expenditures this fiscal year.

If funding must be restored to 18%, then it cannot already be at 18%. I submit that the current level is 14 or 15%.

I will continue reading:

First Ministers agree that this amount is approximately \$5.4 billion—

What was announced yesterday was an additional \$2.5 billion for the CHST.

In closing, I would like to read just this short passage from the news release:

First Ministers agree to escalate this federal contribution by 1% per year of the CHST equivalent to achieve a 25% financial partnership by the end of the decade as recommended by a number of eminent Canadians.

It may be that we are wrong and they are right, but they are the only ones who think so. In Canada, most people, like us, believe that the provinces are short on money for health, and that the federal government has not met the demands of the public.

Some hon. members: Oh, oh.

An hon. member: That will cause some problems.

The Acting Speaker (Mr. Bélair): Order, please. The hon. member for Winnipeg North Centre.

[*English*]

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am pleased to lead off the New Democratic Party's contribution to the debate on the government's budgetary proposals.

This is my first budget as the finance critic for the New Democratic Party. I am very honoured to hold that position.

I want to pay tribute to my predecessor, the member for Regina—Qu'Appelle, who served as finance critic for many years. He has taught me a great deal. I will continue to rely on him and all my colleagues for advice as I begin these new responsibilities.

The Budget

Let me also acknowledge the work of Jack Layton, the recently elected leader of the federal New Democratic Party. He is clearly a voice of reason and hope among political leaders in Canada today. Certainly on the question of the budget, he has given a clear message to Canadians that there is hope, that there is an alternative to the kind of mean-fisted approach by the Liberal government and the kind of acceptance of Alliance ideas in the House today.

This is my first budget as finance critic but I have certainly participated in budget debates before. We have been very observant of every budget presented to the House and have critiqued each one very carefully. I must say the budget is proving to be a most difficult one from the point of view of Canadians.

In the past, with the Prime Minister and the current finance minister applauding, we witnessed the former finance minister deliver budgets that could only be characterized as bare knuckle economic assaults on the country's less well off on behalf of the corporate community and the rich.

There was the 1995 Liberal budget that, to quote the former finance minister, set out to redefine government by the most severe cuts to social programs in memory in the name of deficit fighting. There has been the ongoing Liberal deception about a balanced fifty-fifty approach to surplus spending that over the years since 1997-98 has actually turned out to be 90% for tax cuts and debt reduction with only 10% going to program spending.

There have also been years of lowballing and shell games by the government when it comes to budgetary surpluses, with a cumulative total of unrecognized surpluses of \$80 billion since 1993. That is according to the statistics provided by the alternative federal budget on the left, and let us look at the other side of the political spectrum. Let us look at the Conference Board of Canada and the Toronto Dominion Bank.

All these experts have recognized the way in which the government has lowballed the surplus numbers and denied Canadians real choices in terms of what needs to happen in terms of the revenues available to the government.

We have had all that history. For me, the culmination, at least until yesterday, was the 2000 Liberal budget with its massive \$100 billion tax cuts and debt reduction at the expense of social program initiatives. That budget was delivered in the very same year the government was supposed to celebrate the end of child poverty in Canada.

I can imagine that the current leader of the Canadian Alliance must have been greatly relieved that the finance minister decided to run for the leadership of the Liberal Party and not the Alliance.

• (1635)

Throughout all of that, the New Democrats strongly opposed those budgets and the American-style survivor economics they represented. We worked with and we voiced the concerns of all those other Canadians whose needs were ignored, whose needs were neglected. We worked to get the Liberal-Alliance juggernaut to change course.

Based on the many leaks we heard leading up to yesterday's budget, we thought that maybe we were making some progress. We

thought that there had been one of those epiphanies often experienced by leaders on their political deathbeds that would see the Liberals end their romance with the Alliance and begin to repair some of the damage they have caused to the social fabric of Canada.

We actually looked forward to a budget that might offer Canadians some hope. We were hopeful when we heard that the government might finally listen to municipalities, that it might finally listen to the level of government that is closest to people's lives and that the government might make significant investment in the urban infrastructure that is crumbling around us.

The infrastructure component of the Liberal social deficit amounts to \$57 billion. Just to begin addressing this need, Canada's cities had called for \$800 million per year, rising to \$2 billion annually within five years as a minimum. Imagine our disappointment and shock when the budget came forward and we realized we were dealing with a Liberal offer of \$3 billion spread out over 10 years.

Ms. Alexa McDonough: After 10 years of neglect.

Ms. Judy Wasylycia-Leis: After 10 years of neglect, as my colleague the member for Halifax has just said.

It was a slap in the face. It was a slap in the face to all of those municipalities that have been struggling day in and day out to improve the quality of life for their citizens.

More than that, it is a sure recipe for all kinds of unacceptable alternatives. We could be looking at user fees, new tariffs, property tax increases and worst of all, privatization of vital public services, such as the water supply and roads.

We were also hopeful that the Liberals would actually start to address housing. We looked forward to a national housing program announcement, a comprehensive budget attack on the shortage of affordable accommodation and decent housing in the country today. We expected this.

In fact, new housing costs have just recorded the highest annual jump in more than 13 years, while Canadians who rent cannot find or afford apartment space. The number of homeless and those who are one paycheque away from homelessness is absolutely intolerable by any standards. It is absolutely shameful for a country whose economy is this strong.

New Democrats along with the housing advocates have been calling for a meagre 1% of program spending to be channelled into a national housing program. Instead what did we get in yesterday's budget? There was no strategy to deal with the housing crisis. There was only the addition of \$13 million this year to a previously inadequate five year fund. It is nowhere close to the 1% solution.

The budget utterly fails the many Canadians who cannot afford to put a roof over their heads and feed and raise their children at the same time. Shame on the government for ignoring and neglecting this vital area, this vital need in Canadian society.

The Budget

With respect to education, funding education is a no brainer. Canada is crying out for highly educated workers. Fully 70% of the labour force growth between 1991 and 2001 was in jobs requiring a university degree or college diploma. Yet the Liberal cuts to post-secondary education have put these opportunities out of reach for more and more young Canadians.

Over the past decade tuition fees have more than doubled. In some courses they are now doubling again over a one or two year period. Students are dragging an average \$25,000 in debt when they graduate, yet only one in 24 is able to qualify for debt relief.

● (1640)

We had hoped and believed that there would have been a change yesterday. Instead of the boost to university and college core funding that would keep skyrocketing tuition fees down, the Liberals stuck to their piecemeal millennium scholarship approach.

The same \$425 million allocated this year to the Canada education savings grant that does nothing to improve access could have been used to cut tuition fees by close to 15% across the board. That is according to the Canadian Association of University Teachers. Students once again have been left out to dry.

The Liberals could have maintained a balanced budget and still devoted \$1.6 billion in 2003-04 to cover need based grants, interest free loans, and to expand and improve debt relief. We had hopes but the Liberals again made the wrong spending choices.

Let me touch briefly on child care. This is an area I have followed for many years. Members will know that when it comes to a national daycare program we are dealing with the longest running broken political promise in the history of the country. We could go back to 1984. Remember the 1988 election with Brian Mulroney and the Conservatives? Then in 1993 there was the red book which said that there was going to be a national daycare program. It was repeated in 1997.

Where are we today? What did we get? Peanuts, barely enough money to pay for 3,000 child care spaces. That is not a daycare program. That is a child care lottery. That is exactly why we raised the question in the House today. It is interesting. At least the Minister of Finance had the honesty to admit that was a piddly amount and hardly up to the task at hand.

What he did not say was that in fact this \$25 million in the first year for daycare spaces has to be spread out across the country. Seventy per cent of women who work have children under the age of six and need regulated daycare spaces but only one in ten of those families can access safe, quality, regulated daycare. The rest of those women and families are left to make very worrisome and tough decisions about the safety and care of their kids.

People can understand our frustration today with this budget and our disbelief at a budget that actually would give businesses a benefit by eliminating the capital tax. Let them win the jackpot and make families play the lottery game in terms of basic child care spaces and centres. It is quite unbelievable at a time when there was the fiscal flexibility, the surpluses available to the government to begin to build a national daycare program.

On the environment, as I said earlier today in question period, this budget was supposed to be the showcase for the Liberals. It was to add the muscle to the bones of our Kyoto commitments.

Mr. David Anderson: It's a skeleton.

Ms. Judy Wasylycia-Leis: A skeleton is right, as my friend in the Alliance Party has just said.

We are very disappointed and we join with many Canadians in expressing that disappointment. Despite the billions of dollars in economic and health costs the Liberals have acknowledged are coming from climate change, the budget commits less to Kyoto implementation than the amount pledged to ongoing tax cuts. Any serious plan to meet Kyoto has to include public transit, passenger rail and freight rail, but not a penny was dedicated specifically to those solutions.

By the most generous definition possible, there is \$300 million a year available for transportation infrastructure. Again, solutions were within their reach, but the Liberals opted to shortchange Canadians.

Moving on to health, I know that this is a matter in which my colleagues across the way will be interested. We have serious concerns about the way in which the government failed to close the Romanow gap. Can members believe it? Here we have an opportunity like never before in terms of surplus revenue, in terms of a fabulous blueprint from Roy Romanow, and the government cannot figure out how to at least adopt the bare minimum.

● (1645)

Close the Romanow gap. Ensure that the government is somewhere close or on the path to achieving a 25% share of the financing of our health care system.

With this budget we are ending up with a share of health care financing that is below the Brian Mulroney and Conservative share of health care. Some legacy. The legacy of this Prime Minister and these Liberals is to be lower than Brian Mulroney on funding of health care.

After seeing the federal share of health funding drop like a stone to around 12% from previous radical Liberal budget cuts, Canadians sent a clear message to the Liberals, through Roy Romanow, to move as quickly as possible to a system that had the federal government involved as a partner, at least on a 25% basis, that ensured accountability measures to prevent money going to for profit investor owned health care services and to ensure that we moved our system from an institutional based, costly, illness focused system to a community based, holistic, preventive health care model.

