



CANADA

# House of Commons Debates

---

VOLUME 138 • NUMBER 126 • 2nd SESSION • 37th PARLIAMENT

---

OFFICIAL REPORT  
(HANSARD)

**Wednesday, September 24, 2003**

—

**Speaker: The Honourable Peter Milliken**

## **CONTENTS**

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

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

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

# HOUSE OF COMMONS

Wednesday, September 24, 2003

The House met at 2 p.m.

---

*Prayers*

---

• (1405)

[English]

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

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

---

## STATEMENTS BY MEMBERS

[English]

### ISRAEL

**Ms. Carolyn Bennett (St. Paul's, Lib.):** Mr. Speaker, as chair of the Canada-Israel Parliamentary Friendship Group, I was pleased to participate in the recent CIC leadership mission to Israel.

Our understanding of the core concerns are clear. There will be no lasting peace or security until efforts are taken by the Palestinian Authority to honour its road map commitment to dismantle the terrorist infrastructure. It also must begin the essential work of eliminating the incitement to violence.

We were impressed by Diana Buttu, the young Canadian Palestinian lawyer from the PLO negotiation unit, who, although she simplistically identified the settlements as the main obstruction to peace, was thoughtful, eloquent and seemed to be working hard toward a just peace that would include a secure state of Israel.

We were saddened to hear that she will soon return to Canada in frustration. Israel needs a partner for peace. We wish the new Palestinian prime minister, Ahmed Qureia, the courage to control the voices of hatred and stop the violence.

\* \* \*

### DEMOCRATIC RIGHTS

**Mr. Vic Toews (Provencher, Canadian Alliance):** Mr. Speaker, I would like to extend a sincere thanks to all those people across Canada who have contacted their members of Parliament over the past several months in respect of the important issues of marriage, religious freedom and freedom of speech.

There has been an unprecedented volume of correspondence stating concerns with same sex marriage and with Bill C-250, and with the process by which the Liberal government has abdicated its responsibility and broken its promises to Canadians.

I congratulate the thousands of Canadians who have not given up on the concept of democracy and the institution of Parliament despite the betrayal by the Liberal cabinet of their trust.

This debate is not over; in fact it has just begun.

The Canadian Alliance will continue to hold the Liberal government accountable to the people who elected it and for the promises it made to Canadian voters.

\* \* \*

[Translation]

### DAVIDA WOODLAND

**Mr. Christian Jobin (Lévis-et-Chutes-de-la-Chaudière, Lib.):** Mr. Speaker, I am pleased to announce today that the Raffinerie Jean-Gaulin Ultramar of Lévis has purchased the Davida woodland, a parcel of 65.5 hectares, or, if you prefer, 7 million square feet.

This wooded area located opposite the refinery will be made available to the City of Lévis to be transformed into an urban park. The Davida woodland is an ideal green area, with a magnificent forest, and an unmatched view over the Laurentians, the Appalachians and the St. Lawrence River. This woodland, near the river and the Auberivière golf club, is destined to become a unique and well used park.

This acquisition is yet another demonstration of the commitment of the Raffinerie Jean-Gaulin and Ultramar to work with local authorities to improve the quality of life of the area's residents.

The refinery, in partnership with the employees and various local organizations, makes a contribution to the economic and community development of the area.

\* \* \*

### SOCIÉTÉ DES ACADIENS ET DES ACADIENNES DU NOUVEAU-BRUNSWICK

**Mr. Jeannot Castonguay (Madawaska—Restigouche, Lib.):** Mr. Speaker, I rise today to mark an important anniversary, that of the Société des Acadiens et des Acadiennes du Nouveau-Brunswick.

*S. O. 31*

The members of the Société des Acadiens et des Acadiennes du Nouveau-Brunswick, gathered in Shippagan last weekend for their annual general assembly, took stock of the society's 30 years of existence, and discussed its future as well.

In the members' opinion, the improvement of health care in French and the new Official Languages Act in New Brunswick are among their most significant achievements.

The members of the Société des Acadiens et des Acadiennes du Nouveau-Brunswick also identified some challenges they will have to face.

We are convinced that they will be able to defend the interests of those they represent in their discussions with the various levels of government.

The commitment of the Government of Canada to the francophone and Acadian communities cannot be denied, and the contribution of groups such as the Société des Acadiens et des Acadiennes du Nouveau-Brunswick is important, and I thank them for it.

\* \* \*

[English]

**ARTS AND CULTURE**

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, I am delighted to rise today to recognize the 17th annual Toronto Arts Week which runs from September 20-28; a city-wide celebration of the arts that highlights Toronto's arts and diverse cultures.

The Toronto Arts Festival attracts more than 400,000 people. It is the largest multidisciplinary, neighbourhood-focused festival of its kind in Canada. Some of the activities include: community street festivals; behind the scene tours of theatres, galleries, studios, rehearsal spaces; textile design studios; special programs; and readings.

The Toronto Arts Festival is promoted under the auspices of Arts Toronto, which was created in 1985 by the Toronto Arts Council with the aim of establishing and promoting a city wide festival.

I would like to offer a special commendation to Peter Herrndorf, the president of the National Arts Centres, for his pioneering work in helping launch this wonderful festival.

\* \* \*

**FOREST FIRE RELIEF CAMPAIGN**

**Mrs. Betty Hinton (Kamloops, Thompson and Highland Valleys, Canadian Alliance):** Mr. Speaker, I am proud to pay tribute today to the "We Love B.C. Chinese Community Forest Fire Relief Campaign", which has raised \$225,000 for North Thompson forest fire victims.

The campaign is co-ordinated by Johnny Fong and Ian Cheung, along with provincial MLAs Patrick Wong, Kevin Krueger and Richard Lee, and includes seven Chinese community groups.

Mr. Fong said it best when he said "We feel it's an obligation to help each other... The fact that we are Chinese Canadians makes no

difference. We are all Canadians, and this is a tragedy for the whole province".

I was privileged to join in a standing ovation when the campaign made its generous donation to the North Thompson fire relief fund in Barrière last Saturday.

I am sure all members of the House will join me in extending yet another ovation to this group of generous Canadians.

\* \* \*

● (1410)

**CENTRE FOR WILDLIFE ECOLOGY**

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, the Minister of the Environment has announced an additional \$1 million for the Centre for Wildlife Ecology at Simon Fraser University in British Columbia. This doubles the government's previous commitment.

This centre is celebrating 10 years of conducting vital research into migratory bird species, including the great blue heron, the western sandpiper, the brant goose and the marbled murrelet. The centre's work is crucial in protecting many endangered marine bird species.

This support for the innovative research at the Centre for Wildlife Ecology is just one more example of this government's commitment to supporting Canadian cutting edge research to ensure that we leave a better environment for future generations.

I ask the House to join me in congratulating the scientists and researchers at the centre on their past accomplishments and wishing them all the best in their future endeavours to protect and nurture our ecological treasures.

\* \* \*

[Translation]

**CANADIAN BROADCASTING CORPORATION**

**Ms. Christiane Gagnon (Québec, BQ):** Mr. Speaker, yesterday, after the estimates were tabled, we learned that the Minister of Canadian Heritage was continuing to make cuts in culture and communications.

First there was the Canadian Television Fund saga and then the 50% cut in Canada's budget for magazines. Now it is the CBC's turn to suffer budget cuts to the tune of \$10 million of the supplementary \$60 million the Canadian Heritage Minister announced in March.

The new season at CBC has started and it seems incomprehensible that Canadian Heritage could have had \$60 million for the CBC in March and only \$50 million by September.

How can we expect CBC officials to do a better job when there are such inconsistencies? These cuts will translate into job losses, fewer CBC regional services and cancellation expenses for existing arrangements.

The minister's current response does not bode well for her response to the report on the Broadcasting Act, which recommends providing stable funding to the CBC, does it?

### FOREIGN AFFAIRS

**Ms. Raymonde Folco (Laval West, Lib.):** Mr. Speaker, this week a dialogue meeting is being held on Parliament Hill between Canadian and African parliamentarians. This will be an opportunity for participants to exchange and update one another on the political, economic and social conditions in their respective countries.

Throughout the week, parliamentarians will address Canada and Africa's priorities for education, health, agriculture and security.

[English]

The presence of African parliamentarians in Ottawa this week will, without doubt, help us to better understand the realities they confront in their own countries.

[Translation]

I am pleased to take part in such a meeting and I am sure it will provide me with a greater understanding of the current situation in African countries.

\* \* \*

[English]

### B.C. FOREST FIRES

**Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance):** Mr. Speaker, this past summer British Columbia was hit by the worst forest fire season in recent memory, with numerous fires destroying people's homes, businesses and lives.

The Canadian armed forces did send some troops to assist but these troops had to come from other provinces as the Liberal government closed down the only military base on the mainland of British Columbia.

While British Columbians were pleased to receive the assistance of the military, they were shocked to hear that the federal government might seek reimbursement from the province for the use of these troops.

However the Liberals did spend a great deal of taxpayer money sending out countless Liberal politicians, including the Prime Minister and the new Liberal leader, for photo ops in the fire ravaged area. I suppose British Columbians will be billed for these travel costs as well.

If the new Liberal leader is truly serious about building new relations in the west, here is some advice for him: Send the money, send the troops, but keep the Liberal politicians at home.

\* \* \*

### IRAQ MUSEUM

**Mr. Jim Karygiannis (Scarborough—Agincourt, Lib.):** Mr. Speaker, Dr. Donny George Youkhanna is the research director of the Iraq museum in Baghdad. He witnessed firsthand the looting and destruction that followed the collapse of the Saddam Hussein regime, and has worked tirelessly to try to recover the priceless antiquities that have gone missing.

Dr. Youkhanna has been giving lectures in Ontario this week informing Canadians of the current archeological and museum conditions in Iraq.

*S. O. 31*

Dr. Youkhanna has been a long time crusader and caretaker of Iraq's rich heritage of antiquities, working as a staff member with the Iraq museum since 1976.

Thanks to his efforts, Canadians are better informed of the vast damage to the world's historic artifacts and to what is being done now within Iraq and within the global community.

On behalf of my fellow parliamentarians and, I am sure, all Canadians, I want to welcome Dr. Youkhanna who is in Ottawa today.

\* \* \*

● (1415)

### CANADA POST

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, the government wastes a lot of rhetoric on how it supports rural Canada, yet it is denying basic federal service to much of it.

The Liberals have broken their promise not to close more rural post offices and, worse yet, they have changed the rules so larger commercial accounts are excluded as post office income thus lowering the profit of many of the small branches and putting them on the non-essential list.

I am sure that no one working for the minister responsible for Canada Post Corporation will recognize the names that I am about to list. Tancook Island, Barss Corner, Greenfield, Hunts Point, McGray, Northeast Point, Pleasantville, Port Clyde, Port Joli, Port Mouton, Riverport, Sable River, South Brookfield and Stony Island are all post offices in South Shore that are slated to close.

Too often the only federal presence in rural and coastal Canada is the local post office. How can the government pretend to help rural Canada on one hand while pulling the door closed on rural post offices with the other?

\* \* \*

[Translation]

### JEWISH COMMUNITY

**Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ):** Mr. Speaker, according to the Hebrew lunar calendar, Rosh Hashanah, which means new year, begins on the evening of September 27.

In honour of this important celebration, the Bloc Quebecois extends its best wishes for a happy new year to the vibrant and flourishing Jewish community in Quebec and Canada.

The Jewish new year is one of the most important holy days for this community. It also commemorates divine judgment and symbolizes a period of reflection about one's self and the year just ended in order to make the next one even better.

On this occasion, which precedes Yom Kippur, the day of atonement, I and all my colleagues want to wish the entire Jewish community a sincere Shana Tova.

*Oral Questions**[English]***OTTAWA CITY COUNCIL**

**Mr. David Pratt (Nepean—Carleton, Lib.):** Mr. Speaker, I rise today to commend the Ottawa city council for its efforts to ban smoking in public places.

Today, Dr. Sunil Patel, president of the Canadian Medical Association, presented Ottawa city council with the excellence in health promotion award.

This new award is presented to all municipalities across Canada that have passed bylaws to ban smoking in all indoor public places as of July 1, 2003.

In taking action to ban smoking in public places, Ottawa has joined a list of cities that have chosen to take decisive action both to ensure that a healthier environment is available for Canadians and to send the message that healthier living includes not smoking.

I ask the House to join me in commending the Ottawa city council for its efforts which have helped ensure that residents of the nation's capital are able to live and work in a smoke free environment.

\* \* \*

**STATUS OF WOMEN**

**Ms. Judy Wasylcia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, today in Edmonton, federal, provincial and territorial ministers for the status of women begin meeting.

This is a perfect opportunity for the federal government to show leadership and coordinate a national response to the United Nations condemnation of Canada's failure to comply with the convention on the elimination of all forms of discrimination against women.

It is also an opportunity for the ministers to receive input from the critical stakeholder and expert women's group involved in the CEDAW process.

The Feminist Alliance for International Action coordinated the alternative report on Canada's failure to act and is prepared to contribute to a multi-jurisdictional response to UN concerns.

It was ready to brief status of women ministers this week but the offer was rejected. Why? Why did our status of women minister spurn the generosity of Canadian women willing to help the government out of a most embarrassing situation?

It is not too late. I ask the government to call the member for Etobicoke—Lakeshore and tell her to listen to Canadian women and help restore Canada's commitment to women's equality.

\* \* \*

*[Translation]***WORLD FORESTRY CONGRESS**

**Mr. Gérard Binet (Frontenac—Mégantic, Lib.):** Mr. Speaker, from September 21 to 28, 2003, Canada will host, for the first time, the World Forestry Congress in Quebec City. This event, attended by some 4,000 delegates and forestry experts from around the world, is an opportunity to present and share our experiences and contribute to the definition of a vision for tomorrow's forests.

The Government of Canada, through the Department of Natural Resources, is proud to host this congress.

This is also an opportunity for Canada to show the rest of the world that its investments in skills, knowledge and innovation contribute to maintaining a healthy and safe environment, as well as preserving our natural heritage.

During the World Forestry Congress in Quebec City, the participants from around the world will see for themselves that our country is truly a model in this field.

Congratulations, Canada.

---

**ORAL QUESTION PERIOD**

● (1420)

*[English]***FIREARMS REGISTRY**

**Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, there may be a new Liberal leader but we have the same old policies of waste and corruption. I refer to the government's supplementary estimates that it has just tabled, calling for yet another \$10 million to go to the firearms registry. This is after wasting a billion dollars and promising no more money would be spent until the program is fixed.

Why, with the new Liberal leader, is the government wasting more money on the firearms registry when it has not even fixed the problems and it has wasted a billion dollars?

**Hon. Wayne Easter (Solicitor General of Canada, Lib.):** Mr. Speaker, I addressed this question yesterday. However I would think the hon. Leader of the Opposition would be at least a little more forthright. If we turn to the estimates on this money, it says:

This amount represents the operating budget carry forward for Justice designated for the Canadian Firearms Centre.

Not one more cent has been allocated in the supplementary estimates than was previously announced when we put the action plan in place.

\* \* \*

**GRANTS AND CONTRIBUTIONS**

**Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, his own estimates put \$10 million under new appropriations for the Canadian Firearms Centre, so he should read his own documents.

Along the same lines, Human Resources Development Canada has already been involved itself in a billion dollar boondoggle. The department is under police investigation, yet the minister has been handed an additional \$118 million in grants and contributions, exactly the kind of thing that is already being investigated.

*Oral Questions*

Once again, why, with a new Liberal leader, is the government giving even more money to a program before it has even got to the bottom of the things that are under police investigation?

**Hon. Jane Stewart (Minister of Human Resources Development, Lib.):** Mr. Speaker, I am sorry I was not paying as close attention as I might have been to the hon. member's question. However I can certainly say in the context of my department when we look at the investments that we make, and itemized in the estimates, they include the national homelessness initiative, the temporary fisheries program, the Voisey's Bay project to ensure that aboriginal people in Newfoundland and Labrador are part of that program and additional money to help us with our SARS strategy.

**Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, I guess the speed of that response indicates exactly how in charge they are over there.

[Translation]

The Liberals have a new leader, but they are still rocked by the same scandals. Communication Canada oversees the government sponsorship program. These contracts are currently the subject of thirteen police investigations. Why is the new Liberal leader's first act to give another \$28 million to a program under investigation by the RCMP?

[English]

**Hon. Ralph Goodale (Minister of Public Works and Government Services, Minister responsible for the Canadian Wheat Board and Federal Interlocutor for Métis and Non-Status Indians, Lib.):** Mr. Speaker, the Leader of the Opposition clearly does not know how to read the estimates. The funding listed for Communication Canada is for our fairs and exhibits program, the regionalization services of Communication Canada and citizen information services of Information Canada,

For the information of the opposition, the budget for the sponsorship program has been cut by \$5 million.

\* \* \*

**AGRICULTURE**

**Mr. Gerry Ritz (Battlefords—Lloydminster, Canadian Alliance):** Mr. Speaker, in his speech yesterday on the BSE crisis, the Minister of Agriculture said, "Unfortunately we are dealing with a health issue".

If this is a health issue now, there is no way live cattle will ever cross the border because of the testing requirements. If that is the new reality about which the minister is talking, then our livestock industry will need a massive overhaul.

When will the minister table his revised plans for dealing with this crisis as a health issue?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, the hon. member knows the border was closed on May 20 to the United States and other countries because BSE is considered to be a health issue.

What he also knows, and I pointed out yesterday, Canada's chief veterinary officer along with the United States, Mexico, Australia, New Zealand and many other countries are leading a discussion at the OIE meetings in Paris in September, and they are there right now,

in response to a letter that the United States, Canada and Mexico sent there asking them to review the science, the surveillance and the feeding practices and put the whole situation as far as health in a proper and new risk assessment.

**Mr. Gerry Ritz (Battlefords—Lloydminster, Canadian Alliance):** Mr. Speaker, I can understand the minister trying to shift this from trade to health because they have no political capital to fight a trade issue with the United States.

If the minister feels this is a health issue, then we had better get some better answers than the Minister of Health had on SARS. If it is a trade issue, then the Minister for International Trade had better get up to speed here rather than what he did on the softwood lumber crisis.

If we are forced to reconfigure our livestock to a mainly domestic market, producers need a plan. We need that plan now and we need a budget now. When will the minister deliver it?

• (1425)

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, this is entirely and completely the work of the beef roundtable, which was in place for some time before the BSE issue. At that time it was talking about the industry and how to expand the industry and respond to international demands and market situations. At the present time that very same beef roundtable, with provincial and federal representation, producers, processors, consumers, is involved in how to best adapt the beef industry to the realities of the day. At the same time it is working to get our borders reopened.

\* \* \*

[Translation]

**MUNICIPALITIES**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the former finance minister and father of fiscal imbalance has made huge cuts to the federal transfer payments to Quebec, and the municipalities are having serious financial difficulties. The Quebec minister of municipal affairs is, moreover, demanding that Ottawa help them, but in a way that respects Quebec's jurisdiction.

Since the money is in Ottawa, if the federal government wants to really help municipalities, why does it not just hand over its surplus funds directly to the Government of Quebec, which has jurisdiction over municipalities?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, we have had programs since 1994 to assist municipal governments, with the participation of the provinces, the Province of Quebec included.

For example, we introduced the infrastructure program, which has worked very well. I believe it had municipal acceptance, and that it helps them achieve their priorities. There was active participation by the provincial governments as well.

*Oral Questions*

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the federal government can deny it all it wants, but there is fiscal imbalance. The proof of this is that the new Liberal leader wants to give up part of the federal gasoline tax, but on condition that it go to the municipalities.

If the federal government really wants to help municipalities, if the true objective is not to interfere, will the Prime Minister admit that it is not necessary to find a new mechanism, as his successor is proposing, since there is one already in place: simply pay the money directly to the Government of Quebec, which will ensure municipalities benefit from it, without any further delay or red tape?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we do have programs, as the finance minister has said, which have been applied to municipalities for a long time. We are, for example, involved in housing and, through local organizations within the municipalities, in providing people with subsidized housing. There are all manner of programs, and always in collaboration with the provincial governments.

As far as the fiscal imbalance is concerned, we have of course succeeded in balancing budgets for the past seven years. As a result, today there are very low interest rates in Canada, and this does a great deal to help the municipalities and provincial governments service their debt.

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, instead of mandating the Privy Council to find ways to transfer a portion of the gasoline excise tax to municipalities, the future prime minister would be better advised to transfer the money directly to the government responsible for the municipalities, that is the Government of Quebec and the governments of the other provinces.

Would this not start to address the fiscal imbalance that the future Prime Minister himself helped to create?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, I believe reasonably that what we need here in Canada is really a partnership between the various levels of government. All taxpayers are well aware that they are the only ones paying taxes in Canada.

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, the agreements—the Minister of Finance refers to them as partnerships—proposed by Ottawa are always interim agreements. Consequently, Ottawa can withdraw whenever it pleases, leaving the provinces in the lurch.

If the government is serious about wanting to help municipalities, why not kill two birds with one stone by respecting the jurisdictions of Quebec and the provinces in giving the money directly to them, while at the same time helping to correct the fiscal imbalance?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, the government rejects the idea that it does not have a role in addressing the concerns of Canadians, together with the other levels of government.

Infrastructure, affordable housing and other issues important to all Canadians are also important to the federal government.

• (1430)

**LIBERAL GOVERNMENT**

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, the longest transition period in history is now underway. The discussions between Michael Robinson, a lobbyist who leads the new Liberal leader's transition team, and the Clerk of the Privy Council, raise a serious conflict of interest.

Can the Prime Minister assure the House that the integrity of the Privy Council and of his government will not be compromised by this long transition phase? What is he doing?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Absolutely not, Mr. Speaker. Everything is running normally. There will be a new prime minister in coming months. Everything should go smoothly. Decisions will be made by the new government. In the meantime, they are our decisions too. There is nothing abnormal in being able to communicate a bit and provide certain information, just as we do here in the House of Commons.

Moreover, the hon. member himself is involved in negotiations. I do not know if he is consulting with Mr. Orchard during his current negotiations with the Leader of the Opposition .

[English]

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, if conflicts of interest are normal, then I guess that is business as usual on the government side.

Michael Robinson is a registered lobbyist with Earncliffe who represents dozens of blue chip corporations that deal directly with the Liberal government. He is also the recently appointed Liberal leader's point man during the transition. Clearly, this is a serious conflict of interest. Such access makes Mr. Robinson privy to policy options and future decisions of the Government of Canada. This could reap huge benefits for his clients or for him personally.

How can the Prime Minister permit a registered lobbyist direct access to the cabinet secrets—

**The Speaker:** The Right Hon. Prime Minister.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, he talks about a registered person. Everybody knows that he is registered, and they can talk. I know the Clerk of the Privy Council knows very well what he can or cannot talk about. Because one is the Clerk of the Privy Council, one can have a civilized discussion, and Mr. Himelfarb is a very civilized person.

\* \* \*

**THE ENVIRONMENT**

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, first, a quick thanks to Ernie Eves last night. His admiration for the former finance minister makes great footage for Jack Layton's election ads.

First the new Liberal leader says glowing things about Gordon Campbell in B.C. and now Ernie Eves is kissing up to the former finance minister too. Talk about uniting the right. However Eves and the new Liberal leader have something else in common and that is a dismal record on coal.



