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(HANSARD)

Thursday, October 9, 2003

—

Speaker: The Honourable Peter Milliken

CONTENTS

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

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HOUSE OF COMMONS

Thursday, October 9, 2003

The House met at 10 a.m.

Prayers

•(1000)

[*English*]

PRIVILEGE

BILL C-13—SPEAKER'S RULING

The Acting Speaker (Mr. Bélair): I will now give the ruling on the question of privilege raised by the hon. member for Mississauga South on October 6. I thank the hon. member for raising the question, as well as the hon. member for Yellowhead for his comments.

The hon. member for Mississauga South argued that, in light of the complexity of the bill and of the number of amendments which the House had adopted at report stage, members required a reprint of the bill in order to be able to properly conduct debate at third reading. He pointed out that this need was all the more pressing given that the bill had not been debated since April 10 of this year.

The unanimous consent of the House was sought on March 31 and again on October 3 to permit a motion ordering a reprint of the bill to be put to a vote. The consent was denied.

I would like to remind the hon. member that it is not the practice of the House to have bills reprinted at third reading. In this regard I refer him to the ruling by the Deputy Speaker on the same point concerning Bill C-13 on March 31, at page 4922 of the *Debates*.

As the hon. member is fully aware, the House may, if it chooses, order a reprint of the bill. The unanimous consent necessary to allow such a motion to be put without notice has so far not been forthcoming.

•(1005)

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I welcome and accept the ruling of the Chair on the question of privilege. I would simply indicate that it would be my intent to make recommendations to the Standing Committee on Procedure and House Affairs, with possible reference to a future modernization committee, on the point simply that denial of unanimous consent for a reprint in matters such as this would not be unreasonably withheld.

ROUTINE PROCEEDINGS

•(1010)

[*Translation*]

COMMITTEES OF THE HOUSE

NATIONAL DEFENCE AND VETERAN AFFAIRS

Mr. David Pratt (Nepean—Carleton, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the fourth report of the Standing Committee on National Defence and Veteran Affairs.

Pursuant to the order of reference of Friday, September 26, 2003, your committee considered and held hearings on Bill C-37, an act to amend the Canadian Forces Superannuation Act and to make consequential amendments to other acts, and agreed on Tuesday, October 7, 2003, to report it without amendment.

[*English*]

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I have the honour to present the 47th report of the Standing Committee on Procedure and House Affairs regarding the associate membership of the Standing Committee on Government Operations and Estimates.

If the House gives its consent I intend to move concurrence in the 47th report later this day.

* * *

OVERSEAS MEMORIAL SITES STUDENT VISITS ACT

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP) moved for leave to introduce Bill C-455, an act to provide for a program giving financial assistance to high school students visiting overseas military memorial sites.

He said: Mr. Speaker, I wish to thank my seconder from Windsor—St. Clair and the person from Brandon—Souris who wanted to triple the bill.

The bill would allow the government to simply look at a program, to work with the provinces, the school boards and various veterans organizations, such as the Royal Canadian Legion, et cetera, to see if it is possible to encourage and financially assist high school students, some time during their high school year, to visit an overseas military site.

For those who were at Juno Beach for the opening on June 6 of this year, it was an extremely moving event to be with 900 veterans and their families.

Routine Proceedings

The reality is that many Canadian young people simply do not have a complete understanding of what our soldiers and their families went through during our various wars and conflicts. I think this would be a great way to assist those young people in acquiring a better understanding of what our most hallowed veterans and their families went through during those times of crises and it could lead to everlasting peace throughout this world.

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

* * *

[Translation]

EXCISE TAX ACT

Ms. Caroline St-Hilaire (Longueuil, BQ) moved to introduce Bill C-456, an act to amend the Excise Tax Act.

She said: Mr. Speaker, I am very pleased today to introduce a bill whose purpose is to amend the Excise Tax Act so that disposable and fabric diapers are exempted from the GST. I think that it is totally unacceptable that children's diapers should be taxed, as this is an essential need for families, children and also for parents.