The Budget

We had a great opportunity. According to all estimates and reliable sources, all that it would have taken to close the Romanow gap would have been about \$5 billion or \$6 billion. It is interesting that the government is prepared to put its surplus, about \$4 billion, into a contingency fund or what it would call a prudence fund, otherwise probably known as a slush fund, instead of putting it into the number one priority facing Canadians and ensuring that we did everything possible as a nation, as a federal government, to address those pressing concerns in terms of quality care, waiting lists and access to trained professionals and services.

On a related issue, Roy Romanow called for a rural and remote access fund with an immediate injection of \$1.5 billion over the next two years. Why did he do that? Because he recognized that Canadians living in the north in our three territories were particularly vulnerable and had particular challenges to overcome because of long distances.

Premiers joined in calling for a similar proposal at the last first ministers conference in January by asking for an additional .5% of the total new health funding, per territory. It was thought that it would take \$60 million per year as a minimum to address that fundamental concern of the premiers and the territories. It would help deal with the challenges being faced. Did the government find \$60 million to deal with the issues and challenges facing northerners? No. Instead it found millions of dollars in tax relief for big businesses. It has found all kinds of tax relief for the wealthy, who are able to put more into RRSPs, which provides no benefit to 95% of Canadians. Talk about misplaced priorities. I think that says it all.

I know I have to wrap up. We see no vision for our nation in this budget. Spending for spending's sake seems to be the only plan. Just like the previous Liberal Alliance plan of blindly cutting government services and cutting taxes proved no plan to meet the real bread and butter needs of Canadians, this too will fail.

The new finance minister seems to think that randomly scattering a handful of seeds far and wide in the hope that something will grow is the best approach to budgeting. Well, he is wrong. He should take a lesson from the alternative federal budget that carefully crafts economic strategies to invest in Canadians and it does so without running up a financial deficit or especially a social deficit.

By way of concluding, this is the legacy budget of the Prime Minister. To the Liberals and the Alliance it may seem like a positive legacy. However the vast majority of Canadians still see the path of destruction this Liberal government has cut through our social fabric. This budget is not an answer. It is nothing more than a damage report.

• (1650)

Mr. Dennis Mills (Toronto—Danforth, Lib.): Mr. Speaker, over the last 14 years I have sat in the House and listened attentively to the New Democratic Party. I have taken care to listen to the New Democratic Party because quite frankly, I tend to be one of the farthest left in my party. It is no secret. I am a passionist, centralist, and interventionist.

Last night when I saw the New Democratic Party stand and applaud the Minister of Finance, I said to myself that the NDP caucus is true to form. It is high road. It is classy. It is constructive.

However I do not know what happened after the NDP members left this Chamber last night because they began to trash the budget without any foundation at all.

I represent the poorest people in downtown Toronto. For the member of Parliament from the New Democratic Party to stand up and say that there is nothing in the budget for the homeless, for cities and that there is not enough for health care, for the environment, for children from low income families and the list goes on, shows that the New Democratic Party is now on a course of criticizing for the sake of criticizing and not one of being constructive.

The great Toronto area alone will get \$800 million. How can she stand in the House and say nothing is happening for cities?

Ms. Judy Wasylycia-Leis: Mr. Speaker, the good news based on that question is the Liberals see the NDP as a threat. Perhaps they have moved from listening to the Alliance and adopting its misplaced priorities holus-bolus to gradually accepting some of the concerns raised by New Democrats.

The bad news is that the member has tried to disregard the clear call from many Canadians for responsible action from the government on a number of very important areas that are suffering because of Liberal cutbacks, going back to their former minister of finance's massive gouging and cutting of the social fabric of the country. He ought to realize more than anyone how important it is to begin a social investment in the country. He should realize how important it is to build communities and to offer real support to families.

When first nations say that this budget does nothing to deal with the third world conditions on their reserves and barely makes a dent in the serious problems at hand, he ought to listen. When mayors of every large city ask where is the long awaited money they desperately need to rebuild their cities, renew their communities and build hope for the future, he ought to listen.

Child care advocates say that this is some kind of joke when there is talk of creating 3,000 day care spaces for the entire country yet they were promised back in 1993. The Liberal government has not made children and families a priority. Government members should stand and say the contribution that working people make in the country ought to be recognized.

The government ought to realize that by investing now in such basics as child care and in such fundamental issues as adequate housing it will save in the future. The government could say that for every dollar invested in a day care space, \$2 or \$3 will be reaped back because it was there at the nurturing stages of children. The government could say that for every dollar put in terms of high risk needs and special needs children in our society, \$7 is reaped back because it was there at the early stages thus ensuring people could make a contribution based on their talents. That has to be understood by the member and all members of the Liberal Party.

The Budget

Canadians want to see the government address their priorities on a sound, planned basis with the resources necessary to meet the task at hand.

• (1655)

Mr. David Anderson (Cypress Hills—Grasslands, Canadian Alliance): Mr. Speaker, after the last two speakers desperate attempts to claim their left wing credentials, it has started to become something like a politicians anonymous meeting. I am glad that being conservative, being right wing is not a disease.

I want to talk a little about the Romanow gap about which we keep hearing. I happen to have to live with the results of the Romanow administration and government. When he came to power, we had a hospital about eight miles away. It was a small town hospital that worked well. We had roads that we could drive on, an ambulance service that served us and we had doctors who were willing to come to the rural areas. By the time Mr. Romanow was done with his health reform, the hospital in the local area was pretty well shut down. We have part time medical services in our area.

The roads have been allowed to deteriorate so the ambulance trip over them is a miserable experience. He left us with part time health services. The nearest full service hospital is 90 miles away. It is well over an hour in an ambulance even with the lights flashing. I happen to know that because I was on the ambulance service at home. We are left with a place where doctors are reluctant to come.

Does the member not realize that Roy Romanow has no credibility with those of us who had to live through his regime and his health care reforms? The Romanow gap is really a credibility gap.

Ms. Judy Wasylycia-Leis: Mr. Speaker, by all accounts the work done by the Saskatchewan government and the government in Manitoba, both of which happen to be NDP, is well recognized for dealing with a very difficult situation of limited federal dollars in the face of growing demand and need. By all accounts, the federal government has failed provincial governments struggling to provide for all citizens.

Roy Romanow offered a solution. It was the result of 18 months of consultations. Thousands of Canadians participated and there was a consensus about what we needed to do as a country to sustain medicare and to ensure that a non-profit, public system of health care would be there for generations to come.

I would suggest that the Alliance join with us in calling upon the government to at least, as a first step, close the Romanow gap which would have the federal government play a role that is beyond the 14% it is investing in our health system now. This would begin to provide the basis for reshaping and rebuilding our health care system.

The member ought to know that the damage done to our health system as a result of this government's cuts back in 1995 has been massive. The work to correct that kind of situation has to begin now. That is why this budget is so critical. We have a chance now with fiscal flexibility, with surplus revenue and with all kinds of room in terms of investing in communities. This is the year and the time to deal with that gap and to put the money into communities that are prepared to provide for the health care needs of their citizens,

regardless of where they live and regardless of how much money they earn.

• (1700)

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, this side of the House needs no lectures in supporting urban communities. We are the party and the government that brought in the national infrastructure program in 1993 when that side of the House opposed it.

To suggest somehow that the budget does not support cities is a travesty. I hate to hear this nonsense: I do not know what happened to the homeless; I do not know what happened to infrastructure; and I do not know what happened to families with children who live in cities. The RRAP program, air quality, all of these things have been ignored by that member and that party.

Ms. Judy Wasylycia-Leis: Mr. Speaker, obviously we have hit a sore spot with that member and others across the way. Clearly they are on the defensive and they ought to listen to the voices of Canadians in their reaction to the budget.

What has to be absolutely understood is that the government, in terms of trying to repair the damage of a decade of cuts, has tried to do a bit of everything on all fronts and has done nothing well. On all of those key areas the hon. member talks about, whether it is municipal infrastructure, housing, health care, child care or the environment, the government has offered at best half a loaf. It is a bit like all this hype and all this talk about social spending and it turns out to be nothing. It is a bit like eating a cheese puff; we bite into it and it dissolves in our mouths. That is what this budget is. That is why Canadians are so concerned and that is why we are speaking out.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, it is with pleasure that I rise today to speak on the budget. This budget is a return to the 1970s Liberal free-spending habits that have imperiled Canada's economic prosperity. Instead of a vision for the future, the government is reverting to a nostalgia for the past. Last time we witnessed program spending growth like this, the current Prime Minister was the Minister of Finance.

The fact is that since 1998 we have seen growth in program spending that did not always reflect the priorities of Canadians, but this is the first year in which we have seen such a dramatic increase in program spending. Nobody disagrees, and in fact, we want to see a greater level of investment in health care and the military.

Health care and the military clearly represent the priorities of Canadians, but if we take the budget's health care reinvestment portion and military reinvestment portion out of the increase in the spending, the fact is that there is a 7.3% increase in government program spending in the budget, net of health care and the military.

The Budget

This is far in excess of the economic growth in Canada. We cannot sustain that level of spending growth. It is simply not sustainable and we are imperilling the future of the country. It is like the sixties and the seventies all over again. There are anti-war protesters in the streets, there is talk in the House and elsewhere about the idea of decriminalizing marijuana, and there is a free-spending Liberal government in Ottawa again. The Prime Minister must be having a flashback.

The Prime Minister should have warned his finance minister not to make the same mistakes that he made when he was the finance minister in the 1970s and to simply say no to this Liberal waste and largesse. There was probably not one single Liberal backbencher who did not get something in this budget. There was probably not a Liberal caucus hand in the air that did not get something out of the Minister of Finance in these days when the Liberals are more concerned about the Liberal leadership race than they are about the future of the country.