*Oral Questions*

I would like to ask the environment minister this. Why has the government not enforced its laws against Ernie Eves' filthy coal plants? Why are they not enforcing the law?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, it is a very interesting presentation but I do not know what the question is.

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, the problem the Liberals have is that their new leader's rhetoric does not match his actual record. I come from Windsor, home of Canada's worst smog. It is also the hometown of Ernie Eves and the new Liberal leader. Coincidence? I do not think so. I know so.

Just like Ernie Eves, the new Liberal leader cut environment spending. Even as New York takes Ontario coal-fired plants to court, we learn the Liberals do not even enforce their own regulations.

Why is the minister letting Ernie Eves' coal-fired plants spew smog all over the Great Lakes? Is it because he is auditioning for a new job and a new boss?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, given that the member is from Windsor, he should be happy to have people from Windsor in the news: Mr. Eves and the member for LaSalle—Émard.

In terms of the environment, the government has done a lot. We have signed Kyoto, and those people accused us of not having the courage to do that. We have done that and now the people in Alberta are happy because they have future security. They know that it is doable and at the same time we can still have a good economy in Canada.

\* \* \*

**RESEARCH AND DEVELOPMENT**

**Mr. James Rajotte (Edmonton Southwest, Canadian Alliance):** Mr. Speaker, several field agents representing the industrial research assistance program have been under investigation for more than a year. These individuals were allegedly receiving kickbacks in exchange for securing government grants. This is a very serious allegation and needs to be addressed.

Would the Minister of Industry explain how many investigations are going on, how much money has been lost and when he and his department are going to get to the bottom of this mess?

• (1435)

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, I should first emphasize that the irregularities came to light by virtue of NRC's own internal processes of safeguards. It reacted immediately by launching an internal investigation and at the appropriate time informing the RCMP.

I have asked Dr. Carty to first, conclude that investigation as quickly as possible, and second, to ensure, by whatever means are necessary, that the internal processes are of the highest standard when it comes to controlling the operations of the offices.

**Mr. James Rajotte (Edmonton Southwest, Canadian Alliance):** Mr. Speaker, this internal IRAP investigation has been going on for over a year, since August 2002, yet in the House yesterday the minister said he only learned of this investigation this week. That is

absolutely unacceptable. A minister is supposed to know what is going on in his own department.

How many more RCMP police investigations or internal investigations are going on within his own department that he knows or does not even know about? When will he get control of his own department?

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, as I have told the member, steps have been taken and are being taken to fully investigate the matter. I am told that the internal investigation will be completed in the reasonably foreseeable future.

I should also point out that a substantial portion of the alleged overpayments have been recovered by IRAP and have been paid back to the government. I am sure that the report, when it is eventually concluded, will make all those statements clear.

\* \* \*

[Translation]

**TAXATION**

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, the decision of the future prime minister to transfer part of the federal gasoline tax to municipalities is another interim short-sighted decision that will not result in a long term solution. In other words, this is just another scheme to buy votes.

If the future prime minister really wants to resolve chronic municipal underfunding, is he prepared to do the only thing that would lead to a permanent solution, meaning giving directly to Quebec and the provinces the money they lack?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, we must remember that the power to levy municipal taxes is provincial. However, the Government of Canada certainly has an interest in ensuring quality infrastructure and access to affordable housing and public transportation.

For several years now, we have shown our desire to work in partnership with the other levels of government in these areas of great importance to Canadians.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, the problem with the federal government is that it has too much money given its responsibilities. As a result, it is able to announce initiatives that fall within provincial jurisdiction.

In fact, the future prime minister's proposal to municipalities is nothing new. He used the same one in the areas of health care and education. When there is money, Ottawa interferes everywhere without regard for jurisdiction, and when the money is not there, it makes cuts and says that this is not its responsibility.

Is this not the same scenario that the future prime minister is proposing to municipalities, allegedly to resolve their problems?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, first, it should be noted that the federal and provincial governments have almost identical taxing powers. This is not about fiscal imbalance, it is about the ability to obtain revenue based on almost identical taxing powers.

*Oral Questions*

We have priorities too, such as having a competitive economy and a just society. That is why we are working to build infrastructure and affordable housing.

\* \* \*

[English]

**TECHNOLOGY PARTNERSHIPS CANADA**

**Mr. Chuck Strahl (Fraser Valley, Canadian Alliance):** Mr. Speaker, in June of this year, when the member for LaSalle—Émard was still the principle owner of a company called Canadian Shipbuilding & Engineering, that company received a technology partnerships Canada grant of \$4.9 million.

Would the Minister of Industry please explain why he gave a multi-million dollar contract to a privately owned, profitable company, especially when the owner of that company, the shipping magnate from LaSalle—Émard, was still in control of his empire at that time?

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, technology partnerships Canada is one of the means by which the Government of Canada invests in innovation in this country. For the most part, the dollars we invest leverage four times that amount from the private sector to advance research and development and create jobs.

The member for LaSalle—Émard has for many years taken the position that he does not involve himself in matters related to shipbuilding in this country and he has always respected the guidelines in that regard.

• (1440)

**Mr. Chuck Strahl (Fraser Valley, Canadian Alliance):** Mr. Speaker, the program is one of the ways the government levers things from private companies, I will guarantee that.

We received, through access to information, a note from the office of the ethics counsellor reporting that the Industry Canada official in charge, Mr. Jeff Parker, phoned the ethics counsellor's office on March 18, stating that he was being lobbied by a member of Parliament about this file.

Which MP was lobbying the ministry on March 18 and why did Mr. Parker feel it was necessary to phone the ethics counsellor to report on it, unless there was a perceived or real conflict of interest?

**Hon. Allan Rock (Minister of Industry, Lib.):** First of all, Mr. Speaker, Mr. Jeff Parker is a public servant with the highest calibre of integrity and confidence.

Second, if the member has a question of the ethics counsellor, he should ask the ethics counsellor.

\* \* \*

[Translation]

**LABOUR MARKET**

**Mrs. Suzanne Tremblay (Rimouski—Neigette-et-la Mitis, BQ):** Mr. Speaker, yesterday, during the Ontario leaders' debate, Premier Ernie Eves was criticized because there is no labour market agreement between his province and the federal government. The premier of Ontario reported that the Prime Minister said the

agreements were winding down and there would not be any in the future.

Will the government confirm its intention to withdraw from the existing labour market agreements?

[English]

**Hon. Jane Stewart (Minister of Human Resources Development, Lib.):** Absolutely not, Mr. Speaker. We have good working relationships with the majority of provinces when it comes to labour market agreements.

I continue to work with a forum of labour market ministers to look at how better to improve these agreements for the benefit of all Canadians.

[Translation]

**Mrs. Suzanne Tremblay (Rimouski—Neigette-et-la Mitis, BQ):** Mr. Speaker, Ontario's premier was clear: he said the Prime Minister would not sign such agreements in the future.

Did the premier lie during the televised debate, or is it true that the Government of Canada intends to withdraw from these agreements?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, he certainly did not lie because next year I will no longer be the Prime Minister; therefore I will no longer be signing any agreements.

\* \* \*

[English]

**ATLANTIC CANADA OPPORTUNITIES AGENCY**

**Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance):** Mr. Speaker, the Atlantic innovation fund of ACOA has released a new list of projects. Leading the list is Techlink International Entertainment Limited. This is a company that makes video lottery terminals for gambling in the gaming industry.

I wonder if the minister responsible for ACOA can explain why a company under criminal investigation for influence peddling is receiving taxpayers' money, and why the government cannot be just a little bit more prudent with the dispensation of taxpayers' dollars?

**Hon. Gerry Byrne (Minister of State (Atlantic Canada Opportunities Agency), Lib.):** Mr. Speaker, Techlink is a company that produces technology available for export and produces jobs in Atlantic Canada.

We get input from an independent advisory body which advises me. That advice provided a sound basis to go forward with this and that is why we approved the contribution.

**Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance):** Mr. Speaker, what the minister failed to add on to this company's resumé is that it also has strong ties to the Liberal Party through one of the Prime Minister's golfing chums, Mr. Louis Friedman.

In addition, Techlink has been involved in a three year RCMP investigation for influence peddling in Nova Scotia. Now comes the news that Techlink International has received a \$2.7 million grant.

*Oral Questions*

Can the Minister of Industry explain why a company, above all others in Nova Scotia, should receive multiple grants from ACOA with its criminal allegation and clear ties to the Liberal Party?

**Hon. Gerry Byrne (Minister of State (Atlantic Canada Opportunities Agency), Lib.):** Mr. Speaker, this is a company that is doing business in Canada. It has applied for assistance. It is reviewed by an independent advisory board, a body that provided advice without any input from us.

Quite frankly, this is a company that is doing business in Atlantic Canada and we are completely within the norm to provide this assistance based on that independent advice.

\* \* \*

**AGRICULTURE**

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, during the debate yesterday on the extensive efforts that the government has undertaken to open the American border to Canadian cattle, I heard the Minister of Agriculture and Agri-Food mention that he had recently announced details of \$600 million for agriculture producers.

Can the minister inform the House whether cattle ranchers will be receiving a share of this \$600 million? While they are grateful that the border is open to Canadian beef, they will continue to experience financial pain until live cattle can be exported to the United States.

•(1445)

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, certainly they will receive a portion of the \$600 million in transition funds as they did last year and as they will this year.

The hon. member knows it is through the work of the government, the Prime Minister, the Deputy Prime Minister, cabinet colleagues, MPs and the industry, that every effort is being made and has been made, and will continue to be made. We will not rest until we have the border completely open into the United States.

With reference to the \$600 million, yes, that will flow to all farmers in all provinces, as it did last year, within a very few weeks. For example, last year, it meant \$110 million to Ontario farmers and over \$180 million to Saskatchewan farmers.

\* \* \*

**FOREIGN AFFAIRS**

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, with respect to Maher Arar, a Canadian citizen, has the Government of Canada asked the United States government why Mr. Arar was deported to Jordan for 12 days and then transferred to Syria? Who transferred this Canadian citizen to Jordan and who moved him to Syria?

**Ms. Aileen Carroll (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.):** Mr. Speaker, the Minister of Foreign Affairs of Canada has raised this at the very highest level of the United States, including Secretary of State Colin Powell.

In addition, we have made it very clear to Syrian authorities that Mr. Arar be brought back to Canada. In the event that they do not do that, then we want him brought forward for trial. We understand that he will be brought forward for trial in the near future. We have met

with his lawyer and Canadian officials there. We are making it very clear that we want access to that trial and the ability to monitor it all the way through.

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, I just simply asked who transferred this Canadian citizen to Jordan? Why was he transferred to Jordan, and then 12 days later transferred to Syria? However, I will move on.

U.S. officials have said that Canadian authorities had indicated that Mr. Arar was not welcome back in Canada. Did Canadian authorities ever question Mr. Arar, or accuse him of any terrorist related activities?

**Ms. Aileen Carroll (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.):** Mr. Speaker, as I have already told the member, this matter is being discussed at the highest levels. We have been in contact with the top American authorities.

We continue to pursue the matter, both with American and Syrian authorities. Mr. Arar is no longer in Jordan; he is in Syria. We think that is the situation we should be dealing with.

\* \* \*

**TECHNOLOGY PARTNERSHIPS CANADA**

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, we have known for some time that the Liberal Party has always benefited from technology partnerships loans. When it gave \$87 million to Bombardier, Bombardier dutifully coughed up \$411,000 back in political campaign contributions. We did not realize that individual Liberals were benefiting from technology partnerships loans.

Will the Minister of Industry confirm that the company under the ownership and direction of the member for LaSalle—Émard received a \$4.9 million technology partnerships loan? More important, did he ever pay it back?

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, first of all, these are not loans, they are investments which create jobs in this country. Second, they are not made until the professionals at technology partnerships Canada have completed due diligence to ensure that they are good investments that will have returns and will produce further economic activity for Canada. All of those criteria were satisfied in all of these cases.

\* \* \*

[Translation]

**CANADA ELECTIONS ACT**

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Mr. Speaker, my question is for the government House leader who told us yesterday that proportional representation existed nowhere in the world except for one federation. Actually, this system is in use by 14 federations, including 7 in Europe. The Liberal Party itself used proportional representation to elect its new leader.

*Oral Questions*

If this system is good for the Liberal Party and its members, why would it not be good for the people of Canada?

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, this is the same question as yesterday. The hon. member knows full well that our current system has served Canada extremely well. Not only do we have a federation, but it is the second largest in the world. The hon. member would have us adopt a system by which candidates who receive very few votes would get to sit in the House of Commons instead of those duly elected. That is not how members of Parliament should be selected.

\* \* \*

• (1450)

**CUSTOMS AND REVENUE AGENCY**

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, two days ago, the Minister of National Revenue told this House that the error made by her agency in sending 49 tax files to the same address was an isolated incident. However, according to information we have obtained, this was not an isolated incident, and more files were sent to the wrong address.

Will the minister confirm whether other files were indeed sent to the wrong address and, if so, did she make a mistake or did she mislead this House?

[English]

**Hon. Elinor Caplan (Minister of National Revenue, Lib.):** Mr. Speaker, if the member had listened to my original answer, he would know that what I said very clearly was that we send out millions of letters. In fact, over 100 million letters were sent out from CCRA last year and approximately one in one million was misdirected.

I said that from time to time mistakes and errors happen, and that is one of the reasons why we are doing a review of all of our national systems because the protection of privacy is so important to us. We want to review and ensure that whether it is fraud or break-ins or inappropriate access, we do the best we can to protect it.

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, when it comes to incompetence, this minister always takes the cake. In fact, she is absolutely wrong.

What the minister said the other day was that in one case out of 700,000 there was an error. Will the minister not confirm that there was more than one case, a story of which will be published in the media tomorrow? How can the minister claim that she properly informed the House when in fact there was more than one case? How many were there? Were there dozens? Were there hundreds?

How can taxpayers have confidence in what this minister has to say?

**Hon. Elinor Caplan (Minister of National Revenue, Lib.):** Mr. Speaker, I was very clear. I was referring to the one tax centre where over 700,000 letters had gone out. In this case, one had been misdirected.

Overall nationally, across the country last year over 100 million pieces of mail went out. It was approximately one in a million or about 130 letters that were misdirected.

Even if there is one it is too many. I can tell the House that we are reviewing all of our national systems to ascertain whether it was inappropriate access, mechanical error, fraud or break-in. We are doing everything that we can to protect the information that people give us.

\* \* \*

[Translation]

**AGRICULTURE**

**Ms. Pauline Picard (Drummond, BQ):** Mr. Speaker, even if the U.S. embargo on beef has been partially lifted, producers are continuing to lose money and are desperately calling for help. The assistance plan ended on August 31, and the Fédération des producteurs de bovins finds it totally unacceptable that the government is refusing to announce phase two.

What is keeping the Minister of Agriculture and Agri-food from answering the appeal of the government and the cattle producers of Quebec, and from immediately implementing a second phase of the assistance plan for the cattle industry, which has been so hard hit by the mad cow crisis?

[English]

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, as I said yesterday in the House and as I have said a number of times, we did. The federal government put \$312 million into the BSE recovery program. The provincial governments added more money. I announced last week \$600 million moving to farmers. There is still over \$500 million available.

Let us sign up and use up that money first and then we will go from there.

[Translation]

**Ms. Pauline Picard (Drummond, BQ):** Mr. Speaker, the minister keeps on telling us about his famous agricultural strategic framework, but what is needed is not that, but an assistance plan.

The Fédération des producteurs de bovins has made it clear: the strategic framework the minister is so anxious to sign does not meet the needs of producers. They want a specific assistance plan.

Why is the minister so insensitive to the drama that is going on in the various regions of Quebec?

[English]

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, there is still over \$500 million left in money to move to Canadian farmers. Many of those who will trigger that will be beef farmers.

We will move that money to beef farmers and to other farmers out there that need that support. Then we will talk about where we go from there if that is not sufficient.

*Oral Questions***NATIONAL DEFENCE**

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance):** Mr. Speaker, Lieutenant Commander Edmundson of the HMCS *Calgary* said, “The sailors are tired, the ships are tired, the navy is tired”. Some have worked 37 out of the last 52 weeks in the theatre fighting our war against terrorism. What has the government chosen to do? It has chosen to cut retroactively their pay supplements while they work in the Middle East.

My question is for the President of the Treasury Board. Why has she chosen to cut retroactively the foreign service deployment payments to our hard-working sailors?

• (1455)

**Hon. John McCallum (Minister of National Defence, Lib.):** Mr. Speaker, the hon. member says that the navy is tired. It is true that since September 11, 2001 the navy has been on a surge. The navy has been on a marathon with virtually every sailor and every ship on duty, on a marathon. They have completed that marathon successfully.

When someone completes a marathon, only a churlish member of the Canadian Alliance would say, “You are tired”. The rest of us would say “Congratulations navy, on a job well done. We are proud of you”.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance):** Mr. Speaker, that was not the question and it was not the minister.

I will ask the question one more time. Why is the minister and the government cutting between \$750 to \$1,000 from the pay of hard-working soldiers for what they are doing in defence of our nation, our country and our collective security? Why is he going to cut this retroactively while their families are here and suffering?

**Hon. John McCallum (Minister of National Defence, Lib.):** Mr. Speaker, the hon. member did point out or claim that the navy is tired. I simply pointed out that the successful completion of a marathon for a normal person should lead to congratulations, not a disparaging “You are tired”.

As for the question, I would point out that every effort is being made to ensure that the sailors currently serving on HMCS *Calgary* are not negatively affected by these administrative changes which are made in the light of a whole range of issues, including the risk of the mission and other elements.

\* \* \*

**FIREARMS PROGRAM**

**Mr. Garry Breitkreuz (Yorkton—Melville, Canadian Alliance):** Mr. Speaker, yesterday, the Solicitor General misled the House. He said there was no new money for the gun registry, but the supplementary estimates show a new appropriation of \$10 million.

Can the Solicitor General explain why he misled the House yesterday?

**The Speaker:** The hon. member is treading very close to the line and he knows that is contrary to our practice. If he wants to ask a question for clarification, he can ask it. But to suggest that members are misleading the House I think is unnecessary during question period.

The hon. Solicitor General.

**Hon. Wayne Easter (Solicitor General of Canada, Lib.):** Mr. Speaker, the hon. member opposite with that kind of remark is trying to mislead Canadians on what the gun control program cost. That is what he is trying to do.

I quoted to the Leader of the Opposition earlier from the estimates that on page 88 the amount represents the operating budget carried forward for justice designated to the Canadian Firearms Centre. That is what it represents. There is not a cent of new money mentioned in this document because we established the targets and we are going to meet them.

**Mr. Garry Breitkreuz (Yorkton—Melville, Canadian Alliance):** Mr. Speaker, I ask you and all Canadians to read page 22 and then find out who is telling the truth.

Eight provinces refused to prosecute for gun registry offences. Two-thirds of Canadians do not support this billion dollar boondoggle. Even the justice department found 90 major problems in its most recent evaluation.

Last week the government refused to answer this question, so I will ask the minister once again, how much will it cost to fully implement the gun registry, including fixing all of those 90 problems, and how much will it cost to maintain it?

**Hon. Wayne Easter (Solicitor General of Canada, Lib.):** Mr. Speaker, I would ask the hon. member to go back to the beginning of my response to his first question. Those remarks still stand.

If he would read the most recent evaluation, and read it appropriately, he would see that the evaluation was done back last spring. We announced an action plan after that. We are on target in terms of the announcement in the action plan. We brought efficiencies into the system and we will continue to bring efficiencies into the system. We are continuing to register firearms every day.

\* \* \*

• (1500)

[*Translation*]

**THE ENVIRONMENT**

**Mr. Jean-Yves Roy (Matapédia—Matane, BQ):** Mr. Speaker, in the matter of the Bennett company in Belledune, the government is closing its eyes and trying to avoid the issue. Confronted with the Fisheries Act, the government counters with the Environmental Protection Act to justify its inaction. But, in the company's own words, the raw material—highly toxic materials—will be transported by truck, rail or ship.

Is the Minister of Fisheries and Oceans not concerned when the company itself admits it is going to move its highly toxic materials to Belledune by water?

**Hon. Robert Thibault (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I want to assure the hon. member that the department and myself, in my role as minister, are applying the act fairly and for the benefit of all, for the benefit of the environment and for the benefit of the fish. It is not up to us to make municipal bylaws.

*Privilege*

What he is asking me to do is to use the act to stop a project because it has its backers or its detractors. We are enforcing the regulations. When a project is not acceptable from an environmental point of view, under our regulations, we take action.

\* \* \*

[English]

**CANADIAN BROADCASTING CORPORATION**

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, after yesterday's announcement that the government slashed CBC funding by \$10 million, staff are already preparing for layoffs and cuts to programming, especially on top of earlier cuts this year to the CTF.

In February the Minister of Canadian Heritage said that new funding for the CBC was in the budget, but maybe that was used to cover lunches at fancy restaurants.

When will the government follow the call of the heritage committee's broadcasting report and implement secure multi-year funding for the CBC?

[Translation]

**Ms. Carole-Marie Allard (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.):** Mr. Speaker, the CBC has always been well looked after by this government. It receives a billion dollars in public funds which it shares among its component parts. For the past two years, the government has made a special effort and has voted a supplementary budget of \$60 million.

The Government of Canada is now in the process of reallocating funds and has decided that the CBC, like a number of other agencies, will have to do its share.

\* \* \*

[English]

**VETERANS AFFAIRS**

**Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance):** Mr. Speaker, every day Canadians learn what again and again are examples of government wasteful spending. We heard it today from the member for Yorkton—Melville.

Would the Minister of Veterans Affairs agree that providing 23,000 veterans' widows with a pension is a much better way of spending government money?

**Hon. Rey Pagtakhan (Minister of Veterans Affairs and Secretary of State (Science, Research and Development), Lib.):** Mr. Speaker, before the House is Bill C-50 wherein we have introduced amendments precisely to address the urgent needs of veterans. I would like the member, instead of speaking away from the issue, to support the bill.

The government can take pride that it is taking care of veterans and their families.

\* \* \*

[Translation]

**ATOMIC ENERGY OF CANADA**

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, in addition to the \$132 million that Atomic Energy of Canada received this year,

we learn that the government is getting ready to provide another \$46 million to allow the agency to develop new nuclear reactor technology.

How does the government explain this additional subsidy, when it knows that under the cover of nuclear technology research, most of Atomic Energy of Canada's work consists in subsidizing the generation of electrical power for Ontario?

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the Government of Canada supports the nuclear industry. It is surprising to hear the member opposite express such views, especially considering how important this industry is in Quebec with all the material produced in that province for this industry.

On this side of the House, we support the industry. It is important for Canada and for exporting our products.

\* \* \*

[English]

**FIREARMS PROGRAM**

**Mr. Inky Mark (Dauphin—Swan River, PC):** Mr. Speaker, an access to information request revealed that between April 14 and June 30 no full time and no part time employees of the Department of Justice were working on the Canadian firearms program. The same applies to the Solicitor General.

If no one in either the justice department or the Solicitor General's office is paying attention to the gun registry, who exactly is in charge of this bottomless money pit?

● (1505)

**Hon. Wayne Easter (Solicitor General of Canada, Lib.):** Mr. Speaker, first it is not a bottomless money pit. We said in the beginning that yes, there have been some problems in the past. The Minister of Justice and I in an announcement in the spring announced an action plan of which we would bring those costs under control.