I believe that this measure can help families in a concrete way. I invite all my colleagues to support this bill.

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

* * *

●(1015)

[English]

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I move that the 47th report of the Standing Committee on Procedure and House Affairs, presented to the House earlier today, be concurred in.

(Motion agreed to)

* * *

PETITIONS

HEALTH

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, I am pleased to present two petitions on behalf of my constituents of Brandon—Souris.

The first petition asks that medical expenses be a tax credit. They wish Parliament to take the necessary steps to change the Income Tax Act to allow receipts for vitamins and supplements to be used as medical expenses in personal income tax returns and again have them GST exempt.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, the second petition, again on behalf of the constituents of Brandon—Souris, is also with respect to their right to making informed choices and having access to non-drug medicinal products of their own choosing. They wish to provide Canadians with greater access to non-drug preventive and medicinal options.

I present both of these petitions to the House.

MARRIAGE

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I present a petition on behalf of the citizens of the Peterborough area who point out that marriage is a unique social institution that provides a supporting relationship between a woman and a man and that marriage is an institution so basic to the human condition and the common good that its nature is beyond the reach of civil law. They call upon Parliament to take all necessary means to maintain and support this definition of marriage in Canada.

STEM CELL RESEARCH

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I have two brief petitions today. The first is on the subject matter of stem cells. Petitioners from across Canada, including my own riding of Mississauga South, would like to draw to the attention of the House that Canadians do support ethical stem cell research, which has already shown encouraging potential to provide cures and therapies for illnesses and diseases. They also want to point out that non-embryonic stem cells, also known as adult stem cells, have shown significant research progress without the immune rejection or ethical problems associated with embryonic stem cells. The petitioners therefore pray upon Parliament to focus its legislative support on adult stem cell research to find those necessary cures and therapies.

MARRIAGE

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the second petition is in regard to same sex marriage. The petitioners would like to remind the House that on June 10 the Ontario Court of Appeal ruled that the definition of marriage was unconstitutional pursuant to the equality provisions of the Charter of Rights and Freedoms. The petitioners also remind the House, however, that the federal government can invoke the notwithstanding clause to override that decision. The petitioners therefore call upon Parliament to invoke the notwithstanding clause, thereby retaining the traditional definition of marriage as being the legal union of one man and one woman to the exclusion of all others.

SEARCH AND RESCUE

Mr. John Cummins (Delta—South Richmond, Canadian Alliance): Mr. Speaker, I have a petition from the Wreck Beach community, friends and visitors in Vancouver. There are over 700 signatures on the petition. The petitioners call on Parliament to bring to the attention of the government the folly of purchasing a 20 year old British hovercraft as a replacement for the 045 Hovercraft at Sea Island base in Vancouver. They call upon Parliament to direct the Minister of Fisheries and Oceans to purchase a new hovercraft, a vessel that would be capable of doing the medical evacuations that are sometimes required and capable also of serving as an adequate dive platform for the Coast Guard dive team.

*Government Orders***GOVERNMENT ORDERS**

•(1020)

FOREIGN AFFAIRS

Ms. Nancy Karetak-Lindell (Nunavut, Lib.): Mr. Speaker, I present this petition on behalf of my colleague, the member for Western Arctic. It states that in the event the Government of Canada may be asked to support the U.S. national missile defence program to be operated by North American Aerospace Defence Command, this might be a step toward deployment of weapons in space and lead to a new arms race. Also, the international non-proliferation treaty and the 1972 anti-ballistic missile treaty were cornerstones of the arms control and disarmament regimes and have been long supported by Canada. The petitioners call upon Parliament to declare that Canada objects to the national missile defence program of the United States and also to play a leadership role in banning nuclear weapons and missile flight tests.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Rodger Cuzner (Parliamentary Secretary to the Prime Minister, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Acting Speaker (Mr. Bélair): Is that agreed?