We do not want to see the deficit at 9% of GDP again. That is where it was when the Liberal government was defeated in 1984. The deficit was 9% of GDP, largely because of that type of profligate, wanton spending by a Liberal government and a finance minister who is currently the Prime Minister. We are back to that level of spending again and Canadians are very concerned, because it is a very ominous sign.

The government is proposing to help fund some of these new spending programs by reallocating a total of \$1 billion a year from department and agency budgets. This represents an amount that is equal to the amount that has been wasted so far, a billion dollars, on the failed long gun registry. That is one single government program. If the government would learn how to cut the fat, it would be able to deliver more meat in the budget for real tax reform, for real tax relief for Canadians and for real and significant reinvestment in the Canadian military.

What is really ironic about the budget is that only \$1.6 million over the next two years is going toward the Canadian military and \$200 million of the reallocated funds that the minister sought from departments actually came from the Canadian military. Of all the departments to identify for waste, who would have thought the Liberals would target the military? It is a department already on the ropes, already fighting to try to maintain reasonable levels of equipment and quality of life issues for the Canadian military.

It is absolutely shocking what the government has done to its Canadian military and to Canadian families. Now, instead of providing Canadians with more money in their pockets and providing the military with the resources it needs to actually do what is necessary to carry out the very important tasks in a post-cold war environment, the government is again dropping the ball.

The finance minister likes to describe Canada as a northern tiger. In doing so, he invites a direct comparison with those economies that have truly earned their reputation as tigers, economies like those of Ireland, Hong Kong and Singapore.

• (1705)

In those countries there were governments that provided revolutionary, courageous and bold tax reform focused on

productivity. Canada has all the ingredients, save one, to truly turn itself into an economic northern tiger. As a nation we have the resources, we have the people and we have the knowledge to turn Canada into a world leader. However, the one missing ingredient is federal leadership. Leadership is required to enhance and to implement a bold agenda to strengthen the standard of living of every Canadian.

The finance minister talks about a northern tiger, but with his Liberal incrementalism, with his Liberal pussyfooting, the best we can hope for is to be a northern kitten. The real tigers have focused on enhancing productivity by dramatically cutting and, in some cases getting rid of, corporate taxes, capital taxes and taxes on investment. The true tigers have built tax systems that encourage investment and savings. The tigers have kept their governments responsive but, as a per cent of the economy, as small as possible. Ireland's public revenue as a percentage of GDP is 34%. Hong Kong's is only 10%. Smart, forward thinking, fiscally responsible, focused and effective government has been key to the tigers' success.

In recent years these tiger economies have been growing twice as fast as that of the Canadian economy. In 10 years, Canada's economy grew by 6% per capita. Ireland's economy grew by 92%; think of it, 92% growth in Ireland's GDP per capita. Clearly, due to the government's lack of economic leadership, courage, wisdom and foresight, Canada remains a toothless tiger. Our standard of living is suffering. The 20% loss in the value of the Canadian dollar since this government was elected represents a pay cut for every Canadian. That low Canadian dollar both reflects and fosters low productivity.

By failing to introduce a bold, productivity focused tax reform package yesterday, the finance minister has failed his first test of leadership. Canada needs productivity focused tax reform. We need to eliminate the capital gains tax, eliminate the capital tax immediately, not over a five year period. We need to reform our corporate and personal tax system. This budget involves a little bit of tax tinkering but no tax reform.

If I may, I will speak for a moment on the issue of marginal tax rates. Our marginal tax rates attack investment and attack hard work. We should be encouraging people to work hard, to save their money, to get ahead. Instead, we have a tax system that pummels ambition and initiative. That is simply wrong. We should start celebrating success in Canada, not apologizing for it.

At \$7,400, Canadians hit the basic personal exemption threshold where they have to start paying taxes. The government does not have a problem with taking money from people making \$7,400 per year. It is immoral. It is counterproductive. It discourages people to go from being on welfare to actually taking a job. We should be rewarding people who make the right decision, who try to enter the workforce and better themselves and their families. Instead, we have a system that forces them to make that very difficult decision: that if they take a job they are going to make less money for their families. That is just shameful.

The Budget

Then when we look at what happens to the child tax benefit, for instance, we see that it gets clawed back starting at \$33,000 of income. This means, because of our marginal tax rate and our clawback of benefits, that somebody around the \$33,000 tax bracket, a Canadian family with three children, gets its child tax benefit clawed away from it. The government thinks that a Canadian family with three children that is making \$33,000 per year is rich. I can tell the House that any Canadian family raising three children on \$33,000 per year is struggling.

The government talks about helping children. The government talks about helping Canadian families. It may talk the talk, but the finance minister and the government clearly do not walk the walk.

• (1710)

Canadian families and all Canadians need a government that reforms our tax system to help them succeed and prosper in an increasingly competitive and difficult global environment.

We have talked about what happens at the \$7,400 tax bracket. We have talked about how the government claws away the child tax benefit from Canadian families at \$33,000 per year. At \$100,000, we hit our top marginal tax rate in Canada. In the U.S., Americans do not hit the top marginal tax rate until around \$400,000 U.S.

There are a lot of young, educated, talented Canadians who we need to keep in Canada. Our future productivity as a country is contingent not just on keeping the best and brightest we can produce but also on attracting them. Instead, we are sending them south of the border because a lot of them are high income earners.

We are losing them not just for next year or the year after, but we are losing them for 30 or 35 years of future revenue. Just think what that means to our ability in the future to pay for our health care system, for the retirement plans that Canadians value and for the social and physical infrastructure that Canadians want. How are we going to be able to afford that if our best and brightest continue to leave Canada seeking opportunities elsewhere?

Clearly tax reform is absolutely essential and this is a government that is ignoring the dramatic need to reduce and reform Canada's antiquated, anti-success and anti-productivity tax system.

Earlier I mentioned the low value of the Canadian dollar and the fact that every Canadian has had a 20% pay cut as a result of the loss of 20% of the value of the Canadian dollar since this government was elected. The best way to address the loss in the value of the Canadian dollar is to improve our productivity as a nation. Tax reform is only part of that, but it is the part that is most absent in terms of the government's agenda. Actually, to call it an agenda is a bit of an overstatement because this government really has no agenda. It has no vision and no clear direction. It is more focused on next week's polls than it is on the challenges and opportunities that Canadians face in the 21st century.

Canada's effective corporate tax rates are among the highest in the OECD. This creates a competitive disadvantage between Canada and our international competitors. In today's global economy, competitive corporate tax rates are essential. In the old economy, in the old days before the forces of competitiveness and globalization were as pervasive as they are today, high taxes redistributed income.

In the new economy, the globally competitive economy, high taxes redistribute people and capital. Talent and capital have never been more mobile than they are right now and they flow to the areas of greatest opportunity for growth and prosperity. We are repelling capital and talent in Canada. The minister talks about making Canada a magnet for talent and capital. That is a joke. He is forcing capital and talent out of Canada by refusing to deal with some of these very significant flaws in our tax system.

A tremendous disappointment to our party, to Canadians and to the member for Saint John, who has fought so hard for the Canadian military, has been the fact that the government only made a half measure effort to try to address the significant underfunding issues in Canada's military. Canada's military is cash starved and Canada is jeopardizing its international reputation by refusing to address long term military spending needs. This budget started to address a need for spare parts, but it did not address the capital equipment needs that would define a modern, capable and internationally respected military force.

Any economic growth that Canada enjoyed in the 1990s came as a result of some of the structural changes made to the Canadian economy by the previous government, free trade being an important one. The deregulation of financial services, transportation and energy was very important, and of course there was the elimination of the manufacturers' sales tax and the replacement of that tax with the GST.

• (1715)

However, none was as important as the Canada-U.S. free trade agreements of the late 1980s and the early 1990s. Our economic growth in the nineties was contingent completely on the economic growth and prosperity that resulted from American growth and today our future prosperity is imperiled.

In a post-September 11 we faced a pretty stark reality, either being on the outside of fortress America or working in a leadership capacity with our friends and partners, the Americans, to be inside a fortress North America. Investment in perimeter security and in a new Canada-U.S. partnership on security issues, and economic cooperation, would help ensure that Canadians continue to have access to this vital market.

The best way to protect economic sovereignty is by creating economic growth and prosperity. There is no better way to protect Canadian economic growth and prosperity than to ensure continued access, in fact, improved access to the richest market in the world, the United States.

By only paying lip service to domestic security issues the Liberals are imperiling Canada-U.S. trade upon which Canadian prosperity depends.

The Budget

The budget is an affront to the provinces that are still shouldering the burden of Liberal downloading. Program spending, including health care and defence spending, has increased by a staggering 7.3% in the budget, including new expensive programs that interfere directly in areas of provincial jurisdiction.

The issue of fiscal imbalance is an extremely important one. It is not a purely Quebec issue as it affects every province in Canada.

[*Translation*]

It is very important to deal with the issue of fiscal imbalance. It is not fair to have one level of government, namely the provincial level, assume all the responsibilities for health care, social services and education, and another level of government, namely the federal level, assume all the responsibilities for raising money.

The federal government has the means to raise money. In order to solve the problems affecting the health care system, it will be necessary to also deal with the issue of fiscal imbalance.

• (1720)

[*English*]

It will be so important that we as parliamentarians on all sides of the House recognize the importance of improving the conditions for our provinces. Our provinces have the lion's share of the responsibility to provide health, social and education spending, and yet the federal government has most of the taxing power.

The federal government has the capacity to slash transfers to the provinces, as the government did in the late 1990s, and without really facing any political repercussions, throwing health care and education into a crisis in every province in Canada. At the same time that provincial governments were struggling with deficits the federal government was awash in surpluses and not paying a political price for its irresponsible slashing of transfers to the provinces.

The best accountability that could exist for health care and education would be for a provincial electorate to have full knowledge that not only did the provincial governments have the responsibilities which they have now to provide health care and education funding, but also the power to raise the money. We have to take a serious look at how we can ensure that.