The gun registry has been transferred to the Department of the Solicitor General. We have in fact brought the costs under control and that is what the estimates are now showing. The costs are under control and we are not spending a penny more than was targeted.

**The Speaker:** The Chair has notice of two questions of privilege, one from the hon. member for Yorkton—Melville, whom we will hear first.

\* \* \*

**PRIVILEGE**

## ORAL QUESTION PERIOD

**Mr. Garry Breitkreuz (Yorkton—Melville, Canadian Alliance):** Mr. Speaker, yesterday the Solicitor General misled this House and impeded my ability to function as a member of Parliament.

Yesterday the President of the Treasury Board tabled supplementary estimates (A) in this House. On pages 13 and 88 of the supplementary estimates it is stated, "Canadian Firearms Program New Appropriation \$10,000,000".

Later in the day in response to a question during question period, the Solicitor General said, and I am quoting from page 7705 of *Hansard*:

We are not, through these supplementary estimates, asking Parliament for one more cent for the firearms program. Not one more cent. The money is not new money. The money was approved by Parliament and the money is within the spending targets that we announced earlier.

If the Solicitor General is right, then the supplementary estimates are wrong. If the Solicitor General is right, then Parliament is going to be voting for the same money twice. This cannot possibly be.

Page 22 of the supplementary estimates (A) clearly states, and I quote:

Vote 7a

Canadian Firearms Centre—Operating expenditures—To authorize the transfer of \$84,840,694 from Justice Vote 1, Appropriation Act No. 2, 2003-2004 for the purposes of this Vote and to provide a further amount of ...\$10,000,000.

I repeat, “to provide a further amount of \$10,000,000”. Do the words “further amount” not mean new money?

The Solicitor General's statement yesterday put in question the status of a particular item in the estimates. That status, as the minister described it, would prevent members from proceeding in what I would consider the normal process for considering the supplementary estimates.

Its status has a significant impact on my role as a member of Parliament. All members of the House need to know if they can treat this item as a typical item in the supplementary estimates, namely, whether or not members can (a) reduce this amount at committee, (b) oppose the item on the last allotted day in the supply period and (c) include it as the subject matter of a supply motion in the context of “new money”.

On page 733 of Marleau and Montpetit it is stated:

Supplementary Estimates often include what are known as “one dollar items”, which seek an alteration in the existing allocation of funds as authorized in the Main Estimates. The purpose of a dollar item is not to seek new or additional money, but rather to spend money already authorized for a different purpose. Since “estimates” are budgetary items, they must have a dollar value...the “one dollar” is merely a symbolic amount.

Vote 8a on page 88 of the supplementary estimates is a symbolic dollar amount. Vote 7a, Canadian Firearms Centre operating expenditures, is not a symbolic one dollar amount, but a \$10 million amount. When the Solicitor General said the \$10 million was “not new money”, he misled me, every member of this House, the media and the general public.

The Speaker will recall that we went through the same song and dance last year when the supplementary estimates were tabled. No one, not even you or your staff, Mr. Speaker, could figure out how much we had voted on in the 2002-03 main estimates. Even Treasury Board officials had to ask the justice department.

But this year is different. When the main estimates were tabled on March 27, 2003, we were assured that they included the entire \$113.1 million annual budget for the Canadian firearms program. This as the total program spending was approved by Parliament when the main estimates were approved in June. The Solicitor General's statement that it is “not new money” defies common sense,

### *Privilege*

because it means that we would now have to vote for another \$10 million that we already voted for last June.

Finally, if the Solicitor General's interpretation of the supplementary estimates is correct, how many of the other 24 “new appropriations” totalling \$5.5 billion fall into the same category? Is the \$10 million for the firearms program the only one that is not “new money”?

In the 17th century, the pre-eminent English judge Sir Edward Coke described the House as the general inquisitors of the realm. Ever since then it has become customary to refer to the House as “the grand inquest of the nation”.

● (1510)

Page 697 of Marleau and Montpetit describes the direct control of national finance as the “great task of modern parliamentary government”. On page 225 of Joseph Maingot's *Parliamentary Privilege in Canada*, he describes contempt as “an offence against the authority or dignity of the House”.

An attempt to fool members into believing that the \$10 million in vote 7a is not new and therefore subject to scrutiny or reduction is an affront to the dignity of the House and disrespectful to its role as “the grand inquest of the nation” and its so-called “great task” of controlling the public purse.

To perform these fundamental functions the House has always insisted on accurate and truthful information. That is why the making of misleading statements in the House must be treated as contempt.

Yesterday the Solicitor General clearly misled the House.

I am prepared to move the appropriate motion should the Speaker rule that the matter is a prima facie case of privilege.

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the hon. member I believe knows or should know perfectly well that the accusation he is making against the minister in question is totally invalid. He may have, by mistake, he and his leader, asked for the information at the beginning of question period without knowing better. That is it, people do that from time to time around here, but after, he was corrected, and rightfully so, by the minister and informed of the content of page 88 of the supplementary estimates, which describes quite well that the dollar is the mechanism by which the transfer is made from one department to another and does not involve additional funds. It involves the funding in question to be transferred from one minister to another, but not additional funding to be put in. The explanatory note is there for everyone to see.

Additionally, if the member wants to question the minister insofar as it is a good idea for this particular minister to administer versus another minister, if that is what he wants to do, that is why the estimates are referred to committee: so that these kinds of questions can be asked. Now that is a different proposition altogether. But to state that the transferring of responsibility from one minister to another, the parallel one dollar amount that actually gives effect to it in the supplementary estimates is wrong, is simply inaccurate.

*Privilege*

Finally, imagine the reverse situation. Had we published the supplementary estimates today, transferred the responsibility fully as we did and chosen not to make this transfer, this same MP would be standing up and saying, "Wait a minute, the estimates are wrong. You transferred that responsibility and you failed to put it in the estimates". The hon. member cannot have it both ways.

In any case, I am quite willing to return to the House with additional information if the Speaker chooses to delay his ruling in that regard. The information we have is that we have used the most transparent method in order to transfer the funding in question from one department to another but at the same time not adding, as the minister, the Solicitor General in this case, has indicated to the House today, other than the one dollar symbolic amount, which gives effect to the transaction.

• (1515)

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, as usual that is about as clear as mud from the government House leader. We have before us the supplementary estimates that state in clear English new expenditures, of which that column contains the amount of \$10 million.

On a number of occasions, Mr. Speaker, you have requested that any issues related in particular to procedural aspects of a supply bill be brought forward immediately, which is what is happening here, but I direct your attention to page 88. On that page, under the Solicitor General, relating to the infamous and disgraced gun registry and the Canadian Firearms Centre, it states uncategorically that the House is being asked to approve a new appropriation of \$10 million for vote 7a and a further amount of \$1 under item 8a. These amounts are clearly described as new appropriations under the estimates that have been recommended to the House by the Governor General.

Also on the same page there is a column labelled "transfer". This is to transfer existing spending authority within the government, which is what the government House leader is talking about. But clearly, by listing the \$10 million as a new appropriation rather than a transfer there is no existing authority for this transfer to take place in expenditures. The House is being asked for new authority.

I turn now to the "Proposed Schedule 1" of the appropriation bill found at page 22 of the supplementary estimates. There we find listed under the Canadian Firearms Centre vote 7a an amount of \$10 million and, under vote 8a, an amount of \$1, again, listed at page 22 as new appropriations.

I direct your attention, Mr. Speaker, to what the previous member has referred to: the Solicitor General's response in question period yesterday, September 23, to a question raised by the member for Dauphin—Swan River. The Solicitor General stated:

We are not, through these supplementary estimates, asking Parliament for one more cent for the firearms program. Not one more cent. The money is not new money. The money was approved by Parliament—

Mr. Speaker, I could argue semantics, that at the very least the government is asking for one new dollar, but the crux of the matter is that \$10 million is being asked for under "new appropriation". The Governor General's demand is very clear. The words are very clear: "new appropriation". The Solicitor General says the money is not new. The estimates and the proposed supply bill call it new. They do not call it a transfer. They call it a new appropriation.

In conclusion, if the Solicitor General is correct and there is no request for new money, the supplementary estimates are incorrect.

You will recall, Mr. Speaker, and it stemmed from the report of the Auditor General concerning the lack of truthfulness and frankness in Parliament, the general incompetence of the government surrounding the billion dollar gun registry. The Auditor General warned us that facts were being hidden from Parliament; that Parliament was in fact being kept in the dark. We now have before us estimates calling for a new appropriation of \$10 million and the Solicitor General telling the House it is not new. If that is the case, this should be listed as a transfer item.

I invite the Chair to examine the record and the schedule with an eye to the impropriety of the new appropriation as opposed to a transfer item.

**Mr. John Williams (St. Albert, Canadian Alliance):** Mr. Speaker, I would also like to quote from Marleau and Montpetit at page 732 under "Supplementary Estimates". It states:

Should the amounts voted under the Main Estimates prove insufficient, or should new funding or a reallocation of funds between Votes or programs be required during a fiscal year, the government may ask Parliament to approve additional expenditures set out in Supplementary Estimates.

"Approve additional expenditures", Mr. Speaker, and we have heard numerous references to the word "new". Last week the government proposed a new definition of the word "marriage" and I think we may be trying to find another definition of the word "new" if this is not new money that is going to be allocated by Parliament.

The Auditor General pointed out last year that with the gun registry this government has obfuscated in every way it can by using the supplementary estimates rather than the main estimates to fund the gun registry. Now we find that it is disallowing its own words in the supplementary estimates.

Mr. Speaker, you have to stand up and defend this House and rule that the minister has—

• (1520)

**The Speaker:** I appreciate the advice of the hon. member.

It is getting a little repetitious, I think, on the issue before the House. The government House leader in his submission has indicated that he was prepared to examine this matter further and get back to the House with more detail should the Speaker consider it necessary. The Speaker does consider it necessary in the circumstances.

I would appreciate hearing further from the government House leader to clarify what I can only regard as confusing words in the supplementary estimates, which have given rise to some confusion in the House. I look forward to hearing from him further at which time the Chair will give a ruling on this matter.

I have notice of another question of privilege from the hon. member for St. John's West.



*Privilege*

**Mr. Loyola Hearn (St. John's West, PC):** Mr. Speaker, I gave you the required notice of a question of privilege arising out of answers given in question period last Thursday and Friday. This relates to answers given by the government over the Royal LePage scandal.

We assume that the government speaks to the House with one voice, one set of facts and its version of the truth, but the House has been left with two versions. It is time to give the government an opportunity to tell the truth to the House.

On Thursday the following exchange took place between my leader and the Parliamentary Secretary to the Minister of Public Works and Government Services.

The member for Pictou—Antigonish—Guysborough asked:

Mr. Speaker, the Minister of Public Works must know that a senior procurement officer in his department invited a Royal LePage vice-president on a Caribbean cruise.

Will the minister also confirm that the RCMP is investigating allegations that public works employees accepted gifts from that same company that won a \$1.4 billion contract?

Will the minister finally assure Canadians that his department's cruise for contracts procedure practice has ended?

The Parliamentary Secretary to the Minister of Public Works and Government Services answered as follows:

Mr. Speaker, I thank the hon. member for the question, but I am certain he knows from the many years he has sat in the House that we do not comment on RCMP investigations.

On Friday, the following day, the following exchange occurred in relation to government contracts. I will quote directly from *Hansard* the question I asked, which was answered by the same parliamentary secretary. My question:

Mr. Speaker, government officials have confirmed the public works department's fraud investigations unit was involved in probing the circumstances surrounding the Liberals' cruise for contracts policy and the \$1.4 billion relocation contract for Royal LePage. The Solicitor General has admitted the RCMP has been called in to investigate.

Will he now table the internal audit which led to the investigation and can he tell us if there are other departments involved in this \$1.4 billion scandal?

The same parliamentary secretary who had answered the question the day before answered again. The Parliamentary Secretary to the Minister of Public Works and Government Services answered:

Mr. Speaker, we are not aware of any RCMP investigation in this file. Issues were raised and the minister and the department have retendered the contract.

My second question to her was:

Mr. Speaker, this investigation goes beyond what government is willing to admit.

Will the minister confirm that eight other members of the evaluation committee, representatives from the Department of National Defence, Treasury Board and the RCMP, attended various Royal LePage sponsored golf tournaments at no cost to themselves?

Has the RCMP investigation branched out to include other government departments?

Will public works re-evaluate the way contracts are tendered to ensure this practice is discontinued?

The parliamentary secretary answered:

Mr. Speaker, as I indicated previously, we are not aware of any RCMP investigation into this particular contract. Issues were raised to the minister and he felt it was better to turn around and retender this contract.

Any reasonable person would assume that the House was told on Thursday that there was an RCMP investigation and on Friday we were told that there has not been an RCMP investigation.

I now turn to your ruling on February 1, 2002, Mr. Speaker. In that case the Minister of National Defence had left the House with two different versions of the facts and he failed to inform the House of his error in giving two versions of the facts to the House. In ruling that this constituted a *prima facie* contempt, the Speaker stated:

● (1525)

The hon. member for Portage—Lisgar alleged that the Minister of National Defence deliberately misled the House as to when he knew that prisoners taken by Canadian JTF2 troops in Afghanistan had been handed over to the Americans. In support of that allegation, he cited the minister's responses in question period on two successive days and alluded to a number of statements made to the media by the minister. Other hon. members rose to support those arguments citing various parliamentary authorities including Beauchesne's 6th edition and Marleau and Montpetit. In this regard, I commend to the House a citation from Erskine May, twenty-second edition, quoted by the hon. member for Pictou—Antigonish—Guysborough as follows:

"The Commons may treat the making of a deliberately misleading statement as contempt. In 1963 the House resolved that in making a personal statement which contained words which he later admitted not to be true, a former Member had been guilty of a grave contempt".

The authorities are consistent about the need for clarity in our proceedings and about the need to ensure the integrity of the information provided by the government to the House. Furthermore, in this case, as hon. members have pointed out, integrity of information is of paramount importance since it directly concerns the rules of engagement for Canadian troops involved in the conflict in Afghanistan, a principle that goes to the very heart of Canada's participation in the war against terrorism.

Mr. Speaker, as I said, I was quoting you. The Speaker went on to quote from Marleau and Montpetit as follows:

There are...affronts against the dignity and authority of Parliament which may not fall within one of the specifically defined privileges...the House also claims the right to punish, as a contempt, any action which, though not a breach of a specific privilege, tends to obstruct or impede the House in the performance of its functions; [or that] obstructs or impedes any Member or Officer of the House in the discharge of their duties...

The Speaker ruled as follows:

On the basis of the arguments presented by hon. members and in view of the gravity of the matter, I have concluded that the situation before us where the House is left with two versions of events is one that merits further consideration by an appropriate committee, if only to clear the air.

There is a difference in gravity here but the government is still required to tell the truth and we have been left with two different stories.

Two sitting days have passed since the matter was raised last Friday. The government has not come forward to set the record straight and the House still has two positions coming from the cabinet.

It would be a simple thing for a minister of the crown to rise and set the record straight and offer an apology. I ask the minister to do that. If not, we are left to sit here with two versions of the facts from the same government, from the same parliamentary secretary.

You should find in my favour, Mr. Speaker. I am prepared to move that the matter be referred to a committee for consideration and report.

*Routine Proceedings*

**Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I listened with interest to the comments of my hon. colleague. It is not clear to me that there is any indication of anyone having deliberately misled the House in this case.

I hear that he is seeking a clarification. If that is what he is seeking here, it is not clear to me that that is a question of privilege. If that is what he is seeking, if he wants someone to come to the House and give him a clarification that is one thing, but it is not clear to me that in itself is a question of privilege, and I would ask that it is so ruled.

**The Speaker:** I am quite prepared to deal with the matter. The hon. member for St. John's West sent the Speaker a lengthy letter outlining the fundamentals of his point and particularly the questions that were asked.

It seems to me that he has an answer that on one day if there was a police investigation there would be no comment on it and on the second day they were unaware of any police investigation. I fail to see how these two answers are contradictory or even necessarily inconsistent.

The member answering the question one day said that it was practice not to comment and the second day said that there was not an investigation of which that person was aware. It seems to me that is the end of the matter.

If the hon. member feels these answers are confusing, he knows he has other remedies. He can always ask further questions or raise the matter in committee when the estimates of that department are under consideration, or at other times when the minister is there. However it seems to me that the answers that were given on their face present no question of ambiguity or constitute any effort on the part of anyone to mislead the House.

In the absence of evidence that these answers are inadequate, wrong or deliberately so, the Chair feels, of course, there is nothing that the Chair can do in respect to this matter. Accordingly, I find there is no question of privilege before the House at this time, and I so rule.

---

## ROUTINE PROCEEDINGS

• (1530)

[English]

### 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 21 petitions.

\* \* \*

### COMMITTEES OF THE HOUSE

ABORIGINAL AFFAIRS, NORTHERN DEVELOPMENT AND NATURAL RESOURCES

**Mr. Raymond Bonin (Nickel Belt, Lib.):** Mr. Speaker, I have the honour to present the sixth report of the Standing Committee on Aboriginal Affairs, Northern Development and Natural Resources

regarding its order of reference of Tuesday, February 25, 2003, on Bill C-19, an act to provide for real property taxation powers of first nations, to create a First Nations Tax Commission, First Nations Financial Management Board, First Nations Finance Authority and First Nations Statistical Institute and to make consequential amendments to other acts.

The committee has considered Bill C-19 and reports the bill with amendments.

\* \* \*

[Translation]

### WORKPLACE PSYCHOLOGICAL HARASSMENT PREVENTION ACT

**Ms. Diane Bourgeois (Terrebonne—Blainville, BQ)** moved for leave to introduce Bill C-451, an act to prevent psychological harassment in the workplace and to amend the Canada Labour Code.

She said: Madam Speaker, it is with great pride that I introduce my first bill in this House.

It defines psychological harassment and abuse of power, requires the public service of Canada to provide its employees with employment free of psychological harassment, and requires every employee of the public service of Canada to disclose behaviour that is contrary to these principles.

The bill also provides for the exercise of recourse, the imposition of fines and the taking of remedial action when an employee who has made a disclosure is subjected to retaliation. In addition, the bill amends the Canada Labour Code to prohibit acts of psychological harassment.

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

\* \* \*

[English]

### PETITIONS

FIREARMS REGISTRY

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Madam Speaker, I have before me in excess of 1,000 names on petitions regarding the matter of the over-expenditure on firearms control.

The petitioners make the aspersions that there are at least a number of areas in which they can verify and support their arguments and that is, that the government has failed to provide any conclusive or verifiable evidence that the registration of long guns is preventing crime or keeping guns out of the hands of criminals.

They also claim that the existence of a handgun registry since 1934 has not prevented criminals from obtaining and using illegal handguns to commit crime.

They also claim that eight provinces, three territories, police associations and other area police offices across this country have withdrawn their support of the firearms registry for long guns, and that public opinion all across this country has gone against this issue.

The petitioners, therefore, call upon Parliament to abolish the national firearms registry for long guns and redirect these tax dollars to programs in support of health care and law enforcement.

● (1535)

## CHILD PORNOGRAPHY

**Mr. David Anderson (Cypress Hills—Grasslands, Canadian Alliance):** Madam Speaker, today I would like to present a petition on behalf of the residents of Leader and Eatonia, two great communities in my riding.

The petitioners are concerned about protecting our children, and are calling upon Parliament to protect our children by taking all necessary steps to ensure that all materials which promote or glorify pedophilia or sado-masochistic activities involving children are outlawed.

## MARRIAGE

**Mr. Rodger Cuzner (Bras d'Or—Cape Breton, Lib.):** Madam Speaker, I am pleased to present a petition signed by almost 200 members of my community of Bras d'Or—Cape Breton from the communities of Dominion and Gardiner Mines.

The petitioners call upon the government to defend the current definition of marriage in law in perpetuity.

## ENVIRONMENT CANADA

**Hon. Andy Scott (Fredericton, Lib.):** Madam Speaker, I am pleased to present a petition that brings to the attention of the House the fact that the Government of Canada has announced the closure of nine Environment Canada forecast centres. One of these forecast centres is in Fredericton which will result in lost services within the province of New Brunswick.

On behalf of the petitioners, I call upon Parliament to keep the Environment Canada centres open.

## MARRIAGE

**Mr. Gurbax Malhi (Bramalea—Gore—Malton—Springdale, Lib.):** Madam Speaker, I am presenting these petitions signed by thousands of people.

Marriage is the best foundation for families and the raising of children. Marriage should continue to be recognized as the union of one man and one woman.

## RELIGIOUS FREEDOM

**Mr. Gurbax Malhi (Bramalea—Gore—Malton—Springdale, Lib.):** Madam Speaker, in my second petition the petitioners pray that Parliament take all measures necessary to protect the rights of Canadians to freely share their religious and moral beliefs without fear of prosecution.

## MARRIAGE

**Mr. Pat O'Brien (London—Fanshawe, Lib.):** Madam Speaker, I am pleased to present of hundreds of petitions signed by thousands of Canadians across southern Ontario, including some of my own constituents.

The petitioners call on the government to take all necessary steps to uphold the traditional definition of marriage as the union of one man and one woman.

*Routine Proceedings*

## HUMAN RIGHTS

**Hon. Jim Peterson (Willowdale, Lib.):** Madam Speaker, this is a petition signed by a number of residents of Willowdale and North York.

In light of human rights violations against Hindu and other minorities in Bangladesh, the petitioners call upon the government to review its foreign aid program with that country.

The petitioners also ask that the Government of Canada consult with the government of India to ensure that it continues its past practices of reaching out and offering assistance to refugees from that country.

## MARRIAGE

**Mr. Kevin Sorenson (Crowfoot, Canadian Alliance):** Madam Speaker, pursuant to Standing Order 36 I have the privilege to present to the House a petition signed by some 100 constituents from my riding of Crowfoot, more specifically, individuals from the communities of Trochu, Three Hills and Huxley, Alberta.

The petitioners call upon the government to pass legislation to recognize the institution of marriage in federal law as being the union of one man and one woman to the exclusion of all others.

I take a great deal of pleasure in being able to present this petition and introduce it to the House.

## CHILD PORNOGRAPHY

**Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance):** Madam Speaker, I am pleased to present a petition by many concerned Canadians.

The petitioners call upon Parliament to protect our children by taking all the necessary steps to ensure that all materials which promote or glorify pedophilia activities involving children are outlawed.

## NATIONAL DEFENCE

**Mr. Geoff Regan (Halifax West, Lib.):** Madam Speaker, pursuant to Standing Order 36 I wish to present a petition from about 75 people mainly from the Halifax-Dartmouth area.

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

\* \* \*

● (1540)

## QUESTIONS ON THE ORDER PAPER

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

**The Acting Speaker (Ms. Bakopanos):** Is that agreed?

**Some hon. members:** Agreed.

*Government Orders***MOTIONS FOR PAPERS**

**Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Madam Speaker, would you be so kind as to call Notice of Motion for the Production of Papers No. P-1, in the name of the right hon. member for Calgary Centre.

Motion No. P-1

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 recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Rolland Groupe Conseil Inc. between January 1, 1997, and January 31, 2002.

**Mr. Geoff Regan:** Madam Speaker, I would ask that this Notice of Motion be put over for debate. I think you would find agreement from the Minister of National Revenue to have that occur.