Some hon. members: Agreed.

* * *

POINTS OF ORDER

STANDING COMMITTEE ON PROCEDURE AND HOUSE AFFAIRS

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I rise on a point of order. Earlier during routine proceedings the chairman of the Standing Committee on Procedure and House Affairs tabled a report from the committee and then, under motions, sought concurrence for that report. I would like some clarification from the House as to whether or not the motion to concur in the report is debatable and, if so, why the Chair does not call for debate prior to asking for unanimous consent.

The Acting Speaker (Mr. Bélair): To answer your query, in theory a motion of this kind is debatable but in practice it has not been the case for many years. I do not know if the member would like to pursue the matter with the hon. member for Peterborough in order to get the explanation he is looking for.

Mr. Paul Szabo: Mr. Speaker, I raised the issue and it is important. I will pursue it, possibly again with the Standing Committee on Procedure and House Affairs or others who may have some impact on the Standing Orders.

I would remind hon. members that such a report and such a concurrence motion without debate was one of the reasons why the Lord's Prayer was eliminated from the routine of this place without the knowledge of members of the House, so I will be pursuing it.

•(1025)

*[English]***INCOME TAX ACT**

Hon. Denis Coderre (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 third time and passed.

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, the legislation before us, Bill C-48, implements a new federal income tax structure for Canada's resource sector, to be phased in over five years.

To begin, I want to give the House a sense of the overall importance of the resource sector, especially mining and oil and gas, to the Canadian economy as a generator of investment, exports and jobs for Canadians.

In 2001, for example, the sector accounted for almost 4% of Canada's GDP, with over \$64 billion in exports and more than \$30 billion in capital expenditures. As well, over 170,000 Canadians work in resource businesses.

The potential for future resource development exists right across the country. While the mining industry is vital to rural and northern economies, the oil and gas industry is important to both the western and Atlantic provinces and the territories.

Internationally, Canadian resource industries are large investors in innovative technology and they also play a significant role in the provision of exploration and extraction services.

Overall, the changes in Bill C-48 will be positive, both for mining and for the oil and gas industry, but before discussing them, I want to briefly review the existing sector specific tax measures.

As hon. members know, income earned in Canada from the extraction and initial processing of non-renewable resources has historically been subject to a range of targeted tax measures.

For example, certain provisions determine the timing of deductions for capital expenditures. They include Canadian exploration expenses, Canadian development expenses, Canadian oil and gas property expenses and capital cost allowances. These measures recognize the risks involved in investing in resource exploration and extraction and also play an important role in ensuring a competitive business environment.

Government Orders

In addition, the resource sector is able to use flowthrough shares to raise capital for resource exploration and development. Individuals investing in flowthrough shares for grassroots mineral exploration are also eligible for the 15% mineral exploration tax credit, introduced in October 2000 as a temporary measure to moderate the impact of the global downturn in exploration activity on mining communities across Canada.

Another resource specific provision is the 25% resource allowance. This provision was introduced in 1976 primarily to protect the federal income tax base from what were rapidly increasing provincial royalties and mining taxes, which had been deductible for federal tax purposes.

The resource allowance, however, is an arbitrary deduction that does not necessarily reflect the actual cost of royalties and mining taxes. Consequently, it can distort the returns from individual resource projects and the allocation of investment between projects within the resource sector and between the resource sector and other parts of the economy.

As well, the complexity of the resource allowance calculation has meant substantial compliance costs for the industry and administrative costs for government.

The economic conditions that led to the introduction of the resource allowance have changed significantly since the 1970s, leaving the original need for it less relevant. In today's economic environment, there is greater pressure on producers to be efficient and on host jurisdictions to levy royalties at competitive rates.

The government recognized that the resource sector tax regime is capable of generating even greater investment and jobs for Canadians. In designing a new tax regime for the sector, the government was guided by three main goals.

First, the tax regime must be internationally competitive, particularly in the North American market. 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.