There are innumerable other failures in the government. In recent weeks we saw a proposal from President Bush to move significantly on reducing and streamlining taxes on dividend income. There was nothing in the budget to address that. We should have eliminated withholding taxes which would have helped significantly in terms of improving our climate for economic growth, prosperity and investment.

We currently have our greatest trading partner, the U.S., in a recession. We have a world teetering on war, we have Canadians concerned about their declining standard of living, and the government wants to go back to the seventies. Lacking a vision for the future the Prime Minister and the government always revert to nostalgia for the 1970s.

In closing, Canada has a triple AAA country with a single B government. We have an investment grade country but a junk bond government. The best country in the world deserves the best ideas in

the world and Canadians thirst for ideas based leadership. I know that our party can provide that leadership and make Canada a winner in the world again.

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I was listening to the member's comments and was not sure whether he was going back to the future to the Brian Mulroney days when he was talking about mismanagement and debt.

The member and the Bloc said the same thing and I want to respond to that. He suggested that there is a fiscal imbalance. There is no evidence of a fiscal imbalance, number one. Number two, the provinces have the same ability to raise taxes as the government does. The difference is we balanced our books first before we brought in the \$100 billion tax cuts. The provinces, by and large, brought in tax cuts and then expected us to pay for it. The fiscal imbalance is a myth. I would have expected more from this particular member.

The member does not talk about the fact that the government is paying down the national debt, the only G-7 country to do so, 44.5% of GDP.

If we are, as the member said, a junk bond government, how is that we are able to reduce taxes, reduce the national debt, and provide services that Canadians ask for, that they need, and that we respond to in this country.

I would like to hear what the member has to say about that because clearly the member did not talk about the financial record of this government. I would suggest that the member was perhaps reflecting on his past Conservative government and that is where the confusion lies.

• (1725)

Mr. Scott Brison: Mr. Speaker, the federal government balanced its books by slashing transfers to the provinces by forcing the provinces with the constitutionally enshrined responsibility to provide the health care and education to Canadians, face deficits, and health care systems and education systems in a crisis as a result of the its inability and irresponsibility to actually tighten its own belt more significantly.

The fact is the only reason the government has had any ability to be out of deficit today is because of the transfers of the responsibilities to the provinces and the vision, foresight and wisdom of the previous government. The previous government not only reduced the deficit from 9% to 5% of GDP, but had the courage to implement a free trade agreement that his party fought against. It implemented a GST that now collects almost \$30 billion per year that his party opposed and now embraces. It deregulated financial services, transportation and energy, and laid the groundwork which allowed his government to be on cruise control on a Sunday drive for 10 years and not do anything to earn its stripes.

The Budget

We are now starting to see the impact of 10 years of a lackadaisical, Sunday drive, no vision government with Canadians concerned about the future. The government, having run out of ideas of any sort, is reverting to 70s style spending policies that put us in the mess in the first place.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, as the member knows I have been very interested in education over the years. There was a small mention in the budget speech about students. If I remember correctly, more loans would be made available to students, including refugee students, and they would also have a special bursary or scholarship program for graduate degrees.

It seems to me that the people who are left out of this whole equation are thousands of rank and file students seeking their first or second bachelor degree in order to get a job. They are still facing tremendously high costs for books and ever increasing tremendously high tuition costs. In fact, I noticed from those universities that I have become aware of that the maximum permitted increases in tuition would be put into place this coming fall. So the hardships for these students is increasing instead of decreasing. This particular budget has totally failed to address the real questions and problems that are faced by these students.

Would the member concur with me in that assessment? Would he have any other ideas on how this problem could be addressed?

Mr. Scott Brison: Mr. Speaker, I wish to thank the hon. member for Elk Island for his question. We miss him on the finance committee because he was always an involved and erudite member of that committee.

On the question of education, I want to first of all recognize the bold and innovative idea put forth in the House by the hon. member for Fundy—Royal to provide a tax deductibility for the principal repayment made on student loans. That would go a long way to making it easier for graduates to pay off their student debts more quickly and provide a real tax advantage for them to actually stay in Canada, as opposed to leaving and seeking their fortunes elsewhere. That was the kind of forward thinking approach that I would like to see the government take to handling student debt issues.

Instead, the government voted against his private member's motion in the House and voted down what could have been a good idea that was supported by Canadian students and the Canadian Alliance of Student Associations. That was tragic because the motion had the real capacity to improve the state of education in Canada.

The budget proposes to have a new federal agency looking at issues of education and new ideas for education. There was very little, in fact, there was no consultation with provincial governments about this. This is a key area of provincial responsibility. The federal government that slashed transfers to the provinces in the late 1990s is now overreaching provincial jurisdictions and investing money in areas where it should be helping the provinces move forward. That is clearly offensive.

Dianne Cunningham, Ontario's Minister of Training, Colleges and Universities said:

I don't know why they are thinking up new things when they cannot fulfill their commitments. If the federal government really does care about students, they've got to invest money on the front lines.

I could not agree more with the minister from the Ontario government.

• (1730)

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, my city of Saint John, which is the largest city in the province of New Brunswick, has never ever been in the mess that it is in today.

The city has lost over 20,000 people since the Liberals came into power. The city has lost its shipyard where the frigates were built. The city has lost its sugar refinery which was closed down by the government. The city does not have VIA Rail. As mayor I cut the ribbon at the new train station six months before I came to Ottawa. I cannot believe that the government does not have a vision like it should have.

How does the member see the government treating cities? Is Saint John, New Brunswick, the only city that is being treated in this manner, or is this the way the government treats all the cities across the nation?

Mr. Scott Brison: Mr. Speaker, I thank the hon. member for Saint John for her question.

One of the reason that cities are in such trouble across Canada is that provinces are in trouble. The provinces have been put in serious fiscal peril because of the government's irresponsible slashing of transfers to the provinces. Instead of tightening its own belt at the federal level the government is turning on the taps on new, unprecedented federal program spending, yet the provinces are struggling.

The best way to help cities in many ways is to strengthen the ability for the provinces to better provide, not only for the cities, but for all municipalities and all municipal units, whether a county or a city. There are tremendous infrastructure needs that must be addressed. The government wants to address them directly and ignore the constitutionally enshrined rights of provinces to do their job.

I agree with the hon. member. We will get that train back there someday.

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, the 2003 budget is marked by a number of milestones. It is a budget based upon continuity: maintaining a prudent and balanced approach to the fiscal needs of the nation.

The fact is that we now will have a debt to GDP ratio of 44.5%. Just five years ago we were at 71.5%. Again there has been a continuing decline in our national debt. We are the only G-7 state paying off the national debt. It reflects the resilient economy. Over 560,000 new jobs, most of them full time, were created last year. This country led the G-7 in growth last year and is expected to do the same for 2003.

Our resilient economic performance reflects strong economic fundamentals which are underpinned by the government's track record of budgetary surpluses and a commitment to maintain balanced budgets.

The Budget

This is the sixth budget in a row that is balanced. Again this year we are able to deliver part of our pledge of \$100 billion in tax cuts this year alone and another \$20 billion over the next five years, and that is working its way through the system.

We are the only G-7 state with a balanced budget, but this prosperity could be threatened. Obviously there are concerns with the global economic and political climate. Therefore prudence is part of this budget, with strong fiscal planning and resorting back to the full contingency reserve in economic prudence, which the minister has outlined.

During the prebudget consultations, of which I and other members of the House were a part, we heard from Canadians who told us their priorities. They sought a society built on commonly held values, an economy that maximizes opportunity for everyone, and honest and transparent accounting of government efforts to achieve those goals. This has been a challenge which Canadians have brought to our attention and in this budget we have responded to the challenges.

First, this budget builds the society Canadians value by making investments in individual Canadians, their families and their communities.

Second, it builds an economy of promoting productivity and innovation in the country while staying fiscally prudent.

Third, it builds the accountability that Canadians deserve by making government spending more transparent and accountable.

Budget 2003 recognizes the critical link between social and economic policies and how an integrated approach produces policies that benefit all Canadians, and it is based upon sound financial management and responsible stewardship of our resources.

In 1995 *The New York Times* ran an editorial which said that we were basically an economic basket case, that we probably would have to apply to the IMF for assistance. That was in 1995. We had a \$42.5 billion deficit.

Let us look at the situation today. The turnaround is unbelievable. Now we have countries coming to us and asking how we were able to do this. We are able to show, whether it is in debt reduction or in balancing the books for the sixth year in a row, that we are able to invest in Canadians and provide significant tax cuts.

Underlying any budget is the economic context of which the planning of that budget takes place. For Canada this context is one of the most solid, home grown successes in an uncertain global environment.

Canada has shown remarkable resilience in the face of two years of global economic weakness and uncertainty. In 2001 we not only avoided a recession but also posted strong gains and, most important, outperformed the United States and many of our major trading partners.

I mentioned that 560,000 new jobs were created. Sixty per cent of those jobs were full time and gains were seen in every region and every age group in this country.

Looking ahead, based upon the average of private sector forecasts, Canada's economy is forecasted to grow by 3.2% this year and 3.5%

next year. This outlook could be affected by a number of factors, including economic recovery in the U.S., Europe and Japan, coupled with possible international military conflict. That is why again we have placed a contingency fund back on the table. We have that fund of \$3 billion. Canada has again posted surpluses. We are the envy of the world.

• (1735)

This budget projects balanced budgets 2002 over the fiscal plan to 2004 and they are backed up by that \$3 billion contingency fund. We are the only G-7 country expected to record a surplus.

We are moving forward and we are doing so from a position of considerable strength. There will be no return to deficits. We have heard comments about spending. The fact is that we are able to invest in Canadians because we have been prudent. Therefore we have no deficit, which is extremely important. We have a very strong fiscal anchor.

Economic success and fiscal discipline are only part of good government. The minister spoke before about having departments review their expenditures. We are going to continue to save money: the billion dollars that was announced by the minister.

However they are means to a much more important end, which is making sure that Canadian values are maintained. That is why the Prime Minister and the Minister of Health, after discussions with the premiers, are dealing with the most pressing issue on the part of Canadians, health care.