**Hon. Elinor Caplan (Minister of National Revenue, Lib.):** Madam Speaker, I would ask that Motion No. P-1 be transferred for debate.

**The Acting Speaker (Ms. Bakopanos):** The motion is transferred for debate pursuant to Standing Order 97(1).

**Mr. Geoff Regan:** Madam Speaker, I would now ask if you would be so kind as to call Notices of Motions for the Production of Papers Nos. P-2, P-3, P-4, P-6, P-7 and P-8.

Motion No. P-2

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 recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Price Waterhouse Coopers between January 1, 1997, and January 31, 2002.

Motion No. P-3

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 recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Gilles Tremblay and Associés between January 1, 1997, and January 31, 2002.

Motion No. P-4

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 recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Elan Pratzter and Partners Inc. between January 1, 1997, and January 31, 2002.

Motion No. P-6

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 recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Belle Isle Djangji between January 1, 1997, and January 31, 2002.

Motion No. P-7

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 recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm Gestion Michel Lebeuf Ltée between January 1, 1997, and January 31, 2002.

Motion No. P-8

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 recommendations, briefings, memoranda, e-mails and Board meeting minutes of the Business Development Bank of Canada, relating to the reports of the executive search firm La Société Caldwell between January 1, 1997, and January 31, 2002.

**Mr. Geoff Regan:** Madam Speaker, I would ask that these Notices of Motion for the Production of Papers be transferred for

debate. I think you would find again agreement from the Minister of Revenue for that to occur.

**Hon. Elinor Caplan (Minister of National Revenue, Lib.):** Madam Speaker, I would ask that Notices of Motions for the Production of Papers Nos. P-2, P-3, P-4, P-6, P-7 and P-8 be transferred for debate.

**The Acting Speaker (Ms. Bakopanos):** The motions are transferred for debate pursuant to Standing Order 97(1).

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

**The Acting Speaker (Ms. Bakopanos):** Is that agreed?

**Some hon. member:** Agreed.

**GOVERNMENT ORDERS**

[English]

**INCOME TAX ACT**

**Hon. Anne McLellan (for the Deputy Prime Minister and Minister of Finance)** moved that Bill C-48, an act to amend the Income Tax Act (natural resources), be read the second time and referred to a committee.

• (1545)

**Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.):** Madam Speaker, I appreciate the opportunity to present Bill C-48 for second reading today.

The bill would implement federal income tax changes that were announced in the 2003 budget for Canada's resource sector, comprising the mining, oil and gas and fertilizer industries.

The 2003 budget takes concrete comprehensive action in several areas to build the society that Canadians value, the economy that Canadians need and the accountability that Canadians deserve. Included in the budget are measures to help Canadian business become even more competitive in the North American and global economies.

This new structure for federal income taxation of the resource sector reflects the government's ongoing commitment to an efficient and competitive corporate income tax system.

As hon. members know, a better economic performance for Canada tomorrow requires a more productive, innovative and sustainable economy today. Our tax system plays an important role in creating a stronger, more productive economy.

An efficient tax structure can enhance incentives to work, save and invest. It can also support entrepreneurship and the emergence and growth of small businesses. In addition, a competitive tax system is critical in encouraging investment in Canada, which leads to greater economic growth and job creation.

That is why the government launched a five year \$100 billion tax reduction plan, the largest in our history, which has strengthened the foundation for economic growth and job creation in this country.

Among other things, it lowered the general federal corporate income tax rate from 28% in 2000 to 21% in 2004. With the tax cuts implemented to date, the average federal-provincial corporate tax rate in Canada is now below the average in the U.S.

The 2003 budget builds on the Canadian tax advantage for investment.

Several measures that will benefit the resource sector were included in Bill C-28, the Budget Implementation Act, 2003, which received royal assent last June.

These measures include: eliminating the federal capital tax over five years, a move that will strengthen Canada's tax advantage for investment in the capital-intensive resource sector; increasing the amount of annual qualifying income eligible for the reduced 12% federal small business tax rate from \$200,000 to \$300,000; and extending the existing temporary 15% mineral exploration tax credit until December 31, 2004, and providing an additional year for issuing corporations to make expenditures related to these arrangements.

When fully implemented, the measures in the legislation we are debating today, Bill C-48, will require that firms in the resource sector are subject to the same statutory rate of corporate income tax as firms in other sectors and that they will be able to deduct actual costs of production, including provincial and other Crown royalties and mining taxes.

Before discussing the measures in detail, I would first like to put them in context.

The resource sector is an important generator of investment, exports and jobs for Canadians, indeed, a significant component of the Canadian economy. In 2001, for example, the resource sector accounted for almost 4% of Canada's GDP, with over \$64 billion in exports and more than \$30 billion in capital expenditures. Over 170,000 Canadians work in resource businesses.

As well, the sector in general, and the mining industry in particular, is vital to rural and northern economies, while the oil and gas industry, long important to western provinces, is now also a significant economic presence in Atlantic Canada.

The potential for future resource development exists in virtually every region of the country. Moreover, Canadian resource industries are large investors in innovative technology and major participants in the provision of exploration and extraction services internationally.

Historically, income earned in Canada from the extraction and initial processing of non-renewable resources has been subject to special tax treatment. There are three main reasons for this.

### *Routine Proceedings*

The first is that resources are key economic assets. Since the development of non-renewable resources can create significant economic and social benefits, there is a strong initiative for governments to design a sound, economic and fiscal framework for large capital investment requirements.

The second reason underlying the tax treatment of the resource sector is that governments have come to accept that there is a specific set of risks and benefits inherent in the business of resource exploration and extraction. The tax treatment acknowledges that the resource sector is operating in a distinct environment.

The third reason underlying this special tax treatment is the direct competition for international investment dollars. Historically, international capital has been critical to the development of our resource industry. Competition for this capital, including Canadian capital, is increasingly intense.

I would like to review for members the current income tax provisions that are specific to the resource sector.

There are four provisions: Canadian exploration expenses, Canadian development expenses, Canadian oil and gas property expenses—

**The Acting Speaker (Ms. Bakopanos):** On a point of order, the hon. Parliamentary Secretary to the Leader of the Government in the House of Commons.

---

## ROUTINE PROCEEDINGS

[*English*]

### COMMITTEES OF THE HOUSE

#### HEALTH

**Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Madam Speaker, I hope my hon. colleague will forgive me for interrupting, but I think if you were to seek it you would find unanimous consent for the following motion. I have to run and I know he would like a break, a moment's pause to have another glass of water arrive for him. I move:

That, notwithstanding previous orders in relation to a study of prescription drugs, a group comprised of five government members, two members of the Official Opposition and one member from each of the remaining opposition parties of the Standing Committee on Health be authorized to travel to Vancouver, Edmonton, Saskatoon and Winnipeg, during the week of September 29, 2003 and to Halifax, Quebec and Toronto during the week of October 27, 2003, and that the necessary staff accompany the committee.

*Government Orders*

• (1550)

**The Acting Speaker (Ms. Bakopanos):** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

---

## GOVERNMENT ORDERS

[English]

### INCOME TAX ACT

The House resumed consideration of the motion that Bill C-48, an act to amend the Income Tax Act (natural resources), be read the second time and referred to a committee.

**Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.):** Madam Speaker, I appreciate my colleague's intervention more than he knows.

I will go over the four provisions again: Canadian exploration expenses, Canadian development expenses, Canadian oil and gas property expenses and capital cost allowances determine the timing of reduction for capital expenditures. These provisions recognize the risks inherent to the large investments required for resource exploration and extraction and play an important role in ensuring a competitive business environment.

Also, there are two targeted income tax vehicles: the Atlantic investment tax credit that supports resources development and other investment in Atlantic Canada; and flow-through shares, which are designed to support junior exploration firms.

As well, the 15% mineral exploration tax credit was introduced in October 2000 as a temporary measure to moderate the impact of global downturn in exploration activity on mining communities across Canada.

The 25% resource allowance was introduced in 1976 to effectively put a ceiling on deductions in respect of rapidly increasing provincial and other crown royalties and mining taxes. This allowance functions as a proxy for actual royalties and mining taxes paid to provinces.

The government recognizes that the resource sector tax regime can generate greater investment and jobs for Canadians if it achieves these three goals. First, the sector must be internationally competitive, particularly within the North American context. Second, it must be transparent for firms and investors. Third, it must promote the efficient allocation of investment both within the resource sector and between sectors of the Canadian economy. I believe the measures in Bill C-48, which would be phased in over five years, meet these goals.

As we know, in a global economy with intense competition for capital, a tax system with a lower tax rate, applied uniformly across all sectors with a simpler and more efficient tax structure, is far more effective than one with a higher rate of tax applied on a less efficient tax base. Bill C-48 would address this issue by reducing the federal

statutory corporate income tax rate on income earned from resource activities from 28% to 21% by 2007.

The federal statutory corporate income tax rate is important because it is often the first piece of information viewed by prospective investors. A uniform, low statutory rate sends a positive signal to investors in Canada and internationally about Canada's relative competitiveness. In addition, a single rate reduces compliance and tax administration costs. The resource tax package will result not only in more competitive tax rates but also in a more competitive tax structure.

I would like now to look at changes relating to crown royalties, mining taxes and the resource allowance. As hon. members may know, the existing tax structure disallows the deduction from income of crown royalties or mining taxes. The resource allowance can either exceed or be less than non-deductible royalties and mining taxes for a specific project annually or over its economic life.

The resource allowance also introduces complexities in the tax system, thus adding to the cost of compliance and administration. It operates in economic conditions that have changed significantly from those that gave rise to it in the 1970s and earlier 1980s. Oil and gas markets are now deregulated and international competition for exploration and development capital is more robust.

All these factors put pressure on producers to be more efficient and, on host jurisdictions, to levy royalties and mining taxes at competitive rates.

• (1555)

By providing through this bill a deduction for the actual amounts of provincial and other crown royalties in mining taxes paid and eliminating the resource allowance, projects will now be treated in a more comparable fashion. This means that investment decisions will be based more consistently on the underlying economics of a project.

When fully implemented, this measure will result in a tax structure that imposes the same corporate tax on resource income as on other corporate income, and one that also allows deductions for actual costs instead of an arbitrary allowance.

These changes with respect to the resource allowance and royalty deductibility present important structural improvements to the treatment of costs in the resource sector.

*Government Orders*

Another measure introduces a new 10% mineral exploration tax credit for corporations incurring qualifying mineral and pre-production exploration expenses before a mine reaches production in reasonable commercial quantities. The new tax credit will be available only to corporations and will not be refundable or transferable under a flowthrough share agreement or through a partnership or trust. It will apply to both Canadian grassroots exploration and pre-production development expenditures for diamonds, base or precious metals, and industrial minerals that become base or precious metals through refining.

I should point out that this new tax credit is not to be confused with the 15% temporary mineral exploration tax credit that Bill C-28 is extending to the end of 2004. That credit is only available to individual investors in flowthrough shares. It was introduced as a temporary measure, as I mentioned earlier, to moderate the impact of the global downturn in exploration activities on mining communities across Canada.

Bill C-48 also includes special transitional arrangements. I will provide a little background at this point.

Following the budget announcement that the government intended to improve the taxation of resource income, on March 3 the Minister of Finance released a technical paper on the proposed changes.

The government reviewed the changes with industry and the provinces. Further to these discussions the government made two changes to the transition provisions of the new tax structure.

The first change will achieve a better measure of taxable resource and non-resource income for the purposes of applying the general corporate rate reduction during the transitional period by utilizing resource pool deductions in the determination of resource income.

The second change targets the Alberta royalty tax credit, ARTC, transitional relief set out in the technical paper to get a greater number of small and medium size producers. The Alberta royalty tax credit, as many hon. members know, is one of the most significant refund programs for crown royalties. Under this program the province of Alberta refunds a minimum of 25% of the first \$2 million in crown royalties paid by each corporation or group of corporations.

A special transitional measure will reduce, during a 10 year transitional phase-in period, a portion of the refund that must be included in income tax for tax purposes. It will be available to individuals who receive the ARTC and to taxable Canadian corporations that pay no more than \$2 million in Alberta crown royalties. Taxable Canadian corporations that may pay more than \$2 million but less than \$5 million of Alberta crown royalties will be eligible for a reduced amount of special transitional fund.

This new measure will further assist smaller corporations in their transition to the new tax structure. Both the general five year transition and the 10 year ARTC transition will provide investors with the certainty they need when making investment decisions.

There will be several benefits to the changes implemented through the bill. These changes will increase Canada's international competitiveness in oil and gas and in mining. As I indicated earlier,

they will result not only in more competitive tax rates but also in a more competitive overall tax structure.

• (1600)

Regardless of how a firm's tax base is affected by the removal of the resource allowance and deductibility of crown royalties, all resource firms will benefit from a lower rate of corporate income tax. The oil and gas sector will pay less federal corporate income tax as a whole as a result of this change. Similarly, it is anticipated that the new taxation regime for mining, which includes the new pre-production mining tax credit for corporations, will result in a lower tax burden for that sector. For the most part there has been strong positive feedback on these proposed changes from industry organizations.

When these measures are fully phased in, it is estimated that the annual revenue cost to the federal government will be about \$260 million.

There is one more important element of this bill that I would like to discuss. Bill C-48 also includes a measure that will enhance the treatment of the Canadian renewable and conservation expenses, the CRCE. These expenses are associated with the development of certain renewable energy and energy efficiency projects. The measure will also allow corporations to renounce Canadian renewable and conservation expenses to flowthrough share investors in a year where the CRCE will be incurred in the subsequent year.

This change was proposed in a July 26, 2002 Department of Finance news release. It will apply to qualifying renewable energy and energy conservation projects and will provide greater flexibility in the timing of investments financed through flowthrough shares. The treatment of flowthrough share investments in such projects will now parallel that of investments in non-renewable energy projects.

This new tax structure will achieve what it is designed to do. It will improve the international competitiveness of the Canadian resource sector, in particular relative to the U.S. It will promote the efficient development of Canada's natural resource base by establishing a common corporate income tax rate for all sectors and by treating costs more consistently, both across resource projects and between the resource sector and other sectors of the economy. It will simplify the taxation of resource income, streamline compliance and administration, and send clearer signals to investors.

This is a very important new regime. It will build upon Canada's tax advantage to support investment, innovation, productivity, growth and jobs for Canadians. I would urge all members of the House to support this bill.

*Government Orders*

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Madam Speaker, one of the concerns we have on this side is the fact that a lot of the companies that will benefit from this tax reduction are generally foreign companies, foreign investors and foreign shareholders. For example, on the east coast of Canada many people are concerned about the extraction of our natural gas and getting very little in return in terms of royalties or payments or anything of that nature to benefit the economy of Atlantic Canada. The perception is that it is our resource and it is heading south and the big profits are going to those foreign nationals. That is one of the concerns I would like the parliamentary secretary to address.

As well, the bill does not say anything about what happens when mining companies abandon an area or leave an area and who is left with the costs of the cleanup of those particular areas. I think especially of uranium mining. I think of the specific example of the Tulsequah Chief mine in northern British Columbia. Again it is the taxpayer who is left with the burden of the high cost of cleaning up these sites and the environmental concerns.

I would like him to address the environmental aspect of it. I would also like him to address the possible perception that Canadians may have that this is a giveaway of our resources in terms of assisting those foreign investors and foreign nationals.

• (1605)

**Mr. Bryon Wilfert:** Madam Speaker, the answer to the second question is no, the bill does not deal with that. This is a tax bill.

In terms of who it benefits, it benefits everyone in the resource sector. Therefore, whether they are Canadian or non-Canadian, obviously they are investing in Canada and creating jobs in this country. If there is a perception that somehow the dollars are going south, I cannot help the hon. member's perception but I would point out to him that both Canadian and non-Canadian firms will benefit. The various associations in the oil and gas mining sector have been supportive. The provinces have been supportive. That is very important to note.

**Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance):** Madam Speaker, an area no doubt with which the parliamentary secretary would be familiar and would be able to answer but which I would like clarification on is a lot of the resource sector and the energy sector have been converted into income trusts. I wonder if the member could enlighten the House as to whether these rules would apply to income trusts. They have become quite dominant in the resource sector and they are a totally different type of entity from a limited company or a publicly traded company.

**Mr. Bryon Wilfert:** I have no comment at this time, Madam Speaker.

**Mr. Peter Stoffer:** Madam Speaker, I could not help but hear the hon. member's answer when he said that lower tax rates would benefit all Canadians and everything else. If that is indeed the case in the mining sector, then why would the government impose additional taxes on the natural health food products that were introduced last Christmas? Why is there an additional tax burden on the airline industry? Why are there additional tax burdens on the railway industry? Many other sectors have faced increased taxes.

If what he is saying is absolutely correct, if we take the bureaucratic notes that he has read verbatim to be the facts and this

particular industry is going to get massive tax reductions and incentives to do its work, why does that same rule not apply to all other sectors of our economy?

**Mr. Bryon Wilfert:** I am sure, Madam Speaker, the hon. member is not suggesting that we should be supporting higher taxes. I am sure that if he talked to his friends in the Saskatchewan government in terms of the mining sector and the oil and gas sector in Saskatchewan, I think he might get a little different answer in terms of their support for this legislation.

The fact is that we are in the business of being internationally competitive. We are in the business of making sure that the tax structure responds effectively. I know my friend from Atlantic Canada would want to see that also, particularly for provinces like Nova Scotia.

**Mr. Brian Fitzpatrick:** On a point of privilege, Madam Speaker, I asked the parliamentary secretary a question. I think it was a straightforward question, not complicated and the answer I received, if I am correct, was no comment. At the very least, I should be entitled to an undertaking from the parliamentary secretary if he is not familiar with this area to provide that information in due course. As a member of Parliament I think I should be able to get an answer.

**The Acting Speaker (Ms. Bakopanos):** I think I gave you enough time but it is not a point of privilege. The Speaker cannot guarantee the quality of the answers or the quality of the questions. I think there was a question but if the member would like to ask a question again, there is still time.

**Mr. Brian Fitzpatrick:** Madam Speaker, the question for the parliamentary secretary is could I have his undertaking to provide an answer to that question? Obviously he does not have the answer right now and I do not think that no comment is an answer. If he could give that undertaking to provide that information, that would be satisfactory.

**Mr. Bryon Wilfert:** Madam Speaker, it goes without saying but obviously it needs to be said. I will obviously provide the member with the relevant information if he could provide his question in writing to me.

**Mr. David Chatters (Athabasca, Canadian Alliance):** Madam Speaker, it is a pleasure to speak to this bill.

It was a very interesting presentation that the parliamentary secretary made. Obviously it was a very technical presentation prepared by the department and I am sure that 90% of Canadians would have great difficulty understanding what he was talking about most of the time.

The reality here is that this bill is about correcting an injustice that was done to these resource industries back in the 2000 budget. The now leader of the Liberal Party in his 2000 budget reduced the corporate tax rate in Canada from 28% to 21% and he excluded the oil and gas industry and the mining industry from that reduction. That was clearly discriminatory. It was unfair. I stood in the House and I expressed that view then and I express it now.

• (1610)

**The Acting Speaker (Ms. Bakopanos):** I am assuming that a member's cell is on. If any hon. member has a laptop or cellphone with music, please take it outside.



*Government Orders*

**Mr. David Chatters:** That was distracting, Madam Speaker.

To now send the parliamentary secretary in with the presentation that he made to sell this as some kind of a bold initiative by the government to make the oil and gas and mining sectors more competitive is offensive. Of course, all the arguments that the parliamentary secretary made were quite true. It will do all of the things that he suggested it will, but all of the things that he said were true when the corporate tax rate was reduced for everybody else back in 2000. This sector should have enjoyed that same reduction then because it will in fact make those sectors competitive with other countries around the world, in particular with the United States.

I know we are going to hear cries, and we have already heard some, that this is a tax break for that nasty oil and gas industry and all the other things that we hear over and over again in the House. The truth is that this is an extremely competitive industry. It is an extremely capital intensive industry, particularly the mining sector.

In the last number of years, the oil and gas industry has been reasonably healthy, but it can only stay healthy if it can stay competitive and certainly the mining sector has been struggling. In our mining industry, some of our best experts have been driven out of this country by these kinds of oppressive tax regimes and driven to other countries around the world. We are only now beginning to see some return.

That was a result of an insensitive government that did not provide a competitive tax regime where a company could attract investment to this country and produce our natural resources profitably not only for the companies but also for the governments involved in a major kind of way.

For the government to suggest now that somehow it is listening to the industry and it is going to do the right thing for the industry is offensive. That should have been provided to the industry when the other sectors received the same reduction. The parliamentary secretary did speak at some length about the importance of the industry and I would like to touch on that as well because the resource industries and the oil and gas and mining industries are extremely important to the economy of this country and huge contributors to our GDP.

The oil and gas industry alone produces overall, with the spinoff benefits, approximately half a million jobs in this country and produces untold wealth in the form of taxes to governments, which is a huge contribution to governments. Certainly if one cares to compare the resource industries, for example,—and I am just picking one that I think is an effective comparison perhaps—the automotive industry in Ontario is hugely important to the economy of Ontario.

The government pays a lot of attention when the industry speaks and when the industry has problems, but when we compare the two the natural resource industries are comparable in every way in terms of job creation and taxes they pay to government, and I would suggest a considerably higher return in the form of taxes to governments than the automotive industry. In terms of investment in the economy, one would find that the automotive sector invested about \$22 billion, which is the figure I have, over the last 10 years.

● (1615)

When one looks at the oil and gas industry alone over the last 10 years, not even counting the mining industry where there has been huge investments in diamond mining in the Northwest Territories and some other sectors, there has been \$80 billion of committed investment in the sector. It is important to the Canadian economy. I cannot understand why back in 2000 the industry was singled out for that kind of discrimination. It certainly affects industry when we are looking at projects.

For example, there is an environmental hearing process going on in Fort McMurray right now on one of the latest proposed projects in the tar sands. Some \$8.7 billion of investment is being proposed. That investment was in some doubt for some time because of this kind of discriminatory tax regime that the government was imposing on it, and proposing to impose on it through the Kyoto accord.

I am delighted to see that both the process and the project is moving forward. It will return in spades the investment that those who boldly took to invest that kind of money in a project that will not return any of their investment for up to five or six years.

We have heard and will continue to hear criticisms of the industry. Every time the price of gasoline spikes we hear the outcry that big industry is gouging consumers. The reality is that over the last few decades the oil and gas industry has provided us with some of the lowest priced energy in the world in the form of gasoline. If government taxes were taken off gasoline, Canadians would enjoy some of the lowest prices in the world. Until recently, the security of supply has been unquestioned. However the supply is always available at a reasonable price.

These resources are non-renewable resources; they are a finite resource. Unquestionably, the price of those resources and the products produced from those resources will rise over time. They will continue to do that, and that is not unhealthy to our economy. As those prices rise, because of the scarcity of the resource and the rising demand for the resource, that will allow us to seek out other cleaner forms of energy and more reliable sources of energy. The truth is that around the world the supply of fossil fuels has probably peaked and is in decline. Even the huge resources of the Middle East have probably seen their peak and are in decline there as well.