Following extensive consultations with the industry, and I underline extensive, the government announced in the 2003 budget that it intended to improve the taxation of resource income.

• (1030)

Subsequently, on March 3 the Minister of Finance released a technical paper on the budget proposals. These proposals were reviewed in the course of extensive consultation with the industry and with the provinces. In response to these consultations, some special transition measures were incorporated into the legislation before the House today.

I would now like to briefly review the measures in Bill C-48. The proposed new tax structure will ensure that the resource sector firms are subject to the same statutory rate of corporate income tax as firms in other sectors. It will also ensure that these firms can deduct their actual cost of production rather than an arbitrary allowance.

Let me explain a little further. The first measure in Bill C-48 would reduce the federal statutory corporate income tax rate on

income earned from resource activities from 28% to 21% by 2007. This rate is often the first piece of information viewed by prospective investors. If Canada is to send a positive message to investors that it is competitive, then this uniform lower rate is indeed essential.

The second measure would eliminate the arbitrary 25% resource allowance and would provide a deduction for the actual amount of provincial and other crown royalties and mining taxes paid. This means that projects would now be treated in a more comparable fashion. This change would promote efficiency by ensuring that the investment decisions were based more consistently on the underlying economics of each project. It would also result in a simpler tax structure, streamlining tax administration and compliance.

The government has recognized the particular circumstances of the mining sector in Bill C-48 by proposing a new 10% mineral exploration tax credit and it will apply to both Canadian grassroots exploration and preproduction development exploration for diamonds, base or precious metals and industrial minerals that become base or precious metals through refining.

It is proposed that these new measures be phased in over a five year transition period. An exception is the new mineral exploration credit which will reach its full rate in only three years. The proposed implementation schedule provides a reasonable transition to an improved tax structure in a fiscally responsible manner.

In addition to the resource tax changes, Bill C-48 includes measures that promote renewable energy and energy conservation projects by improving the treatment of Canadian renewable and conservation expenses, the CRCE. These expenses are fully deductible in the year that they are incurred and can be transferred to investors under a flow-through share agreement.

As I clarified in the standing committee hearings, we are discussing federal tax changes only. To the extent that the provinces rely on the federal tax base though, if offsetting adjustments are not made, provincial income tax revenue from the resource sector may increase as a result of these changes.

The international competitiveness of Canadian firms will be maximized where provinces provide a mechanism to return to the industry any provincial revenue gain arising from the changes to the federal tax structure.

The new tax structure for the resource sector complements other measures in the 2003 budget. We discussed these measures during the debate last spring on Bill C-28, the Budget Implementation Act, 2003. That bill eliminated the federal capital tax over five years, which will strengthen the Canadian tax advantage for investment in the capital-intensive resource sector.

Government Orders

Together with the elimination of the federal capital tax, the new measures in the bill we are considering today will substantially reduce the effective tax rates, both for the mining and the oil and gas industries.

• (1035)

For oil and gas, this reverses a current disadvantage relative to the United States. For mining it will build on an existing advantage. In both cases the changes place the Canadian resource sector in a markedly improved position to attract capital for exploration and development.

Bill C-48 reflects the government's ongoing commitment to an efficient and competitive corporate income tax system which plays an important role in creating a stronger and more productive economy. The resource sector attaches considerable priority to the delivery of these proposed changes. I cannot emphasize that enough for the members.

During the finance committee hearings on Bill C-48, the industry representatives and many committee members indicated that they considered the timely delivery of the legislation to be of utmost importance to their constituents and, indeed, to many provinces such as Alberta, Saskatchewan, Nova Scotia, et cetera. Given the benefits of these changes for the resource industries and the communities on which they depend, I would encourage all hon. members to give quick and speedy passage to Bill C-48.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, I have two questions. Why did it take three years for the government to finally understand the logic of tax equity? Why did it take between the budget of 2000 and the budget of 2003 for the government to finally realize one very simple principle: that we ought not to discriminate against particular sectors of the economy, in this case the energy sector? Why the delay?