In the United States 44 million Americans have no form of health insurance. We do not want to see that in this country, where people are not covered. We have a universal medical plan, and compassion and social responsibility are part of that. Therefore we entered into negotiations with the provinces. Now we have the 2003 health care accord, agreed to by the Prime Minister and first ministers earlier this month. That of course will enhance the accountability of health care dollars into the system.

One of the things that should be pointed out is that the \$34.8 billion we have agreed to over the next five years, over \$5 billion is in this budget. Clearly, part of the reason for spending is in response to that accord, the \$5 billion. We have a five year plan; \$6 billion in a health reform fund to the provinces and territories to target primary health care, home care and catastrophic drug coverage. We have \$9.5 billion in increased cash transfers to the provinces and territories, and an immediate investment of \$2.5 billion through the CHST supplement to relieve existing pressures; \$5.5 billion in health reform initiatives, including diagnostic and medical equipment; and \$1.3 billion to support health programming for first nations. This will ensure future generations better and timely access to quality universal health care in every part of this country.

The government is taking its responsibilities seriously in supporting the provinces in terms of the transfers to those provinces for health care. Again, an agreement has come forth. We had one in 2000 where we pumped another \$23.5 billion into that agreement for health care.

The Budget

One of the things that I was surprised to hear from some members of the opposition was on the issue of cities. As a former president of the Federation of Canadian Municipalities, I can say that when the Conservative government of Brian Mulroney did not touch infrastructure in 1984, the FCM plan, which was proposed in 1983, laid dormant. When I hear some members, particularly from the fifth party, talk about infrastructure, I have to wonder where that party was during that period, because we know they did not do anything. We also know that they opposed the 1993 infrastructure program that this government brought in.

The fact is that municipal governments in this country have been complaining for years about support. The provinces have downloaded significantly, particularly the province of Ontario, and yet, constitutionally, the responsibility for cities is provincial not federal. This government stepped up to the plate and said that it would work in partnership with the provinces, with municipal governments and with the private sector in order to deal with the issue.

• (1740)

What happen? We had a 1993 infrastructure program which this Prime Minister renewed in 1997. We then brought in a new infrastructure program. Now, in fulfilling the Speech from the Throne commitment, we have a 10 year program. The FCM and mayors across this country have been asking for that for years. They now have it so they can plan long term for their capital projects.

We have a \$2 billion strategic infrastructure fund for which the minister has announced another \$2 billion. The minister announced a downpayment of \$1 billion over 10 years for municipal infrastructure. If someone were to put a downpayment on a new car presumably the person would be paying more money on it. The dealership would not let the person have the car for \$100 when it costs \$30,000. The minister has indicated that more money will be coming. As the economy continues to move along we are looking at increasing that over the coming years.

The fact is that there is already an infrastructure program for which the municipal governments have been able to take advantage. When I hear some mayors saying that they have a \$57 billion infrastructure debt, if the Conservative government had acted back in 1984 when the debt was \$17 billion, they might not be in the shape they are in today. The problem is that they do not have the ability for the same type of taxation they need because some provinces restrict it. Some are more, dare I say, liberal than others in terms of allowing certain areas of revenue to be utilized.

However I would point out that it is absolute nonsense to suggest that the government is not supporting cities with regard to infrastructure. We are supporting cities with regard to affordable housing. The FCM said that it would like to see a national housing project. My colleague from Mississauga West worked very hard on the issue of affordable housing and now 40,000 new affordable units will be built in cities and towns across Canada. For anyone to suggest that we are not supporting an urban agenda is ridiculous. This amounts to \$320 million over five years.

I hate to say this, but the impediment tends to be the provinces, particularly Ontario, which has the tenacity to say that it will not necessarily enter into an agreement. In fact, when it came to the money we put on the table with regard to housing, Ontario wanted to

use municipal dollars rather than its own. This builds on the \$680 million for housing already announced.

The RRAP program will receive \$128 million per year, adding total funding to over \$384 million.

For cities and the homeless, this government responded effectively through the SCPI program by working with communities across the country in order to respond.

It is not the federal government alone that can deal with these issues and therefore we worked in partnership. The national infrastructure program, housing and the homeless are partnerships. This government believes in building partnerships. However in order to be a partner responsibility has to be taken by all partners. Money has to be brought to the table and everyone must deal with these issues in a spirit of support.

We have provided in this budget \$965 million in additional benefits for low income families, again assisting people in our cities and towns across the country.

The national child tax benefit, which is a most important component, has been increased to \$150 per child in 2003, \$185 in July 2005 and \$185 in 2008. The maximum will be \$3,243 by 2007. These are true investments in individuals, in children and in families.

This government worked with cities across the country and the 20% club dealing with the environment. We announced \$2 billion over five years to support such things as environmental technology and partnerships. If cities want to access money for transportation in their communities there is a program through the strategic infrastructure fund.

We have allocated \$40 million over two years for air quality, which will help reduce health costs for people who suffer from asthma, et cetera.

• (1745)

On research and development, I assume that universities and colleges are in urban communities. I assume that the \$1.7 billion being invested over three years is going to help those universities and colleges across the country.

I could go on about the urban agenda. There is the urban aboriginal strategy, the film and video production services tax credit, all sorts of additional support for urban communities. These are extremely important investments to make sure that our cities continue to be healthy and strong.

The Budget

I am very proud as a former president of the FCM that the government has done the kind of work it has done. Whether it be on infrastructure, the homeless or housing, it is important recognition. Unfortunately there are people who have a very short memory when it comes to the role that has been performed by the government.

On innovation, the heart of the government's agenda is the goal of achieving the highest possible standard of living and quality of life for all Canadians. The government will introduce measures that will build a Canadian advantage by investing \$1.7 billion in 2002-03, over the next two years, to create a smarter and more innovative Canada.

This includes a new Canada graduate scholarships program supporting 2,000 masters and 2,000 Ph.D. students at Canadian universities. This is something that we have heard repeatedly from students and professors across the country.

It is unfortunate with respect to the Canadian millennium scholarships that provinces such as Ontario decided to claw back the \$3,000. When I hear the hon. member from the Conservative Party suggest that somehow this has not been a good thing, the reality is that of course Mrs. Cunningham in the province of Ontario would say that, but at the same time Ontario is clawing it back. It is unbelievable.

There is \$125 million annually beginning in 2003-4 to increase the budgets of Canada's three research granting councils. We are going to be home to the best and the brightest, attracting the best and the brightest and keeping them here.

There will be \$225 million each year beginning in 2003-04 to help fund the direct costs of research at universities, colleges and research hospitals. Who could argue with that? I cannot believe anybody would argue with that, particularly when I have heard members on the other side suggesting that people were leaving the country. Here is an opportunity to invest in our best and our brightest.

There is \$500 million this year for the Canada Foundation for Innovation for state of the art facilities. There is \$75 million for Genome Canada for health projects. There is \$15 million for the Rick Hansen Man in Motion Foundation. There is an additional \$70 million over two years for the National Research Council of Canada to strengthen the industrial research assistance program.

These are investments. These investments are what makes the country great, to make sure that people are able to do the kind of things that need to be done in this country. They do that because the government balanced the books.

The government has made sure that it can provide the kind of tax relief Canadians want and need and at the same time invest in individuals and families. That is something that has been lost in the debate so far. We are investing in families. We are investing in people. We are making sure that we can provide support.

For example, there will be \$60 million over two years to improve the Canada student loans program. That is another issue we heard about. The fact is skills and learning are extremely important.

At the same time we responded to the issue of small business. We looked at the capital tax and we also looked at the fact that small business said that these were issues that small business wanted the

government to deal with. The government responded. From what I am reading we are providing the kind of assistance that small business has asked for. There is a \$100 billion tax cut which people seem to forget is still going through the system and the fact there is no more clawback which was a major issue that the government responded to.

There are important government initiatives in the budget. They are based on strong fiscal anchors, making sure that we do not go back into a deficit while still being able to invest in health care. I have not had time to talk about our support for the military, et cetera.

● (1750)

In summary, this is a budget we can be proud of because it addresses the needs and aspirations of Canadians from coast to coast to coast.

Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance): Mr. Speaker, I listened carefully to the hon. member opposite. I would like to share with him what has happened in my constituency in the last 10 years.

If we were to ask people if the roads are better today than they were 10 years ago, the answer would be no. If we were to ask if agriculture was rosy, if the future looked bright and there was as much money as there was 10 years ago, the answer would be no. The number 1 highway that runs through my constituency still remains a two lane highway. With respect to grain transportation, the government removed the crow rate which means that my son-in-law now hauls his grain 90 miles to the terminal.

If the member were to come to my constituency, he would see that there is no joy in Mudville.

Mr. Bryon Wilfert: Mr. Speaker, on the issue of whether the roads are better than they were 10 years ago, they would not have been if his party had been in power because that party did not support the national infrastructure program. It did not support roads, sewers or bridges. That party opposed it. The answer is, if he thinks the roads are bad today, they would have been horrific had that party been in power. I also point out that communities in his riding supported the national infrastructure program at a time when, I do not know about the hon. member, but his party was saying no.

On the issue of agriculture, it is a 60-40 split. The fact is the provinces want us to give 100%. We have again announced giving over \$5 billion. Agriculture is a shared responsibility, but we are coming to the plate with 60¢ on the dollar. He may want to ask his provincial minister of agriculture why the province drags its heels from time to time.

The Budget

As for highway 1, I did not know that the highway system was the responsibility of the federal government alone. We have had discussions with regard to the issue of highway 1 and the Trans-Canada Highway in general. Again it takes two to come to the table. We often hear in the House about provincial jurisdiction. However it is only provincial jurisdiction when they are asking someone else to pay the bill.

On the crow rate, I have to concede to the hon. member that I am not as familiar with his particular situation. I would have to defer to people who are much more competent in the area of the crow rate than I am, but my understanding is that things have not been quite as bleak as may have been suggested. However, I would be prepared to hear further from my colleague.