There are growing concerns in Canada and around the world about the effect of fossil fuel use on our environment, and a lot of other concerns are coming forward. We are beginning to look elsewhere for other forms of energy. Without the wealth and the jobs, and the standard of living that fossil fuel resources have allowed this country and other countries around the world to enjoy, we would not have the ability, the resources, or the wealth and the brains to explore and find other newer and cleaner sources of energy.

I expect that even as we move to those newer and cleaner forms of energy that fossil fuel energy resources and the mineral resources of this country will continue to be used more and more in value added products and all kinds of things that affect the everyday lives of Canadians all the time. Therefore, the future is probably bright not only from an environmental point of view but certainly from an energy supply point of view.

*Government Orders*

●(1620)

However, getting back to Bill C-48, our party will be supporting it. I would have wished that there would have been the kind of support in the House because of what the bill is trying to do. A grave injustice was imposed upon those industries some years back. I would have hoped that the House would have dealt with this issue at all stages in one day and passed the bill.

I am afraid, because of the time it took for the government to introduce this initiative and to bring the bill forward in the limited time we have before the government decides to prorogue and make the transition to a new Prime Minister, that the bill could get caught up in that process. That would be a terrible shame. It needs to be done quickly because it is a matter of fairness. It is not a matter of giving anyone anything that the rest of the country does not have. We should do it quickly and we will be supporting the bill.

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Madam Speaker, as the two speakers before me have said, it seems at first glance that Bill C-48, the purpose of which is to reform the taxation structure in the natural resource industries sector, is an extension of what was contained in the February 2000 budget. That was when the federal government decided to take seven percentage points off all taxes being paid by the industrial sector except the natural resources sector.

Hon. members will recall that this reduction was announced in the February 2000 budget, to be spread over five years. This meant a drop over the five years, ending in 2005, from 28% to 21%.

Initially, Bill C-48 may seem interesting. I say initially, because the bill also contains other measures to partially offset the lower taxes to be paid by companies in the natural resources sector.

We have not been able to gain a very clear idea of the overall effect on all sectors and all provinces. In this connection, I hereby announce in connection with this second reading that the Bloc Québécois will be voting against Bill C-48, in hopes that we may get some answers in committee. I hope we do get them.

Bill C-48 clearly announces, as was done in 2000, that these companies will see their taxes reduced by 7% over five years, from 28% to 21%.

There are other measures, however: three others. What interests us is the overall effect of the four.

As far as the second one is concerned, after the tax cut, there will be a gradual application of the deduction for royalties paid to the provinces, to the Crown, in connection with mining taxes. Thus, royalties to the provinces will be deductible.

The third measure is a gradual elimination of the 25% resource allowance. So, on the one hand, there will be the deduction for Crown royalties, and on the other, the resource allowance, currently 25%, will be eliminated. Everything will be done gradually, spread over that five-year period.

The fourth measure is the implementation of a new non-refundable tax credit exclusively for diamond or metal exploration.

The issue is not simply the tax rate dropping from 28% to 21%, but the impact of all four of the measures in Bill C-48 on the different sectors of the natural resources industry and each province.

In response to our question about the net impact, we did not obtain a clear answer from the Minister of Finance or his department. As I mentioned, we want answers. If we are shown that the net impact of these four measures will, in fact, result in an overall decrease in the tax rate on all these sectors and in each province, we would probably support the government's position. But, currently, we have no guarantees. On the contrary, our initial estimates indicate that some sectors will benefit from the reform proposed in Bill C-48, and others will be penalized.

The winners will obviously be those with high royalties, such as the oil and gas sector in the west. The losers will be those with lower royalties, particularly mines, but other sectors will also be affected.

Quebec, unfortunately, does not have much oil. However, it does have a number of mines. So, our interest in knowing the impact on each sector is understandable.

Since the provinces have tended, for a number of years, to foster competition, particularly in the mining sector, and to decrease royalties—the royalties paid by oil companies remain extremely high—the proposed reform in Bill C-48 is unfair to a number of industrial sectors.

I am not the only one saying this; the Mining Association of Canada and Quebec Mining Association Inc. are too, in a press release issued in February 2003, immediately after the Minister of Finance tabled his budget.

●(1625)

The release read as follows:

When all is said and done, the disappearance of the Resource Allowance will likely result in higher taxes paid by the mining industry, even if we are able to deduct provincial royalties and mining taxes.

These are not my words but that of The Mining Association of Canada. Bill C-48 will put these people at a disadvantage, as I will explain later, and I have a big problem with that.

The same is true for the provinces. All natural resources are not distributed the same way, naturally, depending on whether you are in western Canada, the maritime provinces or Quebec. If we look at the application of Bill C-48, as far as we can see, there will be winners and losers among the provinces.

Alberta will be among the winners, of course, because royalties are high in that province; on average, it is estimated that actual tax rates will be reduced from 42.12% to 30.12%, if we factor in both provincial and federal income taxes.

*Government Orders*

It is therefore obvious that, as far as Alberta is concerned, and particularly its oil industry, as well as natural gas in western Canada, Bill C-48 is very advantageous. But when it comes to Quebec, Saskatchewan, Manitoba and the Maritimes, it is not obvious, far from it, that the change proposed in Bill C-48 will be advantageous because, as I indicated, the resource allowance will be eliminated and crown royalties will be made deductible.

In this context, the overall actual tax rates, taking into account federal and provincial income tax, will increase. According to financial analysts, in Manitoba, the actual tax rate for the entire natural resource sector will increase by 2.9%; in the Maritimes, the increase would be between 3.25% and 4%; in Quebec, it will be 2.25%; and in Saskatchewan, 4.5%.

You will therefore understand that we cannot support a bill that will result in an increase in actual tax rates—and even accounting analysts say it will—taking into account all of the measures, and not just the reduction of the tax rate to 21%, to match the other industrial sectors.

I am therefore waiting for answers from the Department of Finance about these figures. As I pointed out earlier, I am not making these figures up; they come from accounting firms, associations such as the Mining Association of Canada.

What I am presenting here is average rates that can vary according to industrial sector. In the case of mines, PriceWaterhouseCoopers used two mining models and compared the current system with the reform proposed in Bill C-48.

Excluding the progressive elimination of tax on large businesses announced for all the sectors—a measure that will benefit all Canadian companies—the reform proposed in Bill C-48 means an average tax increase from 39.9% to 42.8% for gold mines and from 35.8% to 46.6 for copper mines.

This does not just concern Quebec; it concerns all of Canada. Nonetheless, since there are many gold mines and copper mines in Quebec, we are sensitive to this argument and I do not see what we—as representatives of Quebec's interests—would gain from supporting a bill that would increase the effective tax rate for a certain number of natural resources sectors in Quebec and in other regions of Canada.

We expected the federal government to propose a much more equitable reform for all the sectors. These figures are very worrisome, all the more so since we would have thought that, in addition to wanting to reduce corporate tax rates, the federal government might have wanted to leave room for the provinces, in order to correct the fiscal imbalance.

The provinces could very well use some of this room in one way or another.

• (1630)

I should say that many of the figures I have used come from a study published in *CAmagazine*—CA for chartered accountant—in May 2003. This study by Neil Smith is entitled, “Energy update: following its taxation review of the resource sector, Finance has come up with recommendations on crown royalties.” In his conclusion, the author says:

It would appear that the federal administration will also be keeping a close watch on provinces to ensure they do not attempt to shift tax revenue from the federal government to the provinces by increasing provincial resource royalties or mineral taxes that gave rise to the 1974 rules they are eliminating.

I think that is extremely serious. Not only are some sectors and provinces being put at a disadvantage, but once again, the federal government is interfering in the real autonomy of Canadian provinces, of Quebec in particular, by unilaterally changing the rules of the game. Unfortunately, that is exactly the criticism the Bloc Québécois and many Quebeckers have of Canadian federalism. The federal government acts as if it were the only important or worthwhile level of government, with the others being at best, big municipalities or, in the case of Quebec, big regional boards.

I would point out that royalties were deductible until 1974. In Bill C-48 we are not looking at something brand new. They were deductible. But that was an era when royalties were increasing in all provinces. Thus, the federal government saw its revenue declining. When it saw that, in 1974, it changed the rules of the game. It said that royalties would no longer be deductible and that it would introduce a 25% resource allowance instead.

Now, because of international competition and the difficulty our industry has in competing with a number of developing countries, royalties are declining. This is the moment the federal government has chosen to change the rules of the game because the current rules are not bringing it enough revenue.

Thus, there is this desire on the part of the federal government not only to change the rules, but also to ensure that the provinces are unable to change their own tax structures. I am not saying that they are going to do so, but they might want to. The federal government has already reworked the tax structure of the natural resource sector through its reform as seen in Bill C-48. As I said, I was quoting from a study found in *CAmagazine* that confirms my point.

Going still further, in the mining association press release I have already referred to, they not only state that, when all is said and done, the disappearance of the resource allowance will likely result in higher taxes paid by the mining industry, but they add:

At the very least, the federal government is undercutting the good work by many provincial jurisdictions to make mining investment more attractive.

Once again, the Bloc Québécois is not the one saying this, it is the Mining Association of Canada and Quebec Mining Association Inc. They feel that Bill C-48 is revisiting a whole series of measures available to them from the provinces. With Bill C-48, something is being created that will not only disadvantage the mining industry, but will also force the provinces to behave in a certain way as far as their natural resources taxation schemes are concerned. I consider this federal interference in areas of provincial jurisdiction and in the jurisdiction of Quebec.

*Government Orders*

Such interference does not always involved direct spending by the federal government. Often, it is done with the creation of rules that tie the hands of the provinces and Quebec.

As I have said, some sectors gain and some lose. I think this needs to be acknowledged. There are winning provinces and losing provinces also. We feel this inequity is unacceptable. When it comes to winning sectors, of course the oil and gas industry is among.

What is needed is one fair rule for all industries. It is not a matter of ganging up on the oil and gas industry, but of noticing that, curiously enough, it is being systematically favoured by the federal government. We see this, for example, in the refusal by the industry minister to carry out a proper investigation into the possibility of collusion among the major oil companies. We know that the prices are changing at the present time. A blackout in New York raises gas prices in Joliette, as unlikely as that may seem. The federal government is refusing to look into the real situation of competition in the oil and gas sector.

With Bill C-48, the Minister of Finance estimates that, when fully implemented, the reform will cost in all some \$260 million in uncollected taxes.

•(1635)

That is the department's estimate, and I challenge it. I would appreciate it if we were provided with all the data used to come up with such an estimate. A significant portion of this \$260 million, assuming that is the right amount, will go to the oil industry, the one in Alberta in particular. In that particular instance, the tax rate will actually drop 12 percentage points.

It is important to note that, for once, the tax rate of oil companies will be 5% lower in Alberta than in Texas. I do not think that Texas, as a state, can be accused of being inclined to overtax its industries, and its oil industry in particular. The actual tax rate will be lower here than in Texas.

I said earlier that it seems to me that this amount of \$260 million estimated by the Department of Finance as the total cost of the reform once it has been fully implemented is underestimated. The latest financial statements of major oil companies state, as this one from Petro-Canada for the second quarter, on page 1:

Petro-Canada announced today second quarter earnings from operations of \$455 million, which include a positive adjustment of \$96 million for Canadian income tax rate changes.

Extensive reference is made, of course, to Bill C-48.

The quarterly report to shareholders of Shell Canada Limited for the second quarter states, on page 1:

Shell Canada Limited announces second-quarter earnings of \$178 million... Earnings included a one-time benefit of \$54 million from a future income tax revaluation following announced income tax changes.

Again, reference is made not exclusively but in large part to Bill C-48.

The quarterly report of Esso Imperial for the second quarter reads as follows, on page 1:

During the second quarter of 2003, tax rate reductions enacted by the Federal government and the provincial government of Alberta and settlement of various tax matters benefited results, mainly in the resources segment, by \$109 million.

Overall, when we look at all the estimates made in the major oil companies' annual reports, we can see that there is already approximately \$250 million in tax savings. Yet we are told that, when all is said and done, the reform will only cost \$260 million. It would seem to me that there is a discrepancy there. There would be, at best, \$10 million left in tax savings for all other sectors.

I think that this debate lacks transparency. For this reason, during the committee stage, I hope we can hear not only from public servants, but from representatives from all the natural resource sectors so as to get to the bottom of Bill C-48.

In closing, I want to say that we are not especially surprised by this kind of situation. However, it is still great cause for concern when we see, for example, a dramatic drop in the effective tax rates for mining companies in other countries competing with Canada.

Brazil's rate of 43% will drop to 34%. Australia has a current rate of 36%, soon to be 30%. South Africa's will drop from 35% to 30%. Finland's will go from 29% to 25%. Canada will increase its effective tax rate to approximately 40% or 43% for mining companies, many of which are located in Quebec. The measure proposed in Bill C-48 will have a negative impact on their ability to compete.

As I was saying, I am not surprised. Just think of the fiscal imbalance or the debate on the GST, with school boards in Quebec or Ontario claiming victory over the federal government, which then changes the rules of the game and backtracks to avoid paying \$8 to \$10 million to the school boards.

Just think of the gasoline excise tax of 1.5¢ per litre introduced to fight the deficit. There has been a surplus for six or seven years now, and this tax still exists.

I could mention yesterday's vote, when all the opposition parties voted to terminate the tax agreement between Barbados and Canada. Barbados is where the future prime minister had many holdings and where he took advantage of substantial reductions in income tax.

The Bloc Quebecois' mistrust is understandable. As I said, at second reading we will be voting against Bill C-48.

•(1640)

[English]

**Mr. David Chatters (Athabasca, Canadian Alliance):** Madam Speaker, that was an interesting presentation by the member. I am disappointed that he would choose to target Alberta in his remarks because I do not think the adjustment in the corporate tax rate was intended to benefit Alberta's industries any more than all Canadian industries.

*Government Orders*

As he pointed out, the resource depletion allowance was intended to be a direct compensation for the payment of resource royalties to the provinces. To now drop that 25% resource depletion allowance and replace it with a direct deduction for the actual amount of royalties paid to the provinces seems to me to be the only fair way to deal with the issue.

Certainly there are some distortions in the system with some of the mining companies when we take that into consideration but I would suggest that if we are going to start examining those distortions with a microscope we should also look at how the receiving of equalization payments affects the royalties that provinces chose to charge their resource development companies. I would suggest there is a distortion there as well because certainly for every dollar increase in resource royalties that a province charges a company that develops that resource, it means a reduction in a dollar of equalization.

I would suggest that it has had an effect over the years in the resource royalty income of the provinces from those resource developments.

It is a complex issue but I would urge the member to consider the fairness and instead of an arbitrary allowance for the payment of those resource royalties that the actual deduction is a much fairer system. I would not argue with the member that we still need to look at fiscal instruments in a number of resource sectors that will help make them competitive globally and help them to develop, to be successful, to create jobs and to pay money into the provincial coffers.

However I would express my disappointment that the member would single out some provinces being favoured by Ottawa and some not. I do not think that it is fair nor do I think it is the intention of the legislation. Quite frankly, I think it is a bit petty.

• (1645)

**The Acting Speaker (Ms. Bakopanos):** 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 Cumberland—Colchester, Persons with Disabilities.

[*Translation*]

**Mr. Pierre Paquette:** Madam Speaker, it is not that I want to single out Alberta or the oil industry. If there were oil in Quebec I would say the same thing.

What I find unacceptable is that Bill C-48 puts natural resources sectors at a disadvantage, mining in particular, while other sectors will benefit. I expected equitable reform with an impact on taxation for all the sectors that was at least neutral.

I did not say that. I will read a paragraph from *CAmagazine* from September 2003:

However, in such provinces as Saskatchewan, Manitoba, Quebec and the Maritimes where rate changes have not been proposed or the reduction in rates are minor, the elimination of the resource allowance deduction for companies that benefited from the resource allowance results in an increase in the overall effective rate. This occurs because of the loss of the resource allowance on the provincial component of the company's overall tax rate.

I do not take issue with the fact that Alberta or the oil industry will benefit, but that the provinces and the natural resources industries

will be disadvantaged. Officials at the Department of Finance could have been more imaginative and made sure that the reform was at least neutral for all the mining sectors. Nonetheless, I agree—and here the member and I see eye to eye—with the fact that reducing the tax rate from 28% to 21% is also a question of equity with all the other industrial sectors.

[*English*]

**Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance):** Madam Speaker, I would like to raise the same concern, the targeting of the oil and gas sector, and probably Alberta in turn.

Under the equalization system in Canada we are talking about \$10.5 billion. I believe the member's province has been receiving about \$5.5 billion in equalization and transfer payments, and that has been going on for a considerable period of time.

On the other hand, the province that has been carrying the ball on equalization to the tune of about \$6 billion a year has been the province of Alberta. It just seems to me that the winner in this scenario, a healthy Alberta economy, means \$5.5 billion for the province of Quebec in its equalization program.

If the Alberta economy is not healthy and it is not able to pay this \$2,000 per capita every year into the equalization fund, and the oil and gas industry is in trouble, where in the world does the member expect this \$5.5 billion to come from that they take for granted in the province of Quebec?

[*Translation*]

**Mr. Pierre Paquette:** Madam Speaker, I think the hon. member has raised a serious issue. We have never wanted to have equalization payments or assistance from the federal government. What we want is to be able to take charge of our own affairs, to have all our taxes, including income taxes, and to make our own laws and international treaties.

I do not see how Quebecers—especially those in Abitibi-Témiscamingue where there are many mines—would benefit from our passing a bill that would make their mining sector less competitive, which would lead, in turn, to business closures and job losses.

We are going to be told, “We will be nice to you; we will send you some employment insurance.” That would be the same employment insurance that this government has been cutting in recent years.

That is not what we want. We want a fair reform of the tax structure in the petroleum sector, and if Alberta benefits, that is all to the good. Still, this reform must also be of some benefit to the businesses and mines of Quebec, particularly in areas like Abitibi-Témiscamingue.

*Government Orders*

● (1650)

[English]

**Mr. Rex Barnes (Gander—Grand Falls, PC):** Madam Speaker, before I get into the topic of debate, I want to say that when we talk about taxes and tax fairness most Canadians understand it in a very simplified way. They know they are paying too much in taxes, regardless of where they live, whether they are a business person or an individual citizen. As a result, they only know that governments take more money out of their pockets for taxes than what they have been able to spend.

It is a pleasure to rise in the House this afternoon to talk about the issue of tax fairness with respect to the natural resource industry.

Today we heard how in the budget of 2000 the government announced a cut in the rates of general corporate income tax for all industries, except the resource industry, from 28% to 23%, and soon to be 21%. Cutting the tax rates now is an undertaking that I support. Canada needs lower tax rates for our industries to remain competitive.

It is important for the House to recognize that we do not live in a vacuum. Canada is a member of the international community and, in a world of increased international trade and globalization, it is important for us to position ourselves in a way where our people and our organizations can grow and bring greater prosperity to Canada.

We cannot afford to place our people and our organizations at a disadvantage by clinging on to tax rates that remain among the highest in the OECD, which is the Organisation for Economic Co-operation and Development.

We cannot afford to drive away investment and savings, which is exactly what high tax rates do. They drive away investment and savings. They punish success and encourage our entrepreneurs to move to places where tax rates are lower.

I support the cut in general corporate income tax rates from 28% to 21% but I also support the tax cut for all industries, not just selective ones. I simply do not agree that the resource industry should have been left out of the initial tax cut in the budget of 2000.

The resource industry has to compete for the same investment dollars as other industries. We know investors are looking for the highest rate of return on their dollar. It seems to me rather unfair to discriminate against the resource sector by taxing that sector higher than we were before. It is unfair to the resource based corporations and their investors. It is unfair to deny them the same opportunity to grow and expand by subjecting them to higher taxes than other corporations and investors would face. However, more important, it is unfair to workers in the resource industry, workers who indirectly rely on that investment for the industry to grow, to create jobs and to grow with the economy.

Therefore I am glad to see that Bill C-48 would address this unfairness by extending the cut in the rates of general corporate income tax to the resource industry.

Still there is more that the government can do. Canada needs a major overhaul of its tax system. Cutting corporate income tax rates is a start but to create a more competitive climate for economic growth we should also eliminate the capital gains tax.

Alan Greenspan, chairman of the U.S. federal reserve, said:

—if the capital gains tax were eliminated, that we would presumably, over time, see increased economic growth which would raise revenues for the personal and corporate taxes...its major impact is to impede entrepreneurial activity and capital formation.

The Ottawa *Citizen* had this to say:

The capital gains tax doesn't raise much money, isn't fair to people who've worked hard, and does more harm than good. [The right hon. member for Calgary Centre] is right. It should be scrapped.

Another way to help the economy is to reduce job killing payroll taxes such as EI premiums. With a surplus of around \$45 billion, it is clear that the federal government has ignored the original purpose of the EI fund. It was set up to be an employment insurance program, but instead of simply providing Canadians with insurance coverage, it is contributing to the general government coffers by taking a large chunk out of the paycheques of ordinary Canadians.

● (1655)

These tax moneys would be better spent by the Canadian people and organizations. Canadians know better than the government how to determine their spending priorities and Canadian businesses have a better track record than the government does of choosing between winning and losing ventures.

Speaking of losing ventures, if the federal government could somehow learn to stay away from the spending scandals in HRDC and the public works department, considerable amounts of money could be freed up and redirected toward overhauling our tax system.

I understand that the goal of the legislation before us is to simplify and streamline the tax system for the natural resources industry. I think we all can agree that reducing the regulatory burden for industry in Canada would be good for the economy. I agree with the principle of bringing taxes in the natural resources sector in line with other sectors, so I look forward to bringing this legislation before committee.

I appreciate the opportunity to speak to this. When our critic gets back to the House he will be speaking in more detail on what he feels is the right direction for Canada with regard to tax cuts.

[Translation]

**Mr. Pierre Paquette (Joliette, BQ):** Madam Speaker, I would like the hon. member to tell me if they have thoroughly analyzed all the repercussions of Bill C-48 on the various sectors and various provinces, and, if so, what will their position be on vote at second reading?

*Government Orders*

[English]

**Mr. Rex Barnes:** Madam Speaker, I have not done an analysis of the whole bill, but for all intents and purposes we will be supporting the bill because we feel this is the right way to go. We firmly believe all people should be treated fairly under the tax system. If anybody can have more money in their pockets and there can be more money in the corporations' pockets, then we all hope that they will do the right thing and create jobs and grow the economy, regardless of what sector they are in. That is what our hope should be.

We cannot tell the corporations that this is what they are going to have to do, but if a corporation anywhere in Canada is looking to prosper, we firmly believe that with more money in their pockets they will create more jobs. The workers will be content and the corporations will be content. With people working there is more money being spent and the government gets the taxes anyway. Therefore, it basically helps to run the country.

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Madam Speaker, since this is the first time I am speaking formally after coming back from the summer, I first want to send special congratulations to all our new pages in the House of Commons, those young people who come from across the country in order to help serve us in running the affairs of government. I am sure they will have a wonderful experience this year in the House of Commons. I look forward to working with them, as do all my colleagues in the House of Commons, in order to give them a wonderful experience while they are here.

Regarding Bill C-48, after consultation with my colleagues in Saskatchewan and Manitoba, although there is tentative support on an issue of this nature, we also have some very serious concerns, similar to those of my colleague in the Bloc Québécois.

Does the bill actually give us a level playing field across the country? I will be honest and say that I have not fully analyzed that aspect of the argument, but I will take under consideration the concerns of my colleague from the Bloc and I will study his notes and do further study in this regard.