Second, why will it now take five years from this point to create equity for the men and women who work in the oil and gas, mining and forestry sectors of Canada? There is an eight year gap between the general reduction in corporate taxes in 2000 and the full implementation of the changes to non-mineral resource taxation. What can possibly account for that?

Mr. Bryon Wilfert: Mr. Speaker, I would have expected the member to get up and actually praise the fact that the government has brought in Bill C-48 and that we are now ensuring that we have a competitive tax regime for the mining and the oil and gas sector.

Clearly, we want to ensure on this side of the House that when we bring in legislation, we do it with the full support and concurrence of the major stakeholders, whether they be in the resource sector or with the provinces.

The hon. member also knows that the government has been a leader in not only eliminating the deficit and paying down the national debt, but also ensuring that we have the necessary dollars to do these things and that we do not go back into a deficit. We have had now six balanced budgets or better.

Rome was not built in a day. Obviously we are responding to the industry, to the provinces and we are doing it in what I believe is a timely fashion. We are implementing a phase-in over a five year period, again in concert with the consultations that we have had.

I would assume, the member being from the province of Alberta which is obviously very supportive of this, that we can expect his support on this legislation.

Mr. Jason Kenney: Mr. Speaker, that response was completely disingenuous. I have enough respect for the parliamentary secretary to know that he knows it is disingenuous to suggest that it will take the government eight years from the lowering of general corporate tax rates in 2000 to bring about full equity for the non-mineral resource sector because it wanted to consult "with the stakeholders".

In other words, the parliamentary secretary is trying to tell us that oil and gas companies were asking the government to do this as slowly as possible, that these companies, which are responsible for hundreds of thousands of jobs in our economy, asked the government to please let them consult over three years about whether they would ever get the tax equity with other corporations and that it should please take five years after that to implement it. This is utterly ridiculous.

The other reason the member alluded to for the eight year delay in tax equity for this important sector was that it was necessary to do things in the context of fiscal responsibility. Once fully implemented the total static forgone revenue projection for this tax change will be \$260 million a year. If I am not mistaken, that is about as much as the cabinet decided to spend on new jets.

Where are the priorities? If it is really about fiscal responsibility, why not cut the parties of the Minister of Canadian Heritage at Whistler and across the country? Why not put the jets on hold?

• (1040)

Mr. Bryon Wilfert: Mr. Speaker, was that a question or an editorial comment? I assume the member is supportive of the fact of a reduction from 28% to 21% by 2007. The fact is the industry came forward. The industry is obviously anxious to see the legislation go through. We do not want to wait. We need to get it through.

Obviously, if the industry can live with this five year phase-in, although as I pointed out to the member that the exception of a new mineral exploration credit will only take three years, if the provinces can live with it, then I hope the member can live with it. I certainly respect the fact that the member is concerned about the legislation. I thank him for the question.

The reality is that after the consultations, after the discussion before the Standing Committee on Finance where no amendments were proposed, if we get this through in a timely fashion, we will be able to deal with the very issues with which that member has indicated he is concerned.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, I have a question for the hon. member opposite.

When the government is considering changes of such magnitude, I presume it develops models and makes projections.

Government Orders

Could the hon. member tell me what these projections are? Can he confirm that all sectors in the natural resources industry, all the mines and the oil companies, will benefit from these changes? As far as the oil industry is concerned, we know for certain that a \$250 million surplus will be created rather quickly.

What will the impact be on each category of mines? Will all of them benefit from these lower taxes or tax changes? Can the hon. member tell us honestly if there will be differences and what they will be?

[English]

Mr. Bryon Wilfert: Mr. Speaker, there is nothing like asking a question when the answer is already known, and I assume the member knows the answer. Yes, overall this will have a positive impact on the industry.