• (1755)

Mr. Jim Abbott (Kootenay—Columbia, Canadian Alliance): Mr. Speaker, I have been listening intently to my friend on the Liberal side. As usual he has glossed over the fact that the Liberals keep announcing things, making it sound as though they are actually doing something when in fact they are not.

On national parks the expenditure as outlined in the budget is \$74 million. The budget calls for the establishment of 10 new terrestrial parks and five new marine conservation areas. It also talks about the fact that the government will be implementing a plan to take care of the maintenance backlog that is present in the parks.

There is well over \$450 million of accrued liability for maintenance in the parks. Roads are falling off mountainsides. Toilets do not flush and when they do, they flush into an inappropriate place. How in the world can the member stand up for the government and say that only \$74 million can handle this \$450 million program plus establish 10 new parks and five new marine conservation areas? It is never never land once again from the Liberals.

Mr. Bryon Wilfert: Mr. Speaker, I know my colleague is very concerned about parks, and particularly the beautiful area of the country that he is from in the Kootenays.

I certainly know that we will always have to invest in maintenance in the parks. Our national parks are the envy of the world.

I point out to the hon. member that in fact we should be congratulated for adding new parks. We should be congratulated for preserving the pristine wilderness in our country.

I would hope that the member knows, because I know he has a great interest in this area, that we are providing the necessary dollars. We are working toward making sure that not only these new parks but our existing parks continue to be a welcoming place for Canadians, that those parks will stay in pristine condition in the wilderness.

[Translation]

Mr. André Harvey (Parliamentary Secretary to the Minister of International Cooperation, Lib.): Mr. Speaker, allow me to congratulate my colleague, the Parliamentary Secretary to the Minister of Finance, for the exceptional work that he has done to ensure that the requests made by our caucus, regarding important sectors, be transmitted to the Minister of Finance. I am thinking, among others, of health, initiatives on infrastructure, and research

and development. My colleague has worked extremely hard to promote, among other things, progressive measures for families.

However, I would like to give an opportunity to the Parliamentary Secretary to the Minister of Finance to dispel a myth that is currently going around in this country and which is called the fiscal imbalance. I am convinced—and the figures support this view—that the fiscal imbalance in Canada is to the provinces' advantage. Think about social transfers, equalization payments, tax points and government initiatives in critical areas of research and economic development.

I would like therefore to give my colleague an opportunity to dispel the myth to the effect that, in Canada, there is fiscal imbalance between the provinces and the Canadian government. Personally, I think that fiscal imbalance exists between the provinces and the regions, between the provinces and the municipalities. That is where the main problem lies.

• (1800)

[English]

Mr. Bryon Wilfert: Mr. Speaker, my colleague has raised an important point that I tried to address earlier. The fact is that the fiscal imbalance in this country is a myth. It is a myth first of all because the provinces have the same taxation authority, the ability to raise taxes, as this government has. The budget priorities, the fiscal priorities of the provinces are determined by the provinces. If some provinces want to spend money on tax cuts before they balance their budgets and expect Ottawa to pay for health care, that is a decision they make and I am sure that is a decision for which they will have to answer.

As I pointed out before, some provinces, including Quebec, say they do not recognize tax points, but then they turn around and say they want more tax points.

A classic example would be the myth that the provinces perpetrated on this country about the 14¢ that the federal government gave in health care. It is utter nonsense. The 14¢ was cash and the balance, which totalled 35¢ to 38¢, was of course tax points. Tax points do not sound like something on which we want to spend a lot of time, except that it is money this government raised and returned to the provinces. The provinces only recognize that when it suits them. In the area of health care, the 14¢ was a myth.

When it comes to the issue of fiscal imbalance, I would agree with my colleague when he says that the fiscal imbalance is probably among provinces or among regions. The fact is that if they have the same ability to collect revenues, they make those decisions. However they should not expect the federal government to be an ATM machine to help them out because they made priorities, which they are certainly allowed to do, without dealing with their books and without taking the responsible course that this government took in dealing with our own national deficit of \$42.5 billion. We had to make tough choices.

At the same time I hear from colleagues on the other side that it was downloaded to the provinces. The issues are that this government made cuts in government spending. We cut in terms of members of the civil service. We had some pretty tough times.

The Budget

The fact is though that Canadians understood the need to deal with the national deficit. That is why we are now at 44.5% of GDP in terms of the national debt. That is why we are able to invest in health care, invest in children, invest in communities without incurring a deficit.

To me that would seem to be the prudent approach to dealing with economic matters. Others may take a different view, but the fact is that the provinces are masters of their own financial fortunes. We are there as partners in many areas. When I hear certain members in the House talk about fiscal imbalance, not one shred of evidence has been brought forth that I have seen to suggest that there is.

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, I am happy to rise today to speak on behalf of the Canadian Alliance with regard to budget 2003.

I thought the leader of the Alliance gave an excellent presentation this afternoon in pointing out the difference between the official opposition party and what we would do, based on what we have seen out of this budget, and the federal Liberals and their return to spending. I am hoping that this debate will provide a chance to clarify a number of issues and really solidify people's minds on where the parties stand and how different they are. I really think that is important. A number of our critics will be speaking later as this debate continues to outline those exact subjects.

I would just say that the main focus of this budget appears to be spending on big federal government programs. The finance minister has brought in a spending budget. The press is reporting a return to the kinds of spending levels that got us in all this trouble, spending levels similar to those of the 1981-82 budget years, which led to the huge deficits. I think that is a fairly accurate portrayal.

Many people see budget 2003 as the end to fiscal discipline in Ottawa. It is as if budget 1995 had never happened. Not only is the federal government every bit as big today as it was when the Liberals took power, it is in fact significantly larger. However, the real truth is that budget 2003 is not a reversal of Liberal government policy as the days of Liberal cost cutting were already long gone. Already they were long gone by 1997 under the former minister of finance. He started the trend again and really revved it up in 2000. Spending was increasing by 6% to 7% a year. Federal program spending has been on the rise since 1997. Over the last two years federal spending has increased, as I said, by 6% on average. Really, budget 2003 has just upped the ante.

The Liberals seem to be happy now to toss taxpayers' dollars around at a fairly dizzying pace. This is something I was talking about in regard to the spending spree from 1979 to 1984, which was very similar. There will be a staggering \$14.5 billion increase in program spending for fiscal 2003, the year that is about to end on March 31. March has not arrived yet, so with the traditional March madness it could be substantially more than that.

I want to emphasize that this is an 11.5% increase over the year before. Only \$5 billion of that is going to the provinces for health care funding. The Liberals would like to suggest, "Yes, we have had to increase it, but it is all health care spending". It is not. As I said, of the \$14.5 billion increase in that year, only \$5 billion is for health care. That is all. That is a significant amount, but that is the difference. There is more on the way. A further \$11 billion increase

is what the finance minister told us is in the budget over the next two years. Between last year and March 2005, when the annual program spending will rise to \$149.6 billion, the total hike will be more than 20%.

In fact, program spending will reach that \$150 billion annually one year earlier than the Minister of Finance had predicted in his own economic statement in October of last year in Halifax. That is how fast it is growing. The government has already exceeded its expectations on spending, faster than it expected by a year. I suggest that perhaps it is the Prime Minister's legacy or buying a launch for the Minister of Finance for his campaign, but whatever the reason is, and we saw evidence of it yesterday, the Liberals are setting a torrid pace on spending.

An hon. member: It's out of control.

Mr. Charlie Penson: Out of control indeed, Mr. Speaker.

If one adjusts for inflation and population growth, budget 2003 involves the largest single year increase since the 1970s, the decade famous, or perhaps infamous would be a better way of describing it, for its poor policy decisions, which we are still paying for today and our grandchildren likely will have to pay for as well.

The Liberals have decided that our great-grandchildren must be on the hook too, so they have undertaken another round of largesse. The overall 11.5% increase means that government spending is growing three times faster than the economy. That is not a small point: three times faster than the economy. The economy has been going fairly strong, over 3%, so things are really out of control. That is not sustainable in the medium or long terms.

• (1805)

All this spending could also hurt the economy in the form of higher than necessary interest rates. The Bank of Canada has already signalled its concern that inflation is growing beyond acceptable limits and that higher interest rates are on the way. Canadians may well wonder why the Liberals are pumping a lot of cash into an economy that is already doing well in terms of growth and whether there will be any money when the economy is not doing so well.

Why are they overheating the economy with all this increase in spending? More than a massive spending spree, budget 2003 is a sloppy smorgasbord of spending. We see it in the papers today, with them saying "a little bit for everybody". The Minister of Finance is known as the minister who cannot say no. I think we get to page 25 in the budget report before we run out of all the spending initiatives. It tries to do something for almost everybody. The laundry list of spending initiatives boggles the mind and has led many to suggest that the Minister of Finance, as I said, is the man who cannot say no. That is some criteria for a Minister of Finance, especially a Minister of Finance in a Liberal government that should have to say no pretty often because we know that it is probably addicted to spending.

Yet because of this shotgun approach, the budget's very effectiveness is now in question. In their effort to be all things to all people, the Liberals have spread the money around so thinly that there will not be much help for anybody, which is what the papers are full of today.

The Budget

Let us deal with the tax cut issue for just a moment and raise the question about what working taxpayers get in return for shelling out all this dough to Ottawa. They do not get much in tax cuts, especially the kind that would actually impact on hard-pressed working families. Canada continues to have the highest rate of personal income tax in the G-7, whereas under U.S. President George Bush's latest tax cut round proposal, a family of four earning \$40,000 annually would pay no income tax. He has revved it up there and other countries are accelerating their approaches as well. However, a similar Canadian family starts to pay taxes once income rises above \$14,000. What a difference. We are being left in the dust again. The Liberals point to their so-called \$100 billion tax plan. I suggest that this Liberal tax plan should be called the Liberal tax sham because that is really what it is. It is far less than is actually claimed.