We in the New Democratic Party are extremely supportive of the mining industry and know its value, especially in rural areas. As a person who lived in Watson Lake, Yukon for nine years, I knew the value to the economy of the Cassiar asbestos mine and the Canada Tungsten mine. When those mines closed down for various reasons, we knew the economic impact it had on the small community of Watson Lake and, for that matter, the entire Yukon territory. We can extrapolate that to other mines throughout the country when they close down. A good example is in British Columbia at Tumbler Ridge and what happened to that community after the mine shut down. There are myriad reasons why they do shut down.

The issue of mine extraction and a fair taxation rate for the corporations and companies that do it is an extremely important one, especially for rural Canada. We know the aspect of the economy that it has for us. We know the role that it plays for people throughout the country. For example, in Nova Scotia we know the role that mining played in the development of Cape Breton and, for that matter, our country. It is something we should never lose sight of.

One of our concerns is this. If indeed the government is absolutely correct that further tax considerations, further tax reductions and

further tax allowances are beneficial to those in the mining industry, then certainly that avenue should play to other sectors of our economy. We can cite many examples where the government has laid additional levies and additional taxes on other aspects of other areas of our economy and seemed to focus on this particular one. We would encourage the government to be at least a little consistent in its taxation policies.

Like my colleague from the Conservative Party, we also agree with having a regulatory framework that is more simplified and less bureaucratic and has less red tape so that everybody knows, right through from the applicant to the mining company to the environmentalist and to the community and the workers involved. If everyone could have clear instructions as to the direction we are taking in a particular area, what the costs are and what is involved in the entire process, I think that would be very helpful to move our economy along.

We have a few other questions in this regard. One is the concern about a mine shutting down. Who is responsible for the ultimate cleanup? These are questions that are still left unanswered. Although not specifically pointed to with this particular bill, these are issues that need to be addressed. We can look, for example, at the Taku watershed in northern British Columbia. The Tulsequah Chief mine, which shut down in the 1950s, is still leaking effluent into that watershed and still everyone is standing around wondering what we are going to do about it and how we fix it up.

We can look at Cape Breton and the effects of Devco mining and what has happened to the steel corporation there. In fact, one of the most polluted sites in all of North America is lying right in our backyard and we are still talking about how to clean it up and who will eventually pay for all these things.

When we discuss activities when it comes to royalties and costs in the mining sector, we should look at the overall picture from the start-up to the cleanup. I think if we were to do that we would have a fairer and more honest picture. The company would benefit and the community and the workers would benefit, but the environment would benefit as well, which is extremely important.

Another point is the concern we have in Nova Scotia: the perception that our natural gas and oil is just being taken away. In fact, not one drop of natural gas is being burned in Nova Scotia. It is all being burned in New England states.

● (1700)

Our industries have to compete with those industries in New England. It seems quite ironic that foreign companies would come in, set up shop, extract the natural gas and ship it down south.

In terms of the actual benefits to Nova Scotia, it could be argued that they are very few and far between. Yes, it is true that some of our workers have had employment. Yes, it is true that there has been investment in the province. Yes, it is true that it has helped the province in a very little way. But we can compare it with what natural gas and oil did for the province of Alberta. Many of us in Nova Scotia were saying quite clearly that we should have had equal benefits.

*Government Orders*

In fact our own premier has asked for equality and fairness on this file and is asking the federal government not to give us handouts. We are not a have not province. We are a province with a tremendous ability and those resources should be more controlled by the province. We should be able to maximize those benefits, similar to the province of Alberta.

I have always said, and I say this as a New Democrat tongue in cheek sometimes, that if we had had Peter Lougheed negotiating our natural gas contracts with the oil and natural gas companies, that I think we would have been much better off in terms of what benefit Nova Scotians would have received from their own resource.

We hope to have further debate on this at committee. We have many other questions that we need to ask. We need more clarification from the government on precisely how this goes along. We will also be consulting with our provincial colleagues throughout the country to hear their concerns as well.

[Translation]

**Mr. Pierre Paquette:** Madam Speaker, if I understand the hon. member correctly, given the extremely technical nature of Bill C-48, there are more questions than answers.

Still, in evaluating the overall reform undertaken by the Minister of Finance, once this reform is implemented, it will cost taxpayers \$260 million. This is still considered reasonable, especially when the federal government has had a very high surplus for several years.

But the annual reports of Shell, Esso and Petro-Canada are already announcing \$250 million in tax savings. The mere fact that, out of \$260 million, some \$250 million is already going to these three oil companies, does that not pose a problem?

• (1705)

[English]

**Mr. Peter Stoffer:** Mr. Speaker, I could not agree with my hon. colleague more. It is indeed a problem. We cannot on one hand ask for millions or billions of dollars in various aid concerns throughout the country such as West Nile and SARS, and at the same time foreign companies come in that are extremely profitable to begin with and they get much more generous tax allowances in terms of their considerations through the federal government.

Some of the questions we will be asking during the committee, is how do they justify that? The whole root of this question is, are Canadians getting maximum return on their resources? That is really the essence of it. We have inequities in this country right now. It appears, if it is looked at it from the eastern perspective, that Alberta is doing very well on the royalties from the extractions of its resources. But why is it then that other provinces like Newfoundland and Nova Scotia are not?

I realize the offshore argument in that, but these are some of the questions we need to ask the government when the bill gets to committee.

**Mr. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, I am pleased to participate in this debate on some important tax policies the government is introducing.

I would like to go back to budget 2000, when the government introduced a phased reduction of the corporate tax rate from 28% to

21%, phased over a number of years. That to me was a very positive development. It brought our corporate income taxes more in line with those of our U.S. neighbours. Perhaps we can still do more, but once this is fully implemented many of the corporate taxes we are paying here in Canada will be very competitive and, in some cases, below the combined corporate tax rates in some of the largest U.S. states that border this country.

In the reduction of the rate from 28% to 21%, resource sectors were left out of the equation. There was a certain logic to that, because the oil and gas industry and the mining sector have some special provisions. For example, they have the resource allowance, special accelerated capital cost allowances or accelerated depreciation for tax purposes, and they also have other tax credits that apply, such as depletion allowances et cetera.

So there was a certain logic in the government not reducing the tax rates for those particular sectors at that time because those sectors had some other unique tax advantages. Although it is interesting to note there are other sectors of the economy that do have some tax incentives which are not available to industry as a whole, such as the film industry and others. Nonetheless, there was a certain logic to that.

What the government did undertake, though, was to review that with the oil and gas and the mining sectors to see if there was a way to bring the 28% rate in line with the 21% that applied to the rest of the sectors of the economy. The reason was that the oil and gas and the mining industries wanted to bring down the statutory rate, in line with other parts of the economy, for a very simple reason. If we are trying to attract investment from overseas, it is much easier to quote a statutory tax rate of 21%. If we quote the statutory tax rate of 28% but indicate that resource rents are deductible and investment tax credits, accelerated capital cost allowances and depletion allowances are available, it gets muddy and complicated.

The oil and gas and mining sectors said they would like to move down to the 21% tax rate. They understood that there might have to be some give and take in moving to that rate. The government agreed to look at that and the discussions started. Basically, it was a search for solutions. How could the government move from 28% to 21% recognizing that there are special tax incentives available to those sectors?

The government has come out with a paper and now legislation describing what it saw in its wisdom as some of the trade-offs. It is proposing to eliminate the 25% resource allowance and there are a few other measures. I would like to speak to this very briefly.



*Government Orders*

Some years ago, the government replaced the deductibility of royalties against tax otherwise payable with the resource allowance. For example, a mining company would pay royalties provincially. Those would have been under the old regime and will be under this new regime that is proposed deductible for tax purposes, but the government was concerned that the provinces could actually capture much of the resource rents through their own royalties and diminish the tax base available to the federal treasury. It decided to say that royalties were not deductible for income tax purposes but there would be a 25% resource allowance.

• (1710)

The government looked at getting rid of the resource allowance, which it wanted to do very much because it has become very complicated and administratively somewhat of a nightmare. In looking at that, it was appreciated and understood by the government that replacing it would cause some winners and some losers to be created.

As members can imagine, if the 25% resource allowance were greater than the amount that one was paying in royalties to a provincial government, then one would be happy with the resource allowance. Conversely, if the resource allowance were less than what one was paying to a province for royalties, then one would not be very happy to lose the resource allowance. The government went through a number of iterations, discussions and models with the mining and oil and gas industries. In fairness, one can never arrive at a perfect solution. Given this scenario, there were probably going to be some winners and losers.

In addition to the elimination of the resource allowance and the deductibility of royalties, the government also said that if the resource allowance were removed and there was an allowance for the deductibility of royalties, that would actually increase the tax burden of the oil and gas and mining sectors. It then asked how it could replace that with something that is somewhat comparable.

It looked around and basically came up with this exploration credit for qualifying mineral exploration expenditures. It said it would eliminate the resource allowance, allow the deductibility of royalties and, because there was still a little left over leaving the industry at a disadvantage, it would throw in this tax credit for qualified exploration.

On balance, that sort of nets out. The analogy I would use would be that if people have their feet in a freezer and their heads in an oven, on average everything is fine, but it does not always work out that way. We know, for example, there are more mature mining companies that have developed mines and are not engaged so much in exploration and development. This exploration credit would not be of much value to them. There are also many companies in loss carry forward positions.

In any case, if we look at the whole balance of the measures, we do know, for example, that the potash industry has benefited or will benefit from these measures significantly. Some of that is actually quite justified because, as I understand it, for many years the royalties that it was paying was in excess of the resource allowance that was available. There are other parts of the mining sector in particular that are disadvantaged by this proposal, especially the more mature, developed companies that are not engaged so much in

exploration and where the saw-off with the resource allowance and the royalty deduction does not really compensate for that.

We must also add into the mix that the government recently introduced the measure to eliminate the capital tax over a certain number of years. For mining companies and oil and gas companies this is a positive development because they are capital intensive, as one could expect. That is a very positive development.

They and others in the corporate world are saying we should accelerate the elimination of the capital tax and that is one point of view, of course. Some of these things come down to what is fiscally possible, but what the mining industry has come forward with I think is an eminently fair proposition.

What it is asking is, given that we have some losers in this scenario that is proposed with this legislation could we not accelerate the measures? Could we not accelerate, for example, the move from a 28% statutory rate to a 21% statutory rate? Could we not accelerate the elimination of the capital tax? Could we not bring these measures forward so that on balance, even though there are some winners and losers, the mining sector as a whole could probably end up in a position that would be easier for it to accommodate?

• (1715)

Presumably the bill will pass the House at some point. I believe it will be referred to committee. I know the government wants to deal with it expeditiously, but I will be arguing for the mining industry to have its chance to come before the House of Commons finance committee to present its case and perhaps departmental officials as well so there could be a good debate and discussion around some very important issues.

We sometimes undervalue or underestimate the contribution the mining industry and the oil and gas industry make in terms of jobs and economic activity. We hear a lot about the new economy. That is very important. We need to develop that by focusing on more research and development and by being more innovative, but there is actually a new economy embedded in the so-called old economy.

We have some of the most high tech industries in Canada with oil and gas, forestry and mining. Some of the leading edge technologies are being employed in those industries and there are many spinoffs from those industries in terms of the outsourcing of services and in terms of the contracting of a whole variety of services from trucking to logging and drilling, etc. They provide a huge amount of jobs and economic activity in this country. We should be ever mindful of that.

We want to ensure that we have a competitive mining industry in Canada that can attract investment. Going from the 28% statutory rate to 21% is a good move. That will help. However, we need, in my judgment, a little more tweaking of this formula to make it more fair to certain sectors, in particular, the mining industry.

Left out of the mix is the forestry industry, but it has a slightly different situation in that the royalties and the stumpage that it pays are deductible from income tax. It gets the manufacturing and processing rates, the lower rate of tax. My understanding of the forestry industry is that it is reasonably comfortable with this type of legislation.

*Government Orders*

We do have an issue. The oil and gas industry is generally on side, but presumably it would like to see the measures accelerated. I am sure my colleague from Medicine Hat will speak to that point, coming from an oil rich province like Alberta. I will listen with interest to his speech. Certainly the mining industry would like to see the measures accelerated. It would like to see the capital tax reduction and the statutory rate reduction accelerated to create more of a level playing field within the mining industry. That way we will attract more jobs and we will be more internationally competitive.

We have a very environmentally responsible mining industry and oil and gas industry. Some would have us believe otherwise, but it is not the case. Both these industries have made enormous strides in becoming environmentally responsible in the way they conduct their operations and in the way they deal with the resources that they extract.

In conclusion, I will certainly argue at the finance committee that the mining industry and perhaps other sectors that will be impacted significantly by these measures have the opportunity to come and present their cases. Perhaps departmental officials could be there as well so that we could have a good solid debate around some very important tax issues that will affect jobs and economic activity in Canada.

• (1720)

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, I am quite pleased that the hon. member concedes that Bill C-48 poses certain problems, particularly for the mining sector, and that the Standing Committee on Finance will have to propose a number of solutions.

He mentioned various possibilities in order to accelerate reducing the tax rate to 21%, and accelerate the elimination of the capital tax. However, the Mining Association of Canada had proposed a simple solution, given that mining is a unique sector.

This association proposes maintaining provisions relating to the 25% resource allowance, and lowering the rate from 28% to 21%. In short, the tax rate must be the same as in other industrial sectors; I think we all agree on that.

The mining sector, however, faces unique problems. So, if the resource allowance is maintained, as is currently the case, this could be a very simple solution to the problem.

I want to know if the hon. member could consider such a solution, if he was shown the merits of this approach.

**Mr. Roy Cullen:** Mr. Speaker, I thank the hon. member of the Bloc Quebecois for his comment.

[*English*]

I believe that this is what the committee is for, to discuss a number of different propositions. Certainly accelerating the implementation of the statutory rate of reduction and the capital tax elimination are some of the ideas that I have heard coming from the mining industry. However, we need to hear a whole range of different views. At the end of the day, the committee should have the wherewithal to deal with it in a constructive way.

I know the member opposite talks about keeping the resource allowance. It might be difficult to convince the government not to move away from the elimination of that, but it should be on the table. It should be discussed. The government is committed to moving from 28% to 21%. It is committed to maintaining a competitive mining industry in Canada, so within that there is probably room to manoeuvre and discuss these important questions.

**Mrs. Bev Desjarlais (Churchill, NDP):** Mr. Speaker, I want to acknowledge that within the resource industries, particularly mining, which affects a fair part of my riding, there is some satisfaction that there will be some benefit and some reduction here.

However, I want to touch on the hon. member's comment that from the environmental perspective, everything is fine. I would like to refer to the situation at Giant Mine when it closed down. Correct me if I am wrong, but was Indian and Northern Affairs Canada not left literally cleaning up the ground because the mine owners were not responsible? Could he reflect on whether or not it would be beneficial to have a community resource fund, a mining reserve fund or some type of fund in place to ensure there is environmental cleanup afterward?

**Mr. Roy Cullen:** Mr. Speaker, we are moving toward a world environment where mining companies and oil and gas companies are being made more responsible for cleanup. In fact, it is my understanding that in the mining industry there is a reclamation fund that the mining companies put money into so that ultimately, when the mine is decommissioned, there are sufficient funds to properly restore the site to its former state.

It is hard to argue or dispute that there are some difficult spots in Canada. I am sure the Giant Mine in Yellowknife is one of them. We need to recognize and acknowledge that we are making progress, that those industries have become very environmentally responsible. However, we do have some legacies that we need to deal with.

I am proud that the government has moved forward with this reclamation trust fund so that there are funds there to properly restore sites once these mines are decommissioned.

• (1725)

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, at one point one of the high priorities of the government was supposed to be to deal with issues such as innovation and productivity. The Minister of Human Resources Development and the Minister of Industry held a series of meetings across the country to gather input on this. It was to be a big deal but it fell off the radar screen. In fact, there was hardly a mention of it in the last budget.

Clearly, I think the member would acknowledge that Canada needs to become more competitive in the world. He probably knows that as a result of our inability to keep up, our standard of living has also fallen, along with our sort of lackadaisical productivity record.

Many countries have now surpassed us in the last number of years. Certainly everyone has heard about Ireland and its great turnaround. Countries such as Denmark, Finland, Norway, The Netherlands, Switzerland and Iceland have all surpassed us in terms of standard of living. This is tied directly to our ability to be more productive.

My question has to do with the fact that one of the keys to their improved productivity was that they have been very aggressive about reducing corporate tax rates and capital taxes. Their standard of living has ultimately jumped as a result.

Why is the government dragging its feet on bringing about these reductions in corporate taxes, either manufacturers' taxes or in this case resource taxes? Why is the government dragging its feet? Does it not appreciate that this has a direct bearing on people's standard of living ultimately and the longer the government delays, the longer people are denied being able to enjoy the fruits of a greater standard of living?

**Mr. Roy Cullen:** Mr. Speaker, the government has placed an amazing emphasis on innovation, entrepreneurship, research and development. I am sure it will continue to do so judging by the remarks in Montreal by the member for LaSalle—Émard.

It is a key item especially when we look at the United States, our major trading partner, where we export 86% of our products. I think we need to diversify somewhat, but diversifying is easy to say and tougher to do.

With the Canada-U.S. exchange rate changing so rapidly, it has created some productivity issues of quite a sizeable amount. For many years we were actually decreasing the productivity gap between Canada and the United States. It has started to widen again and we need to deal with that, especially with the exchange rate on the dollar.

We have to look at the United States as well. While the U.S. has increased its productivity, its job creation and jobs record does not even come close to the superb performance of the Canadian economy. This is something we must be mindful of as well.

\* \* \*

#### MESSAGE FROM THE SENATE

**The Acting Speaker (Mr. Bélair):** I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following bill, to which the concurrence of the House is desired: Bill S-7, an act to protect heritage lighthouses.

\* \* \*

• (1730)

[Translation]

#### SUPPLY

##### ALLOTTED DAY—CATTLE INDUSTRY

The House resumed from September 23 consideration of the motion.

#### Supply

**The Acting Speaker (Mr. Bélair):** It being 5:30 p.m., the House will now proceed to the deferred recorded division on the opposition motion standing in the name of Mr. Schellenberger.

Call in the members.

• (1750)

[English]

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

(Division No. 221)

#### YEAS

##### Members

|  |                          |
|--|--------------------------|
| Ablonczy                               | Anders                   |
| Anderson (Cypress Hills—Grasslands)    | Asselin                  |
| Bachand (Saint-Jean)                   | Bailey                   |
| Barnes (Gander—Grand Falls)            | Benoit                   |
| Bergeron                               | Bigras                   |
| Bourgeois                              | Breitkreuz               |
| Brison                                 | Cadman                   |
| Cardin                                 | Casey                    |
| Casson                                 | Chatters                 |
| Clark                                  | Cummins                  |
| Dalphond-Guiral                        | Davies                   |
| Day                                    | Desjarlais               |
| Desrochers                             | Doyle                    |
| Duceppe                                | Duncan                   |
| Elley                                  | Epp                      |
| Fitzpatrick                            | Forsyth                  |
| Gagnon (Québec)                        | Gallant                  |
| Gaudet                                 | Gauthier                 |
| Godin                                  | Goldring                 |
| Gouk                                   | Grewal                   |
| Grey                                   | Guay                     |
| Guimond                                | Harper                   |
| Hearn                                  | Herron                   |
| Hill (Prince George—Peace River)       | Hill (MacLeod)           |
| Jaffer                                 | Keddy (South Shore)      |
| Kenney (Calgary Southeast)             | Laframboise              |
| Lancôt                                 | Lill                     |
| Loubier                                | Lunney (Nanaimo—Alberni) |
| MacKay (Pictou—Antigonish—Guysborough) | Marceau                  |
| Mark                                   | Martin (Winnipeg Centre) |
| McDonough                              | Ménard                   |
| Meredith                               | Merrifield               |
| Mills (Red Deer)                       | Moore                    |
| Nystrom                                | Obhrai                   |
| Pallister                              | Paquette                 |
| Perron                                 | Picard (Drummond)        |
| Proctor                                | Rajotte                  |
| Reid (Lanark—Carleton)                 | Reynolds                 |
| Ritz                                   | Rocheleau                |
| Roy                                    | Sauvageau                |
| Schellenberger                         | Schmidt                  |
| Skelton                                | Solberg                  |
| Sorenson                               | Spencer                  |
| St-Hilaire                             | Steckle                  |
| Stoffler                               | Strahl                   |
| Thompson (Wild Rose)                   | Toews                    |
| Tremblay                               | Ur                       |
| Venne                                  | Wasylycia-Leis           |
| Williams                               | Yelich — 98              |

#### NAYS

##### Members

|                      |             |
|----------------------|-------------|
| Alcock               | Allard      |
| Assad                | Assadourian |
| Bagnell              | Bakopanos   |
| Barnes (London West) | Barrette    |
| Beaumier             | Bélair      |
| Bélangier            | Bellemare   |
| Bennett              | Bertrand    |
| Bevilacqua           | Binet       |
| Blondin-Andrew       | Bonin       |
| Bonwick              | Boudria     |

*Private Members Business*

|                              |                           |
|------------------------------|---------------------------|
| Brown                        | Bryden                    |
| Bulte                        | Byrne                     |
| Calder                       | Cannis                    |
| Caplan                       | Carignan                  |
| Carroll                      | Castonguay                |
| Catterall                    | Cauchon                   |
| Charbonneau                  | Chrétien                  |
| Collenette                   | Comuzzi                   |
| Copps                        | Cotler                    |
| Cullen                       | Cuzner                    |
| DeVillers                    | Discepola                 |
| Dromisky                     | Duplain                   |
| Easter                       | Eggleton                  |
| Eyking                       | Folco                     |
| Fontana                      | Frulla                    |
| Godfrey                      | Goodale                   |
| Grose                        | Harvard                   |
| Harvey                       | Hubbard                   |
| Ianno                        | Jennings                  |
| Jobin                        | Jordan                    |
| Karygiannis                  | Keyes                     |
| Kilgour (Edmonton Southeast) | Knutson                   |
| Kraft Sloan                  | Lastewka                  |
| Lee                          | Leung                     |
| Lincoln                      | Longfield                 |
| MacAulay                     | Macklin                   |
| Mahoney                      | Malhi                     |
| Maloney                      | Manley                    |
| Marleau                      | Matthews                  |
| McCallum                     | McCormick                 |
| McGuire                      | McKay (Scarborough East)  |
| McLellan                     | Minna                     |
| Mitchell                     | Myers                     |
| Neville                      | O'Brien (London—Fanshawe) |
| O'Reilly                     | Pagtakhan                 |
| Patry                        | Péric                     |
| Peschisolido                 | Peterson                  |
| Pettigrew                    | Phinney                   |
| Pillitteri                   | Pratt                     |
| Price                        | Proulx                    |
| Redman                       | Reed (Halton)             |
| Regan                        | Robillard                 |
| Rock                         | Saada                     |
| Savoy                        | Scherrer                  |
| Scott                        | Sgro                      |
| Shepherd                     | Simard                    |
| Speller                      | St-Jacques                |
| St. Denis                    | Stewart                   |
| Szabo                        | Telegdi                   |
| Thibault (West Nova)         | Thibeault (Saint-Lambert) |
| Tonks                        | Torsney                   |
| Valeri                       | Vanclief                  |
| Volpe                        | Whelan                    |
| Wilfert                      | Wood— 128                 |

**PAIRED**

## Members

|               |                        |
|---------------|------------------------|
| Bradshaw      | Crête                  |
| Drouin        | Fournier               |
| Girard-Bujold | Lalonde                |
| LeBlanc       | Martin (LaSalle—Émard) |
| Nault         | Plamondon— 10          |

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

• (1800)

[*Translation*]

**The Acting Speaker (Mr. Bélair):** It being 6:04 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

**PRIVATE MEMBERS' BUSINESS**

[*Translation*]

**CANADIAN FIREARMS CONTROL PROGRAM**

The House resumed from May 1, 2003, consideration of the motion and of the amendment.