Most Canadians would not call an increase in social spending a tax cut, but the Liberals did just that when they counted \$7.8 billion in increases to the child tax benefit. The Liberals conveniently forgot that they increased payroll taxes by \$28.4 billion, which significantly decreased Canadians' take home pay. When we asked Canadians if they saw a tax cut last year most said that they never noticed it on their pay slips. The reason they did not notice it is that other areas, such as CPP increases, have eaten it all up. There is nothing more. Somehow the Liberals seem to think that cancelling over \$17 billion in potential tax increases was a tax cut. That has to be Liberal thinking at its best.

The bottom line is that a \$100 billion Liberal tax cut is worth \$46.6 billion to Canadians, or about \$54 billion less than advertised. It is sham. It is a myth.

One looks in vain for significant new tax cuts in the budget. Even the good ones are rendered very inconsequential because they do not go far enough or are phased in too slowly. The so-called elimination of the federal capital tax and the airport security tax reduction are prime examples of this timid approach to cutting taxes.

The capital tax is particularly damaging to innovation because it discourages investment and must be paid whether or not a corporation makes a profit, almost like a property tax. Many were happy to hear that it will be eliminated, but it will not disappear for five years.

However, the capital tax is more than a bad tax. It is actually two bad taxes. Budget 2003 promises to phase out the capital tax known as the large corporations tax, which was introduced in April 1989 and increased in the 1995 budget. Let me point out that this tax, along with the other capital tax and a few others, was brought in to get rid of the deficit. As we know, the yearly deficit is gone but these kind of taxes have lived on forever under the former finance minister, the member for LaSalle—Émard.

● (1810)

Budget 2003 makes no changes in the tax known as part VI of the capital tax and referred to in the budget as the special capital tax, which applies to financial institutions and was also first introduced in May 1985.

Reducing the air security tax goes some way but is not good enough. The former minister of finance introduced this unnecessary and damaging tax in the December 2001 budget. I that see the

member for Edmonton West is here. She should know that there are a number of airlines out west that are really being hamstrung by this airport security tax and want it completely removed, but what did we get instead? We got a 40% reduction in the airport security tax.

Many Canadians ask themselves why air travel is the only transportation industry with the only user pay system for national security requirements. It is really unthinkable that the Liberals were happy to raise the Canadian tax burden by \$445 million a year at a time when the federal overtaxation netted the Liberal coffers a surplus of over \$8 billion. In other words, Canadian taxpayers were being overcharged by \$8 billion a year and the Liberals still added another \$445 million with this airport security tax. The Liberals are content with reducing this tax by 40% when it should be gone completely.

On employment insurance, the employment insurance premium reduction is also a huge disappointment. The bulk of the reduction in EI premiums had already been announced in budget 2000. There is something familiar about this: re-announcing the same program over and over. Agriculture is a good example of that.

Yesterday's budget gave Canadians an extra 2¢ reduction in premiums for every \$100 of insurable income. That \$7.50 will not even cover the cost of one movie ticket a year for the average Canadian. Meanwhile the EI surplus continues to grow and has expanded by \$2.8 billion over the first nine months of 2002-03. What is the minister's response? That he will lower the premium by 2¢.

However, it is worse than that. A surplus this size suggests that a decrease should be in the range of 30¢, to about \$1.80 from the current \$2.10. That would put premiums and benefits into balance with the cost of the program while keeping \$15 billion aside for an economic downturn. The Liberal government is happy to continue overcharging Canadians for employment insurance. It adds to the general slush fund that the government uses with all this new spending.

The Budget

Moreover, the budget claims to address transparency, and there was quite a bit of talk about this. There was a whole section on it. Let us just take a moment to examine what the Liberals would do with transparency in the EI process. In the rate setting they would do it by introducing public consultations to determine how to move to a new rate setting regime for 2005 so that EI revenues would line up with the expected program costs. The reality is that budget 2003 delays the move to a fairer system on the EI rate by an extra year. Some transparency. This is Enron style bookkeeping at its best.

The EI act actually requires the Employment Insurance Commission to set premiums on a break-even basis over the course of a business cycle. However, the Liberal government amended the act so that the government, not the EI commission, sets the premium rate for 2002-03. Another sham. However, budget 2003 will delay that move. The government is setting the rate for 2004, surprise, surprise. The plan is merely a stalling tactic: so much for the transparency.

The increase in RRSP contribution limits is an incentive to save and invest. However, without any income tax relief for hardworking Canadian families, I find it difficult to see how families struggling to get by on \$35,000 a year will benefit. It is more of a priority for them to keep a roof over their heads and put food on the table. What I am saying is that it is fine to increase it, and we in the Canadian Alliance agree with that, but we say to leave Canadian workers and their families some money, to quit taxing them so hard. Then maybe they can take advantage of this and invest in RRSPs for their own retirement.

• (1815)

The finance minister makes much in his budget speech of the government's victory on slaying the deficit, claiming the goal has been accomplished by a balanced approach on spending and debt reduction. The truth is that a steady stream of high tax revenues from levies like the GST, employment premiums and for the past year air security taxes has let him, like his predecessor the former finance minister, continue overspending on pet projects and corporate welfare. Ottawa's public debt charge is forecast to eat up almost \$40 billion or about 21¢ of every tax dollar. Canadians may well ask themselves why, for every dollar of debt reduction found in budget 2003, there is more than \$2 in new spending.

Canadians want more spending on health care. The Canadian Alliance has heard that very clearly and has been calling on the Liberals to restore what they took out of health care under the former finance minister for a long time. Canadians do not want their hard earned tax dollars wasted, something the Liberals do every day.

Based on the Liberal government's track record, I feel quite confident in predicting future Liberal spending boondoggles and scathing Auditor General's reports. Just look at its record. This is the government, after all, that brought Canadians the HRDC boondoggle. I think it was moving Hostess potato chips down the road from one riding to another in Ontario so that a Liberal member of Parliament maybe could benefit from it. That was the kind of sham that went on.

What about the gun registry fiasco? It was supposed to cost Canadian taxpayers \$2 million. It is now \$1 billion and running. It probably will be at least \$2 billion by the time it is finished. This is

the government we are supposed to trust? What about the sponsorship and the advertising scandals?

The minister is fond of saying that we have a new northern tiger under his whip over there in the Liberal government. I would say that to pay for this year's budget runaway spending, future federal surpluses already have begun to be spent, and good economic times factored in for Canada. Considering we are facing the spectre of war, a weak American economy and potential border difficulties, the Liberals are guilty of counting their chickens before they are hatched.

An economic downturn would cause this whole house of cards to collapse. The Minister of Finance likes to brag about Canada being called a true northern tiger, but he must know, and I am sure he does as do many in government and in the private sector, that despite recent economic good times, there is still considerable distance to make up for the bad public policy decisions made in the 1970s and 1980s, mostly by the same Liberal government that is sitting across the way today.

Prior to becoming the finance critic for the Canadian Alliance, I spent three years as the industry critic for our party. As the Minister of Finance knows, because he was the industry minister much of that time, the industry committee conducted three separate studies in terms of Canada's productivity and competitiveness and why we were slipping so badly. What our committee found out in those studies was a longstanding decline in Canada's competitive position in the world. It was not much of a surprise to most people. We basically knew that but we found out some reasons why. That longstanding decline goes back some 25 years. I think it would be about the same time that we had this massive run-up in spending under the Liberal government of the Trudeau regime in 1979 to 1984. Is that not interesting?

Let us look at how we fared based upon our major trading partner. Twenty-five years ago the United States was the number one country in terms of productivity and living standard. Canada was number two. Unfortunately this bad public policy has had the effect of dragging Canada down, so now we are 13th in terms of productivity and standard of living around the world, and our competitiveness has been greatly affected.

I will put it to the House that this was not an accident. Public policy of the very Liberal government that was in power during most of that time, and a subsequent government, had great influence in dragging down Canada in terms of standard of living. That is really what it comes down to. Our standard of living has declined to only 70% of that of the United States in that 25 year period.

Adjournment Debate

Not only that, even in this tough time, in the last year the United States' economy has been bumping along and managed to squeeze out a 4% increase in productivity, again widening the gap with Canada. Why do I raise that as an issue? Because the fact of the matter is that the Canadian dollar just happens to be bumping along too, down in the range of 65¢, and has had a serious deterioration under the Liberal government.

The Canadian economic miracle is based largely upon the fact that we are a discount country with a discounted Canadian dollar. It is not so much that we are the best on the international scene. It is because we are cheap. However in the long run our standard of living has really suffered.

• (1820)

Budget 2003 has really failed Canadians. It fails because it spends too lavishly and banks on future economic success that is not guaranteed. It fails because it ignores hard-working Canadians, average Canadians who deserve real broad based tax breaks after all the years of Liberal tax hikes and half measures.

The budget fails because it pays little more than lip service to reducing the burden on our public debt, on the economy and on our fiscal situation. It does little to address the very real long term decline in our productivity, competitiveness and our standard of living.

Therefore, it gets a failing grade in the view of the Canadian Alliance. We will outline that further as our speakers continue this debate in the future.

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, I listened carefully and somewhat disappointedly to the hon. member in his characterization of the budget.

I realize he has to read his speech prepared by the research branch of the Canadian Alliance Party. I realize he has to parrot the tax and spend phrase. I hope he is referring to the tax reduction, spend prudently and balance the budget Liberals, then I can buy into what he is saying.

The member suggests that the spending is way out of hand. The fact is that next year's growth projected by the private sector is 5%. The growth in government spending is 3%. That does not sound like spending going way out of control.

I will challenge the member on one item of accuracy, if the member will take note of this. In his own words he said that the EI premiums would only drop by 2¢ to \$1.98. About 30 seconds later in his speech, he said that the current rate was \$2.10. That is not a 2¢ drop. That is a 12¢ drop.

Let me take his figure of \$8 per employee. If it is an \$8 saving per employee, it is a \$10 saving for the employer. Add the \$10 and the \$8 and it is \$18 and that is multiplied by every working individual in the country. Let us say there are over 10 million workers. That is a \$180 million saving. Is that not correct? Is he not misleading us a little in the way he is characterizing the budget?

• (1825)

Mr. Charlie Penson: Mr. Speaker, I have never heard the words prudent and Liberal spending used in the same phrase together before. I do not think it fits.

We have seen ample evidence of how the Liberals have mismanaged the economy in the past 30 years, which put us in this huge hole. We still have a \$536 billion national federal debt as a result of those guys over there.

Since 1993 the government has talked about how the debt has come down under the Liberals. The Liberals forgot to tell us that they inherited about \$508 billion in debt from the Conservatives. They took the debt up to \$583 billion. They have now reduced it to \$536 billion, and they tell us they have reduced the debt.

The member asked about the increases in spending. There has been a number of private groups that have looked at the government's projections on budgets. I think it is pretty clear. If we add up the numbers for the fiscal year 2002-03, it is almost a 12% increase in this last year alone.

It will finish by March 31 of this fiscal year. It could even be worse than that. We know at the moment from the estimates that there will be an 11.5% increase in spending or over \$14.7 billion in this last year alone. Given the direction of the former minister of finance in the last two years, I thought the new Minister of Finance would take this opportunity to show some new direction and chart a new course for himself. Unfortunately he did not do that. What he has chosen to do instead is spend on the same spending path of the former minister, the member for LaSalle—Émard, which is about 6% to 7% a year.

The member raised the issue of inflation and population growth. The formula that is widely used is about 2.5% or 2% as an accepted rate. These guys are spending at almost three times the accepted rate for population growth plus rate of inflation. If that is not a recipe for disaster I do not know what is.

Why can the government not learn from its past mistakes? This is what got us into that huge problem in the late 1970s and early 1980s when the government was growing the size of direct program spending year after year. It put us into a situation where we ended up with \$583 billion in debt.

This year alone \$36 billion are the interest charges on that debt. Imagine what we could do with that money if the Liberal government had not put us in that kind of hole. The government has not learned a thing. It is continuing the same path it was on in the 1970s. It is back to the future with the Liberals.

ADJOURNMENT DEBATE

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

Adjournment Debate

• (1830)

[English]

HEALTH

Mr. James Lunney (Nanaimo—Alberni, Canadian Alliance): Mr. Speaker, on February 7, I asked the Minister of Health a question regarding the medical marijuana being grown by Prairie Plant Systems in Flin Flon, Manitoba. Actually my question concerned the hundreds of pounds of marijuana being grown down in the depths of the mine. I said that Canadians wanted to know what was being done with the pot from the rock garden and how the joint venture benefited Canadians.

The problem here is that there is no transparency on this issue. On May 7, 2002, the Minister of Health told the health committee that the first harvest produced approximately 185 strains of marijuana. She failed to mention the quantity of marijuana and its intended use.

Since then there has been no mention of the first crop of marijuana or of the subsequent second crop of apparently research grade marijuana. I believe Canadians would like to know the fate of hundreds of pounds of taxpayer funded pot.

Another problem I am concerned about is that there is an obvious disconnect between the way Health Canada handles the marijuana file and the way it is handling the tobacco file. The federal tobacco control strategy has committed over \$500 million over five years to get people to quit smoking and the government also gives permission to hundreds of Canadians to smoke marijuana. What is wrong with this picture?

Even though Health Canada admits it has not assessed marijuana use for medical purposes for its safety, efficacy and quality, it has granted licences to Canadians to smoke the substance.

As of February 7, Health Canada has issued 541 authorizations to possess, of which 537 are still active, 353 personal production licences are out there and 32 designated person licences.

Health Canada offers us three categories for medical marijuana access. Category one is for terminally ill patients with a prognosis of a life span of less than 12 months. I do not think anybody would withhold marijuana from somebody who is dying.

Category two involves those suffering from specific symptoms associated with certain serious conditions, like multiple sclerosis, spinal cord injuries, spinal disease, cancer, AIDS/HIV, severe forms of arthritis and epilepsy.

Category three is for those who have symptoms associated with a serious medical condition, other than those described, where conventional treatments have failed to relieve their symptoms.

Nowhere does Health Canada tell the public how many of these people are terminally ill, category one, or how many belong in each category.

This is a problem. The medical community acknowledges that marijuana produces 50% more tar than the same weight of tobacco. Marijuana smoke contains 70% more benzopyrene than tobacco smoke. Smoking two or three marijuana cigarettes is widely estimated to have the same effect on the risk of cancers and the

prevalence of acute and chronic respiratory systems as smoking 20 or more cigarettes.

To gain access, a declaration must be made that the benefits to the applicant from the recommended use would outweigh the risks, and that includes the long term risks.

If people are supposed to get their own marijuana, which is untested for uniformity, for safety, for efficacy, how is a medical doctor supposed to determine if the benefits outweigh the risks except in terminal cases? If a patient's level of drug tolerance and the depth of inhalation vary greatly and impact significantly on the amount needed to obtain the desired level, how can a doctor in good faith prescribe a correct dosage for the patient?

Why is Health Canada sending mixed signals to Canadians: that it is okay to smoke marijuana but it is bad to smoke cigarettes? What has been done with the pot? How are Canadians benefiting from this exercise?

[Translation]

Mr. Jeannot Castonguay (Parliamentary Secretary to the Minister of Health, Lib.): Mr. Speaker, I thank my hon. colleague for raising this matter in the House. We are going to try to reconnect some things that he thinks are disconnected.

Our determination to explore this matter and to make decisions in the best interests of all Canadians illustrates the Government of Canada's concern with the health and well-being of all Canadians.

First, I would like to point out something. Although there are non-scientific data on the benefits of marijuana use for people suffering from serious or debilitating illnesses, marijuana is not presently approved as a medication or therapeutic agent in any country in the world.

As my hon. colleague is no doubt aware, the Government of Canada signed an agreement in December 2000 with Prairie Plant Systems Inc.—which I will refer to as PPS—of Saskatoon. Its role is to provide a reliable source of affordable, standardized research grade marijuana in Canada.

The initial plan was to use seeds from the U.S. National Institute on Drug Abuse. These were characteristic, standard seeds needed to make the standardized research grade product.

As negotiations progressed, it became increasingly clear that we would not receive the seed on time for our research projects. Consequently, we had to turn to another source, that is, seed confiscated by the police.

You can certainly appreciate that the seed came from unknown products. The PPS had to produce quality or consistent seed in order to grow, with the help of good production practices, research grade plants.

Unfortunately, this unplanned additional work extended the development period considerably.

Adjournment Debate

I am pleased to inform the House that so far the company has produced a large number of plants from different seeds with the goal of determining the best strain for research purposes. PPS is conducting other tests to make a final selection and to develop a standard growing and treatment procedure that will yield a standard quality product.

The procedure will also be such that the product will meet strict regulatory standards for human consumption. We will be informed of the product's quality, safety and effectiveness.

As the hon. member is aware, PPS, like any other drug manufacturer, must meet stringent quality requirements. Our inspectors have made a number of visits to their premises since the contract was signed, and we are satisfied with the process in place.

Now, as for the availability of this product, the manufacturing and control processes are over. A supply of research grade product will, therefore, be available in sufficient quantity before long.

I would like to take advantage of this opportunity to stress the importance of having a supply of standardized research grade marijuana. To put it simply, any research carried out without such a product would be virtually worthless.

More important still, Health Canada has a responsibility to promote and protect the health of Canadians and to help the people of Canada maintain and improve their health. In every area in which we intervene, whether regulation, research programs or product accreditation, the most stringent standards we can apply must be adhered to.

We know that this potential supply is good news for researchers. Canadians, however, wonder, and are entitled to ask, "What about people who feel they need it now?"

In future, Canadians suffering from severe and debilitating illnesses will be provided access to this research grade product as part of clinical trials.

This kind of research is underway at McGill University and in Toronto. Open clinical trials are also planned, which will certainly promote wider access to this research grade product for all Canadians.

In addition, those who cannot wait to qualify to participate in a clinical trial have the option of applying for the authorization to possess marijuana, and even for a licence to grow their own plants. If they are too ill, they may ask that a person be designated to do it for them.

To conclude, the government believes that it is not only meeting the expectations of Canadians, but that it is doing so in a responsible

fashion, by limiting the risks while contributing to the general well-being of Canadians.

● (1835)

[*English*]

Mr. James Lunney: Mr. Speaker, we are concerned about the mixed message coming out of Health Canada. For example, in the statement today by the member for Vancouver North he said that there were advertisements in Vancouver for marijuana grow-ops, and I have seen ads in my own riding. People can grow their own medical marijuana and supply it. One of the people advertising this is a convicted felon. He has been convicted of growing and distributing marijuana and carrying firearms.

The message out there is that somehow marijuana has already been approved for use and that smoking marijuana is okay. What kind of message is this for young people? If marijuana is going to serve as a medical instrument, surely we would want to measure it, quantify it and prescribe it in appropriate doses rather than allow people to grow their own.

I submit that Health Canada is sending a mixed message to our young people who are very vulnerable. This is not only causing confusion but it is opening the door to the whole criminal element.

[*Translation*]

Mr. Jeannot Castonguay: Mr. Speaker, you were listening when I spoke earlier and I am sure that you heard me very clearly. First, we are planning to conduct research. In fact, research is already being conducted to see exactly how this product could be used as a pharmaceutical drug.

As I mentioned, we know that, at this point, it has still not been approved as a pharmaceutical drug anywhere in the world.

As regards the issue of compassion, there are terminally ill patients who tell us that they can benefit from this product. This is why they want a special authorization to obtain or grow this product. But we are talking about a very limited number of people, and this is why we said that we must continue to conduct research before opening the door to everyone.

I hope this alleviates the hon. member's concerns.

● (1840)

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 6:40 p.m.)

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