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, I am pleased to speak today to Motion M-387, to which my colleague from Châteauguay has presented a clever amendment. This motion by the hon. member for Saint-Bruno—Saint-Hubert reads as follows:

That, in the opinion of this House, the government should immediately suspend application of the Canadian Firearms Programme in order to hold a public inquiry into the reasons for the Programme's extraordinary cost overruns, and to submit a structured and detailed strategic plan that would have to be approved in advance by this House.

The amendment by my colleague from Châteauguay, seconded by my colleague from Longueuil, calls for replacing the word "suspend" with the words "study the". This of course makes the motion make much more sense. How could a thorough study of such a financially disastrous program be carried out if it were merely suspended? A study on the project, along with a public inquiry, would be far more effective in trying to find out how a program meant to cost \$2 million ended up costing more than \$1 billion.

I will not go over what my Bloc Québécois colleagues have already said, because we are often accused of having a certain predetermined mindset when we are opposition. I will just read from today's *La Presse*. The title of the article is "Ten million dollars more for gun registry". It says this:

Despite repeated promises over the past 12 months to cut program costs, the Chrétien government is preparing to inject another \$10 million into the controversial gun registry, much to the chagrin of the opposition parties in the House. The President of Treasury Board... yesterday tabled supplementary estimates totalling \$5.4 billion for this fiscal year—

Once again, an investment of \$10 million.

The journalist continued:

In this budget document, the Department of the Solicitor General, which has been responsible for the national firearms registry since April 14, is demanding an additional \$10 million to continue financing this program, which will cost the taxpayer more than \$1 billion by 2005. This is 500 times the original estimate, according to the highly critical report by Auditor General Sheila Fraser tabled last December.

The amendment to the motion moved by my colleague from Châteauguay makes perfect sense. For the Bloc Québécois, there is no question of putting an end to this registry, which has cost hundreds and hundreds of millions of dollars. We would like to see this registry implemented, but at the lowest possible cost.

Moreover, the government decided, and repeatedly promised—the journalist from *La Presse* put it very well—that it would reduce the cost of the program over the next 12 months. The cost was not reduced and additional funding is being requested.

It is urgent that the amendment put forward by my colleague from Châteauguay be adopted and that we "study":

—the application of the Canadian Firearms Programme in order to hold a public inquiry into the reasons for the Programme's extraordinary cost overruns, and to submit a structured and detailed strategic plan that would have to be approved in advance by this House.

*Private Members Business*

I think this is very clear. We cannot keep putting in over \$10 million every three months, as is currently the case, or every time a budget is brought down and debated and increases approved. The last time an adjustment was made was at the end of the budgetary cycle. At this point, the government always transfers money from one item to another, from spots where there is an excess to others where there is a shortfall.

Since its implementation, the firearms program has continually needed more money. At the end of every budgetary cycle, money is transferred. Now new estimates are being tabled because a new budget is in the works.

● (1805)

We note that the President of the Treasury Board tabled a budget increase. Another \$10 million will go to the national firearm registry.

There is the rub. This is an example of how Canada is managing its affairs. I want to make a quick parallel with the cost of the gun registry which, according to research by one journalist, is 500 times higher than anticipated.

In this House, the opposition members, through the Bloc Québécois critics, among others, are asking the government questions. We quite clearly demonstrated that there is a fiscal imbalance and that the federal government is not investing enough in health and education.

The federal government still plans to interfere directly in health care. It wants to create all kinds of national registries and interfere in a number of areas. Each time the federal government interferes, the results are clear. It costs 500 times more than it should.

The Minister of Citizenship and Immigration wants to introduce an ID card. This will cost a lot more than anticipated. This is what it means when a large organization controls ten provinces that are having great difficulty resolving their own problems. The federal government always behaves that way: it always wants to do the job of the provinces and other governments often doing the same job as it is doing. The result is a national gun registry that cost 500 times more than it was supposed to.

The amendment proposed by my hon. colleague from Châteauguay is quite appropriate. It seeks to review this program, since the Bloc Québécois does not want to eliminate it. In fact, too much money has already been spent. However, we must investigate and determine how the cost could be 500 times greater than anticipated.

It makes no sense that the members of this House vote millions of dollars, year after year, for this program. I hope that they will vote in favour of my hon. colleague's amendment and the motion as amended by the hon. member for Saint-Bruno—Saint-Hubert for the very simple and good reason that there must be a public inquiry.

We cannot continue to have cost overruns of 500% without an inquiry. There must be an inquiry to find out how it was possible to exceed the budget to this extent. How could it go from an initial cost of \$2 million to a final cost of \$1 billion? We must analyze what happened, because overruns of this scope, if not quite a scandal, are at least worthy of a public inquiry.

Of course, we think the national firearms registry should be retained, since it has already come into force and since a good number of Quebeckers have registered their firearms, even though there was considerable protest, which I understand. I understand the public's position. I understand Quebeckers who have problems registering in a program that is costing them an arm and a leg.

If this program is to operate better, it is important that we get to the bottom of things, that there be an inquiry, that it be retained and studied in depth—as suggested by my hon. friend from Châteauguay—that the motion by the hon. member for Saint-Bruno—Saint-Hubert be amended, and that there be a thorough inquiry into this program so that Quebeckers and Canadians will be able to register without feeling that they are being taken in.

● (1810)

Sometimes the result is reluctance. Currently, there are still a large number of Quebeckers and Canadians who are not registered in the program, because they felt they were being conned. I know that a thorough examination of this program will soothe the consciences of the politicians who have sunk a billion dollars into the program, but it will also show respect for the people of Quebec and Canada, who, once the inquiry is complete, will be able to understand why such large amounts had to be invested, where they went, and who benefited.

Why would the Liberal Party refuse to hold an inquiry into a cost overrun of 500%? Simply because someone, somewhere, profited from it, and they do not want this to come out.

● (1815)

[*English*]

**Mr. Kevin Sorenson (Crowfoot, Canadian Alliance):** Mr. Speaker, I rise today in support of private member's Motion No. 387, sponsored by the member for Saint-Bruno—Saint-Hubert. I thank her for bringing this very important motion forward.

This is a votable motion calling for a public inquiry into the unprecedented cost overruns in the implementation of the infamous Canadian firearms registry. It also calls for the submission of a structured and detailed strategic plan that would have to be approved by the House in advance of the strategy taking effect.

The government has desperately tried to divert attention away from the horrific costs of the firearms registry. It has, at every turn, avoided questioning and scrutiny into the true cost of the firearms registry. It has done so because its original cost estimate of \$2 million is now 500 times what it projected back in the 1990s. The total price tag to date of the Canadian firearms registry is more than \$1 billion.

That fact alone is reason enough to support the motion. A full investigation must be conducted to determine how such a gross miscalculation on the part of the Liberal government has been made.

Last May, when the motion was first debated, my colleague from Yorkton—Melville listed 19 different reasons for supporting the motion, which, for those who are interested, are still part of the public record.

*Private Members Business*

Today in the House he revealed another very important reason as to why we should support the motion. Today my Alliance colleague pointed out that on pages 13 and 88 of the supplementary estimates tabled yesterday by the President of the Treasury Board it showed \$10 million under the "Canadian Firearms Centre, New Appropriation".

Later that day, however, the Solicitor General, upon questioning in question period, said that no new money was being allocated through supplementary estimates. He said "Not one more cent. The money is not new money", in response to the member for Yorkton—Melville.

As my colleague pointed out today, if the Solicitor General was right, then the supplementary estimates were wrong. If the opposite, however, is true, the Solicitor General misled the House. This is now a matter that is before you, Mr. Speaker.

Since Bill C-68 was first introduced in the House in 1995 we have repeatedly questioned the cost of establishing and maintaining the registry. And still, some eight years later, we still do not have an accurate dollar figure, although we know that this has been the worst budgetary overrun ever.

Similarly, they have blamed those provinces that have opted out of the administration of the law for cost overruns when the cost of the firearms registry rests solely on the government's shoulders and its failure to accurately calculate the exact cost of the registry before Bill C-68 was ever passed and proclaimed. It messed up.

Last April, I stood in the House on two occasions outlining the financial difficulties many municipalities in my riding were encountering in paying for police services. It appears that not only are municipalities faced with escalating costs for community policing services, but they are also burdened by the cost of enforcing the firearms laws and regulations, costs for which they were promised they would not be solely responsible.

In the spring I learned that the Camrose Police Commission threw its support behind the Alberta Association of Chiefs of Police's demands for more federal assistance with the cost of enforcing the law.

On February 12 the Alberta Association of Chiefs of Police wrote to the Minister of Justice outlining their concerns about the lack of funding. The letter apparently read, which was quoted in the *Camrose Booster*, a paper in my riding dated March 25, "We note that in all the discussions, briefings and planning for the implementation, much time was spent on the issues relating to the administrative aspects of this legislation. Forms and computer data banks seem to have dominated everyone's attention. Not much, if anything, has so far been said about the actual practicalities of enforcement of the act. More to the point, we note with concerns that the federal government has not yet expressed any view with respect to the source of funding for police activities arising out of the enforcement of this act".

• (1820)

The letter was written by the president of the Alberta Association of Chiefs of Police, Marshall Chalmers, who also happens to be the chief of police with the Camrose Police Service.

Chief Chalmers has also stated "We have to convey to you with the greatest possible force and clarity that the municipal governments quite simply cannot assume this additional burden".

Chief Chalmers stated quite unequivocally that without federal government support, police services in the province of Alberta will have no choice but to set an order of policing priorities that do not include the enforcement of the Firearms Act.

Interviewed by local newspapers on March 20, the Camrose chief of police said "the initial promise in relation to the act was that the federal government would pay for the entire cost of enforcement and there would be no downloading of costs onto the municipalities. But now it is very apparent that the federal government is expecting municipalities to absorb some of the costs".

He goes on to say "Although, and in fairness to the Alberta chiefs of police, I must recognize this fact, the chiefs do accept the act as a valid piece of legislation, they feel the issue of enforcement must be addressed".

I agree.

We have seen the government systematically download legislation, download acts that we expect community policing to absorb with no extra funding for community policing nor the municipalities. Mayors in other towns and communities have been very concerned about the extra costs associated with the firearms registration. We do not have an inquiry. We do not have an investigation. We do not understand many of the cost benefits of such an act.

Not only must the question of who pays the cost of enforcement, which clearly cannot fall on financially burdened municipalities, be answered, so must all the other outstanding questions regarding the cost of the registry.

Until all those questions are answered and a complete investigation and cost benefit analysis done, as recommended by the member for Saint-Bruno—Saint-Hubert, I implore the government to put the firearms registry on ice.

**An hon. member:** Why?

**Mr. Kevin Sorenson:** Why do we need to put it on ice?

There are two reasons.

First, we have never seen a strategy. We have never seen a cost benefit analysis of what this legislation will cost or how it will benefit our country. We have never seen the cost to benefit relationship. Until we see those things, it should be put on ice.

The other reason we should put it on ice is that this legislation alone is very divisive. Many times in the House we have heard reference to the way it divides urban and rural. It turns people who have never broken the law into lawbreakers, for example, duck hunters and long rifle owners. This is not questioning the handgun registry. This is questioning the long gun registry.

This legislation is not working. We have never seen a cost benefit analysis. It is time to scrap it.

*Private Members Business*

• (1825)

**Mr. Inky Mark (Dauphin—Swan River, PC):** Mr. Speaker, I am very pleased on behalf of the Conservative Party of Canada to take part in this debate.

Let me first congratulate the member for Saint-Bruno—Saint-Hubert for her motion. For the record, I will read it into *Hansard*. It states:

That, in the opinion of this House, the government should immediately suspend application of the Canadian firearms program in order to hold a public inquiry into the reasons for the program's extraordinary cost overruns, and to submit a structured and detailed strategic plan that would have to be approved in advance by this House.

That sounds pretty rational in light of when one looks at the mess that the whole Bill C-68 gun control legislation and program has become.

Canadians out there watching know the mess that this program is in. As has been mentioned, it pitches urban Canadians against rural Canadians. Unfortunately we know that back in 1993 the Liberals thought this was a good program because they thought they could sell the idea of registry and safety together, but unfortunately that is not the real truth. The truth is firearm use and crime are unrelated.

If this program has done anything, it has turned law-abiding citizens of this country into criminals, but not by intent. It has turned provinces against the federal government. We know that 8 out of 11 provinces have contested the Supreme Court case over this issue and still the majority of the provinces do not want to put in place any kind of a prosecution system for firearm possession charges that are laid by the RCMP.

It is ironic that today I received a phone call from a constituent telling me that last week, because the family had a break and enter on their property, the RCMP came out to investigate and accidentally found a .22 rifle unregistered and a shotgun. The RCMP took them. As it turned out, they turned to the provincial court system and the provincial court would have nothing to do with it, so it threw it back in the face of the Federal Court.

The problem with the Federal Court system today is that it is inconsistent in how it applies the law. The RCMP is telling people it will not lay charges and if it does, it will be for unsafe storage, but certainly not for possession of a gun that is unregistered. It is inconsistent. Even the Federal Court is confused today.

At this point in time, my poor constituent has to now appear before the Federal Court. As far as I know, a charge has been laid against him for possession of an unregistered firearm.

We also know that the aboriginal community and the Inuit community are totally against this. As Canadians know, firearms are part of life in the north. Aboriginal communities need firearms to secure food, sustenance for their families, so it makes absolutely no sense to apply the same laws of southern Canada to the north. We know that there is an injunction I believe in the north on the whole registry. I guess they will stop it for now.

There is absolutely no evidence that the initial intent of this legislation works. We know it does not work. It has nothing to do with the criminal use of firearms. Criminals are still using firearms. It was so ironic to hear the Privacy Commissioner when he came

before the immigration committee. We were talking about national ID systems and the Privacy Commissioner said that there was no guarantee that criminals would apply for a national ID card. Similarly, it is the same scenario that criminals do not register their guns. The Liberals just do not get it. Criminals will use firearms that are stolen. In fact a study done in the late 1980s in central Canada showed that 85% of all firearms used in crimes were either smuggled or stolen. I believe this was done by the Police Association of Ontario.

• (1830)

Canadians are also fed up with the waste of money. We know there are huge needs in the health care system. We are spending billions of dollars. In fact we are on our second billion dollars today.

The citizenry of the country is asking when will the government stop wasting its hard earned dollars? Meanwhile, in my own riding hospitals are being closed in some communities. The communities are crying out for more health care services. Meanwhile here in Ottawa, as was mentioned earlier, we are throwing another \$10 million into the pot for the gun control debacle. It sounds to me as though the federal government is plainly not listening.

There are hundreds of reasons why Bill C-68 should be suspended for the purpose of a public inquiry. The government still has not reported to Parliament what the total cost of the firearm program has been so far. We still hear the first number of \$85 million. The Liberals said that it would cost \$85 million to put the program in place and that it would not cost any more than that. Unfortunately, we are into our second billion dollars.

The government still has not reported to Parliament what the total cost will be to fully implement the firearms program. It is ironic because come January all of a sudden it becomes free if a person registers on the Internet. Who is paying the bill? Obviously it is the taxpayer.

Treasury Board officials finally have admitted that even they will not know the total cost of the firearm program until the fall.

The government has been hiding the truth from Parliament and the public for seven years. It has not been any more forthright in the last five years, through this past summer or as we witnessed in the House yesterday and today.

The government estimates are still grossly understated because the justice department's plans and priorities report of 2003-04 was tabled in March with 111 blanks. I thought Canada is a free country, that we have freedom of access to information legislation. The information belongs to the public. People should know how their money is spent.

The government refuses to reveal the cost of enforcement and compliance, as recommended by the Auditor General.

The government refuses to release the cost benefit analysis on the firearms program by declaring it a cabinet secret. That is easy avoidance of disclosure.

*Private Members Business*

I will conclude by saying that over a half a million gun owners in Canada failed to obtain a firearms licence and cannot register their guns without one. More than 600,000 individuals still had to register or reregister their firearms before the end of June this past summer. We seem to continue with the government saying that there is no problem in registering guns and that they will take the registration. Justice department officials admitted they had received only 53,000 letters of intent to register.

The whole program is an absolute mess. Again, I close by applauding the member for Saint-Bruno—Saint-Hubert for her motion. I am sure the public cannot wait to hear more of this discussion.

**Mrs. Bev Desjarlais (Churchill, NDP):** Mr. Speaker, just to emphasize again exactly what we are discussing and to acknowledge my colleague from Saint-Bruno—Saint-Hubert, I will read the motion as if it were amended, so everyone is clear what is being asked today. It would read:

That, in the opinion of this House, the government should immediately [study] the Canadian firearms program in order to hold a public inquiry into the reasons for the program's extraordinary cost overruns, and to submit a structured and detailed strategic plan that would have to be approved in advance by this House.

There are probably those out there who would shake their heads and ask if Parliament is starting to micromanage everything now. I ask people to look at what point Parliament has reached when we have so many people here from not the usual agreeing perspectives agreeing on one thing: that something has to be done about the mismanagement of taxpayer funds. It is to the point where we are saying that we want to see the plan because we cannot trust the government anymore. We cannot trust what is happening with taxpayer dollars. That is a fair statement.

Whether we agree on the gun registry, one thing we all agree on, and I would be shocked if there is a Liberal out there who does not agree, is what has taken place with the firearms registry and program is absolutely unconscionable. It is to the point that Canadians who adamantly supported the registry do not support it anymore because they realize the cost is too great. Part of the reason the cost is too great to them is they were promised the registry would save lives and it would get criminals off the streets.

Canadians trusted the government to follow through on all those plans and what it said it would do. What did they get? Dishonesty. Whether it was intentional or not, Canadians did not get honesty from the governing side. They see how much of their money is being spent on the registry but is it saving lives? How many more lives would have been saved if that money had been put into an organ donor registry? That is a registry that would have saved lives in our country and I would challenge anyone to say differently.

**An hon. member:** Missing persons registry.

**Mrs. Bev Desjarlais:** Missing persons registry. Absolutely. Dollars well spent. There are numerous greater value for dollar programs. Our health care program, anyone could say that. However, even if it came down to a few things like improving water and sewer systems throughout the nation, how many lives would have been saved? How many lives were lost in Walkerton? How many lives are lost in first nations communities as a result of poor water and sewer

treatment and poor housing? The money would have been better spent.

Had the government been upfront with the amount of dollars that were spent on the registry, at least we might have been able to accept part of it.

I would be the first to admit there are differing opinions in different parts of Canada on the gun registry. Within my caucus there are differing opinions. It is based on where we live and what we deal with in our communities. I am from a northern rural community with a number of aboriginal communities. I grew up in rural Saskatchewan. Firearms and long arms were a part of the existence. It was a part of hunting. Whether we were aboriginal or non-aboriginal, it was a part of our way of life. Therefore we do not have that fear, and some would say, disrespect for firearms that exists elsewhere.

That is not to say there are not some accidents or deaths as a result of it. There are ways of dealing with that. Preventive measures can be taken to deal with the deaths related to firearms. The bottom line is there has been a misunderstanding of how we deal with things.

• (1835)

It is absolutely more crucial that Canadians in urban centres have a look at this issue again. We must look at it again from the aspect of cost value. I implore Canadians in urban centres to talk to their members of Parliament and to the government, and let them know it is not acceptable. I implore them to let the government know that they want to know what has been happening to this program.

Canadians want to know the number of possession licences, the number of acquisition licences, the revenue that the government took in on those licences, and the administration expenses. That is pretty basic business. A business degree is not required to come up with this information. Canadians want to know the number of owners who are registering their guns, the number of guns registered, and the cost per each item. They also want to know the amount of revenue taken in and the expenses putting it out. It is pretty basic.

I have a hard time understanding why the government cannot give out those figures unless it deliberately does not want to give them out. Is it possible that maybe some of that money that has been allocated has been used elsewhere? Canadians are starting to think that. Either the money is not for value within the registry, or it is being used elsewhere. We all know that the government can Mickey Mouse around with dollars within budgets, and it has people thinking that money is not being spent where it is supposed to be spent.

What were the administration costs within the justice department when the firearms registry was within that department? What are the costs within the Solicitor General's department? That should be pretty easy because that department just received the registry. It has been keeping track since the Solicitor General took over.



*Private Members Business*

Why the government cannot give out that information is beyond me? We hate to bring this up, but how can we not in light of the dollars that have been misused by the government? What about the money through technology partnerships that went to certain members and businesses that were tied to certain members within the governing side? How can we not wonder that something is wrong here?

The government has disappointed this nation. It has brought to question the integrity of all parliamentarians, and it should be ashamed. There is not a member on the governing side who should not be absolutely ashamed to have to respond to this kind of misuse of taxpayers' dollars, misrepresenting what the cost would be. Who in their right mind would continue a program that is costing 500 times more than it was said it would cost? Who in their right mind would continue it? This is just not acceptable.

I say to the governing side and to all of their constituents that if they do nothing else they should question the government and insist that it come through with where this money went, and come up with a better program.

There is probably not a member of Parliament here, even from the governing side, who does not believe in gun control. I take offence when it is suggested that somehow if we do not agree with this misuse of taxpayers' dollars on the gun registry that somehow we are selling Canadians out and do not believe in gun control. That is not true. We believe in gun control.

However, we do not agree that just for the sake of appeasing some people and getting votes that a program is put in place that will cost 500 times more than what initially the government said it would cost, and continue on with it. It is not acceptable.

I wish to commend my colleague for bringing up this issue. I hope that when it comes time to vote on this, members will consider those dollars and what they could be used for. Quite frankly, unless the government can ensure that the cost is going to be way down, it should re-evaluate this whole process.

It is unfair to Canadians. It is unfair to the lives that are lost for numerous other reasons because the government has said there is no money for other programs. It is time to stand up and say that the government must take a look at this. It is just not acceptable.

● (1840)

**Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance):** Mr. Speaker, rather than entirely focus on the costs and waste, I should commend the member who introduced the bill, the member who has the holy seat of the two saints.

Rather than dealing with the costs and waste involved in this, I would like to approach it from another standpoint. I believe that the firearms registry was an ill-conceived plan from its very inception. People did not strategically work their way through this concept and try to figure it out. That is the fatal flaw with the whole system. It was never conceived and properly thought through to begin with. I would like to zero in on a couple of areas that bring this home.

Back in my home province of Saskatchewan we pioneered something called the personal property registration system 15 years ago, which every province in Canada has now adopted. It is a tool

for lenders, credit unions, banks, trust companies and private lenders, to secure personal property. Personal property, as hon. members would know, is anything basically other than real estate. It is moveable property: automobiles, fridges, stoves, etc.

The big dilemma in creating that system was to create a registration system for people dealing with property. For example, if I bought a new piece of property for someone, I could do a search and determine whether I would get clear title to the property. We looked into whether we should make it a serial number search system or should the property be described?

We looked carefully at that concept and spent a lot of time figuring it out so that we would have a good system that would work. The personal property registration system is a solid system. We looked at the question carefully and came to the conclusion that the system would fail if we were to use a serial number registration system because personal property would not have a uniform consistent serial number registration system. Only motor vehicles have a uniform consistent serial number registration system.

The world has a uniform standard serial number registration system for motor vehicles and there is only one serial number for every vehicle on this planet. There are no duplicates. However, when we get into fridges, tractors or any other type of personal property, the serial number system is full of flaws, and that includes firearms.

A policy choice was made that the personal property system would be a failure or defective if we were to create a registration system based on serial numbers. The founder of that system probably knows more than anybody on the government side or in this bureaucracy about all the problems that exist in trying to register something by serial number, least of all firearms.

Once we get the firearms system up and running, and presumably get everything registered, if we were to do a search on a serial number on some of those firearms, I would not be surprised if we got 289 call-ups on it, all with the same number. What service will that provide to law enforcement, the courts or anything else?

As a former lawyer, I think defence lawyers will look on this as a loophole and a technicality to get their clients off because we have to prove things in a criminal court beyond a reasonable doubt. We are only creating all sorts of loopholes for defence lawyers. That is another problem with the whole firearms registration system.

I have a number of other objections. People in the other House call themselves charter fundamentalists. They believe in a charter of rights. The Auditor General has pointed out serious violations of our privacy rights with the legislation. I am not a charter expert like my Liberal friends on the other side, but I would think privacy rights are something fairly important which should be part of our charter. However the Liberals total ignore that. Privacy means nothing. They have made some serious intrusions into our private lives in this country with the firearms registration system.

● (1845)

When they pass a law on which they have spent over \$1 billion and they let off a lot of hot air about the system, surely they intend to enforce that legislation. Why would they pass a law and spend all those resources on it if there is absolutely no intent to enforce that law?

*Private Members Business*

I have folks back in Saskatchewan who are prepared to play the game of civil disobedience. They want to be charged under this law because they feel it violates their constitutional guarantees under the charter. They have lawyers lined up and so on. They want to be charged in order to test this law. They have tried everything under the sun.

But we can guess what is happening. The government will not charge them. It spent a billion dollars creating this monster and then it does not even have the guts to try to enforce the law. I cannot think of anything so stupid. We should not be passing laws in the House that the government is not prepared to enforce. If that is what it is playing at, it is playing a billion dollar political game with people. That is what the government has to admit.

Let us talk about national priorities. Members on the other side of the House used to say "if this would save one life", but I can tell those members that a billion dollars would have bought 350 MRI scanners in this country. I think I could bring in doctors and medical people who could talk about thousands of lives that would have been saved with MRIs in cancer treatment alone. The government cannot prove one single case of where anyone's life has been saved with this billion dollar firearms registry, not one single person.

The government can come up with some sort of bogus justification for it. It might have conned someone in some organization to back it up and give testimony on it, but if we talk to the rank and file people who work in those organizations they totally reject the whole concept. It is a total waste of their time and effort.

In the private sector there is an old saying, "When you've made a mistake and it's not working out, you cut your losses". Bankers would always say that the first loss is the best loss, that we should cut it and back out of it. But this government, despite hundreds and hundreds of solid arguments for why the firearms registry is a total absolute failure, insists on pushing ahead and throwing more money into this hole. The government should admit that it screwed up. This is a totally flawed concept. It is poorly conceived.

Quite literally, for a lot of informed and knowledgeable Canadians who have taken the time to actually analyze it and not play the politics of the game, this is becoming nauseating. What the government is doing with taxpayers' dollars compared to all the things it could be doing with that sort of money bothers their stomachs to no end. We have roads falling apart in the country. People are being killed because the infrastructure is falling apart. Accidents are happening because the roads are falling apart, but there is no money to fix them.

**An hon. member:** Especially in Saskatchewan.

**Mr. Brian Fitzpatrick:** Especially in Saskatchewan, where we have a similar type of government. The government in that province plays the political game like the federal government. It passes politically correct laws and the execution and performance of what goes on falls flat on its face.

I think this is an extraordinary failure on the part of the government. I am going to give the members on the other side of the House some political advice. This will be their Achilles heel. They can keep on pouring more money into it. The more they persist with

it, the more their arrogance, their elitism and their politics show up. It will be their Achilles heel, and probably some of the other legislation that they have rammed through lately will be too, but this one is going to get them. They are going to pay a price for it.

• (1850)

The former finance minister, the democratic deficit man, has his fingerprints all over this. A billion dollars has been wasted on this and the foolishness behind this thing is all over him. He is not going to be able to shake it and nobody where I come from is going to forget about this law.

**Mr. John Bryden (Ancaster—Dundas—Flamborough—Aldershot, Lib.):** Mr. Speaker, I will make my remarks short because I know other people want to speak and private members' business is sort of a sacred time and people want to get on.

I want just to say that despite the cost overruns of the firearms registry, and I do agree that something went badly wrong, I can tell the member opposite and the person moving this motion that this is one MP that still very much supports the program.

Very quickly, Mr. Speaker, the member should put in context what the registry does. What the registry does is it tracks long guns which are capable of killing not only animals at a distance but capable of killing people at a distance.

Since September 11 the security situation has so drastically changed that we need to control and destroy long guns that exist in society that are not being used by proper gun owners, by registered gun owners. Because the one thing that we do not want to see in international affairs particularly in countries like Iraq, we do not want to see terrorists acquire guns that can kill people at distances.

Right now what is happening over there is that basically the firearms that are in circulation in the Middle East and in other areas of terrorism across the world are automatic weapons that are only effective at close range. It changes everything for those American soldiers in Iraq if those American soldiers can be killed at 100 yards, 300 yards or 500 yards. The type of weapons that the registry is designed to collect and destroy are long guns that pose an enormous threat to the stability in the world if they get out of North America.

So, Mr. Speaker, there are other reasons why the gun registry is very important but at the very least, everyone in this House and particularly those members of the opposition who are constantly saying that we should support the Americans well, I will tell you, Mr. Speaker, we should certainly support the Americans by putting all the controls on the distribution and black market collection of long guns. And with this gun registry that we have here in Canada, at least we will know that if long guns suddenly turn up in places like Iraq, they will not be coming from Canada.

• (1855)

[*Translation*]

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, I want to start by extending my heartiest congratulations to my dear colleague, the hon. member for Saint-Bruno—Saint-Hubert. This is a good motion. It is a very important motion that I personally support. The Progressive Conservative Party also supports it, as does each of its members.

*Private Members Business*

[English]

I want to begin by addressing quickly some of the points that were made by the member opposite. He spoke of the black market.

There is an increase in the rifles available on the black market as a direct result of this gun registry because people are not participating. Hundreds of thousands, if not millions, of long guns are now available on the black market.

Oodles of money, hundreds of millions of dollars have been put into this registry. It totals \$1 billion. It is astronomical that this could continue, that the government would even as recently as today request \$10 million more and try to slide it in the back door.

Do not take it from a partisan, which I am, or members opposite but listen to what the Auditor General had to say about this. The Auditor General stated clearly, "The issue here is not gun control. And it is not even astronomical cost overruns, although those are serious. What is really inexcusable is that Parliament was kept in the dark". It was a direct affront to the public purse.

I suggest this will go down as the biggest fraud ever perpetrated on the Canadian taxpayer in the history of Canada. The gun registry is an absolute farce. The police are not enforcing it. The provinces are not prosecuting.

This is not about lifesaving as Liberals would have us believe. This is about face saving. This is face saving for the Liberals and the former minister of finance. Who was there? Who was shovelling that money out the door? It was the former minister of finance, the member for LaSalle—Émard. He is the man with his finger on the trigger of this astronomical waste of public money.

[Translation]

**The Acting Speaker (Mr. Bélair):** The hon. member for Saint-Bruno—Saint-Hubert will close the debate on this motion.

**Ms. Pierrette Venne (Saint-Bruno—Saint-Hubert, Ind. BQ):** Mr. Speaker, I am pleased to conclude this debate on Motion M-387. First, I want to thank all the hon. members who took part in this debate because they did so in a non-partisan way. The Canadian Alliance, the NDP, the Bloc Québécois, the Progressive Conservative Party, everyone took part in a truly non-partisan manner, setting aside a number of convictions.

As we know, gun control does not have unanimous support. I think that a vast majority of members still believe in it. That is why I agreed to the amendment of the hon. member for Châteauguay. Since some people were concerned that a possible suspension of the program might jeopardize its survival, I agreed to amend my motion to prevent this possibility.

The relevancy of the Canadian Firearms Program was not at issue here, but rather its mismanagement. It is obviously useful to remember that, instead of costing \$119 million as initially budgeted, the program's development and implementation costs will probably exceed \$1 billion by 2004-05.

For a long time I have been worrying that the management style of federal officials would lead directly to huge cost overruns. The only reason my fears were not confirmed until last fall was because the

federal government's secrecy prevented us from finding out the true extent of the problem.

The Auditor General was particularly scathing in her report last December, when she said:

The Department of Justice did not provide Parliament with sufficient information to allow it to effectively scrutinize the Canadian Firearms Program and ensure accountability. It provided little financial information and insufficient explanations for the dramatic increase in the cost of the Program.

Transferring this program to the Solicitor General was completely pointless and again raises serious problems in terms of accountability and transparency. Indeed the Minister of Justice said that his plan would reinforce the program's accountability and transparency. It has done the opposite.

The rule that prevents us from questioning a former minister about his previous responsibilities simply allows the justice minister to avoid any questions about this scandal. That means that the period between December 1995 and April 2003 will continue to be a big black hole. No questions, no answers, and no one to take responsibility.

As for the Solicitor General, he can feign ignorance, because when things went wrong, he was not the one responsible for the program. So we are far from attaining the accountability and transparency the minister promised when unveiling the action plan.

What is more, the government's wonderful plan had barely been unveiled when it started going off the rails. The transfer slated for April 1 finally happened two weeks later, on the 14th, and as if that were not enough, the government got mired in explanations, each of which was more incoherent than the last. In short, the program was not transferred for reasons of jurisdiction or good management. Had that been the case, Treasury Board would not have had to inject another \$10 million into it, as was done just yesterday, in order to again make up for this cost overrun.

There could also be some other reservations expressed that would be totally legitimate. A culture of cover-up does not change overnight.

Since time is of the essence, I will simply sum up by saying that there is no question of our approving such a huge cost overrun. I invite all members to set partisan politics aside and vote in favour of my motion and the amendment. We must get to the bottom of this scandal. A solution that respects both the objectives of public safety and the principles of proper financial management must be found, once Parliament is fully informed and gives its approval.

● (1900)

**The Acting Speaker (Mr. Bélair):** It being 7:04 p.m., the time provided for this debate has now expired.

● (1905)

[English]

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

*Adjournment Debate*

**The Acting Speaker (Mr. Bélair):** All those in favour of the amendment will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Mr. Bélair):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Mr. Bélair):** In my opinion the yeas have it.

*And more than five members having risen:*

**The Acting Speaker (Mr. Bélair):** Pursuant to Standing Order 93, the recorded division stands deferred until Wednesday, October 1 at the beginning of private members' business.

**ADJOURNMENT PROCEEDINGS**

[English]

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

**The Acting Speaker (Mr. Bélair):** The hon. member for Cumberland—Colchester not being present to raise the matter for which adjournment notice has been given, the notice is deemed withdrawn.

Accordingly, the motion to adjourn the House is now deemed to have been adopted and the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 7:06 p.m.)

---





# CONTENTS

Wednesday, September 24, 2003

## STATEMENTS BY MEMBERS

### Israel

Ms. Bennett ..... 7739

### Democratic Rights

Mr. Toews ..... 7739

### David Woodland

Mr. Jobin ..... 7739

### Société des Acadiens et des Acadiennes du Nouveau-Brunswick

Mr. Castonguay ..... 7739

### Arts and Culture

Ms. Bulte ..... 7740

### Forest Fire Relief Campaign

Mrs. Hinton ..... 7740

### Centre for Wildlife Ecology

Mrs. Redman ..... 7740

### Canadian Broadcasting Corporation

Ms. Gagnon (Québec) ..... 7740

### Foreign Affairs

Ms. Folco ..... 7741

### B.C. Forest Fires

Ms. Meredith ..... 7741

### Iraq Museum

Mr. Karygiannis ..... 7741

### Canada Post

Mr. Keddy ..... 7741

### Jewish Community

Mr. Marceau ..... 7741

### Ottawa City Council

Mr. Pratt ..... 7742

### Status of Women

Ms. Wasylycia-Leis ..... 7742

### World Forestry Congress

Mr. Binet ..... 7742

## ORAL QUESTION PERIOD

### Firearms Registry

Mr. Harper ..... 7742

Mr. Easter ..... 7742

### Grants and Contributions

Mr. Harper ..... 7742

Mrs. Stewart ..... 7743

Mr. Harper ..... 7743

Mr. Goodale ..... 7743

### Agriculture

Mr. Ritz ..... 7743

Mr. Vanclief ..... 7743

Mr. Ritz ..... 7743

Mr. Vanclief ..... 7743

### Municipalities

Mr. Duceppe ..... 7743

Mr. Manley ..... 7743

Mr. Duceppe ..... 7744

Mr. Chrétien ..... 7744

Mr. Paquette ..... 7744

Mr. Manley ..... 7744

Mr. Paquette ..... 7744

Mr. Manley ..... 7744

### Liberal Government

Mr. MacKay ..... 7744

Mr. Chrétien ..... 7744

Mr. MacKay ..... 7744

Mr. Chrétien ..... 7744

### The Environment

Ms. Davies ..... 7744

Mr. Chrétien ..... 7745

Mr. Masse ..... 7745

Mr. Chrétien ..... 7745

### Research and Development

Mr. Rajotte ..... 7745

Mr. Rock ..... 7745

Mr. Rajotte ..... 7745

Mr. Rock ..... 7745

### Taxation

Mr. Loubier ..... 7745

Mr. Manley ..... 7745

Mr. Loubier ..... 7745

Mr. Manley ..... 7745

### Technology Partnerships Canada

Mr. Strahl ..... 7746

Mr. Rock ..... 7746

Mr. Strahl ..... 7746

Mr. Rock ..... 7746

### Labour Market

Mrs. Tremblay ..... 7746

Mrs. Stewart ..... 7746

Mrs. Tremblay ..... 7746

Mr. Chrétien ..... 7746

### Atlantic Canada Opportunities Agency

Mr. Moore ..... 7746

Mr. Byrne (Humber—St. Barbe—Baie Verte) ..... 7746

Mr. Moore ..... 7746

Mr. Byrne (Humber—St. Barbe—Baie Verte) ..... 7747

### Agriculture

Mr. Steckle ..... 7747

Mr. Vanclief ..... 7747

|   |      |
|---|------|
| <b>Foreign Affairs</b>                    |      |
| Mr. Casey .....                           | 7747 |
| Ms. Carroll .....                         | 7747 |
| Mr. Casey .....                           | 7747 |
| Ms. Carroll .....                         | 7747 |
| <b>Technology Partnerships Canada</b>     |      |
| Mr. Martin (Winnipeg Centre) .....        | 7747 |
| Mr. Rock .....                            | 7747 |
| <b>Canada Elections Act</b>               |      |
| Mr. Nystrom .....                         | 7747 |
| Mr. Boudria .....                         | 7748 |
| <b>Customs and Revenue Agency</b>         |      |
| Mr. Kenney .....                          | 7748 |
| Ms. Caplan .....                          | 7748 |
| Mr. Kenney .....                          | 7748 |
| Ms. Caplan .....                          | 7748 |
| <b>Agriculture</b>                        |      |
| Ms. Picard .....                          | 7748 |
| Mr. Vanclief .....                        | 7748 |
| Ms. Picard .....                          | 7748 |
| Mr. Vanclief .....                        | 7748 |
| <b>National Defence</b>                   |      |
| Mr. Martin (Esquimalt—Juan de Fuca) ..... | 7749 |
| Mr. McCallum (Markham) .....              | 7749 |
| Mr. Martin (Esquimalt—Juan de Fuca) ..... | 7749 |
| Mr. McCallum (Markham) .....              | 7749 |
| <b>Firearms Program</b>                   |      |
| Mr. Breitreuz .....                       | 7749 |
| Mr. Easter .....                          | 7749 |
| Mr. Breitreuz .....                       | 7749 |
| Mr. Easter .....                          | 7749 |
| <b>The Environment</b>                    |      |
| Mr. Roy .....                             | 7749 |
| Mr. Thibault .....                        | 7749 |
| <b>Canadian Broadcasting Corporation</b>  |      |
| Ms. Lill .....                            | 7750 |
| Ms. Allard .....                          | 7750 |
| <b>Veterans Affairs</b>                   |      |
| Mr. Bailey .....                          | 7750 |
| Mr. Pagtakhan .....                       | 7750 |
| <b>Atomic Energy of Canada</b>            |      |
| Mr. Cardin .....                          | 7750 |
| Mr. Boudria .....                         | 7750 |
| <b>Firearms Program</b>                   |      |
| Mr. Mark .....                            | 7750 |
| Mr. Easter .....                          | 7750 |
| <b>Privilege</b>                          |      |
| <b>Oral Question Period</b>               |      |
| Mr. Breitreuz .....                       | 7750 |
| Mr. Boudria .....                         | 7751 |
| Mr. MacKay .....                          | 7752 |
| Mr. Williams .....                        | 7752 |
| Mr. Hearn .....                           | 7753 |

|                 |      |
|-----------------|------|
| Mr. Regan ..... | 7754 |
|-----------------|------|

## ROUTINE PROCEEDINGS

|   |      |
|---|------|
| <b>Government Response to Petitions</b>                               |      |
| Mr. Regan .....   | 7754 |
| <b>Committees of the House</b>  |      |
| <b>Aboriginal Affairs, Northern Development and Natural Resources</b> |      |
| Mr. Bonin .....   | 7754 |
| <b>Workplace Psychological Harassment Prevention Act</b>              |      |
| Ms. Bourgeois .....   | 7754 |
| Bill C-451. Introduction and first reading .....                      | 7754 |
| (Motions deemed adopted, bill read the first time and printed) .....  | 7754 |
| <b>Petitions</b>  |      |
| <b>Firearms Registry</b>  |      |
| Mr. Steckle .....   | 7754 |
| <b>Child Pornography</b>  |      |
| Mr. Anderson (Cypress Hills—Grasslands) .....                         | 7755 |
| <b>Marriage</b>   |      |
| Mr. Cuzner .....  | 7755 |
| <b>Environment Canada</b>   |      |
| Mr. Scott .....   | 7755 |
| <b>Marriage</b>   |      |
| Mr. Malhi .....   | 7755 |
| <b>Religious Freedom</b>  |      |
| Mr. Malhi .....   | 7755 |
| <b>Marriage</b>   |      |
| Mr. O'Brien (London—Fanshawe) .....                                   | 7755 |
| <b>Human Rights</b>   |      |
| Mr. Peterson .....  | 7755 |
| <b>Marriage</b>   |      |
| Mr. Sorenson .....  | 7755 |
| <b>Child Pornography</b>  |      |
| Mr. Goldring .....  | 7755 |
| <b>National Defence</b>   |      |
| Mr. Regan .....   | 7755 |
| <b>Questions on the Order Paper</b>                                   |      |
| Mr. Regan .....   | 7755 |
| <b>Motions for Papers</b>   |      |
| Mr. Regan .....   | 7756 |
| Ms. Caplan .....  | 7756 |
| Transferred for debate .....  | 7756 |
| Ms. Caplan .....  | 7756 |
| Transferred for debate .....  | 7756 |

## GOVERNMENT ORDERS

|                                 |      |
|---------------------------------|------|
| <b>Income Tax Act</b>           |      |
| Bill C-48. Second reading ..... | 7756 |
| Mr. Wilfert .....               | 7756 |

## ROUTINE PROCEEDINGS

|                                |      |
|--------------------------------|------|
| <b>Committees of the House</b> |      |
| <b>Health</b>                  |      |
| Mr. Regan .....                | 7757 |



|                         |      |
|-------------------------|------|
| Motion.....             | 7757 |
| (Motion agreed to)..... | 7758 |

**GOVERNMENT ORDERS**

**Income Tax Act**

|                                      |      |
|--------------------------------------|------|
| Bill C-48. Second reading .....      | 7758 |
| Mr. Wilfert .....                    | 7758 |
| Mr. Stoffer.....                     | 7760 |
| Mr. Fitzpatrick.....                 | 7760 |
| Mr. Chatters .....                   | 7760 |
| Mr. Paquette.....                    | 7762 |
| Mr. Chatters .....                   | 7764 |
| Mr. Fitzpatrick.....                 | 7765 |
| Mr. Barnes (Gander—Grand Falls)..... | 7766 |
| Mr. Paquette.....                    | 7766 |
| Mr. Stoffer.....                     | 7767 |
| Mr. Cullen.....                      | 7768 |
| Mr. Paquette.....                    | 7770 |
| Mrs. Desjarlais .....                | 7770 |
| Mr. Solberg.....                     | 7770 |

**Message from the Senate**

|                                      |      |
|--------------------------------------|------|
| The Acting Speaker (Mr. Bélair)..... | 7771 |
|--------------------------------------|------|

**Supply**

**Allotted Day—Cattle Industry**

|                       |      |
|-----------------------|------|
| Motion.....           | 7771 |
| Motion negatived..... | 7772 |

**PRIVATE MEMBERS' BUSINESS**

**Canadian Firearms Control Program**

|                                     |      |
|-------------------------------------|------|
| Motion.....                         | 7772 |
| Mr. Laframboise.....                | 7772 |
| Mr. Sorenson.....                   | 7773 |
| Mr. Mark.....                       | 7775 |
| Mrs. Desjarlais.....                | 7776 |
| Mr. Fitzpatrick.....                | 7777 |
| Mr. Bryden.....                     | 7778 |
| Mr. MacKay.....                     | 7778 |
| Ms. Venne.....                      | 7779 |
| Division on amendment deferred..... | 7780 |

**ADJOURNMENT PROCEEDINGS**

|                                      |      |
|--------------------------------------|------|
| The Acting Speaker (Mr. Bélair)..... | 7780 |
|--------------------------------------|------|

**MAIL  POSTE**

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

**Lettermail**

**Poste-lettre**

**1782711  
Ottawa**

*If undelivered, return COVER ONLY to:*

Communication Canada - Publishing  
Ottawa, Ontario K1A 0S9

*En cas de non-livraison,*

*retourner cette COUVERTURE SEULEMENT à :*

Communication Canada - Édition  
Ottawa (Ontario) K1A 0S9

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

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

**Also available on the Parliamentary Internet Parlementaire at the following address:**

**Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :**

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

---

**The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.**

**Additional copies may be obtained from Communication Canada - Canadian Government Publishing, Ottawa, Ontario K1A 0S9**

**Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.**

**On peut obtenir des copies supplémentaires en écrivant à : Communication Canada - Édition, Ottawa (Ontario) K1A 0S9**

**On peut obtenir la version française de cette publication en écrivant à : Communication Canada - Édition  
Ottawa (Ontario) K1A 0S9**