There is no question that some specific individual companies may benefit more than others. The industry accepts that. The Mining Association of Canada has made it very clear that even though some may not benefit initially and others may benefit greatly, it wants to see the legislation go through. It would not be fair to tell the member that everyone will benefit on day one. Clearly, overall the vast majority will benefit significantly because of these measures.

Mr. Joe Comartin (Windsor—St. Clair, NDP): Mr. Speaker, in the process of developing the provisions of Bill C-48, did the government take into account the impact of the continued burning of fossil fuels, whether it be gas, oil or coal?

More particular, has there been any meaningful consultation by the government with environmental groups that have positioned themselves in a very clear fashion about the continued and now expanded use of incentives for the oil and gas industry and the coal industry?

Finally, in developing Bill C-48 was any consideration given to the facts that have now come out in the Conference Board report of this past weekend. That report states that of the 24 leading industrial countries in the world, Canada produces more carbon dioxide per capita from the burning of fossil fuels? We are the absolute worst country out of those 24 countries.

Have any of those factors been taken into account in coming up with these kind of subsidies for the continued subsidization of the oil and gas industry?

• (1045)

Mr. Bryon Wilfert: Mr. Speaker, I am not quite sure that I understand the question. The fact is these are tax measures. I mentioned some environmental aspects, but this essentially is a tax bill. It is there to benefit provinces such as Nova Scotia and the oil and gas industry. It is to put Canada on an internationally competitive advantage with others, and in particular within the North American sector.

He specifically asked about coal burning, et cetera. That is not specifically germane to this bill. I understand the member has concerns in that regard. However, as far as the specific tax measures and if one type versus another type was taken into account, the answer is no.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, I am rising to speak at third reading stage of Bill C-48,

an act to amend the Income Tax Act with respect to natural resources. For several years I have fought, on behalf of my constituents, to obtain tax equity for the natural resource sector.

I represent a suburban constituency in Calgary where by far the single largest employer is the energy sector. Often the energy sector is depicted as some great bogeyman, a great polluter, that rapes the resources of the earth and gives nothing back to society.

In fact, it is an absolutely vital element of our economy, both in terms of growth and employment. If it were not for the energy sector and if it were not for the remarkable technology and ingenuity that makes up our energy industry, we would not be able to live so comfortably in this cold northern climate. We would not be able to do the many things that we take for granted, all of which depend on energy.

The oil and gas sector of our economy is directly responsible for over 60,000 jobs and indirectly creates hundreds of thousands of others. It is an industry that is too often and too easily dismissed or disregarded. When the government adopted income tax changes for corporations in its 2000 budget by reducing over time the general rate to 21%, it failed at that time to provide tax equity for the natural resource sector, which includes more than just oil and gas companies. The natural resource sector also includes mining companies and forestry companies.

I suppose the government's view at that time was that it needed to encourage the new economy in Canada and thought it ought not to provide incentives for the continued growth in the traditional industries which have historically constituted the heart of the Canadian economy, that is to say, primary industries like mining, oil and gas, and lumber. That was a huge mistake.

To this day an enormous percentage of our exports upon which this economy depends come from the oil and gas, mining and forestry sectors. Collectively, those sectors constitute the largest employers in the country. Most of the remote communities in Canada are created and sustained by the non-renewable resource sector. In a sense, our very claim to sovereignty—including many remote parts of the country in the north and from Labrador to British Columbia to the territories—is dependent upon the enormous investments made and risks taken by oil and gas, mining and forestry companies.

This is a sector that we should not dismiss as part of the old economy and a threat to the environment. To the contrary, we should applaud people who work in these sectors for the enormous technological ingenuity that they have developed and applied in the past couple of decades to make the extraction of resources increasingly efficient and environmentally friendly. We should recognize the hundreds of thousands of good paying jobs for working families that these companies helped to create.

Government Orders

That is why I strongly opposed the creation of a two tier tax system in the 2000 budget: one tier for most corporations and another tier for the natural resources field. Unfortunately, it took three years for the government to realize that this inequity was unjustifiable after vigorous lobbying on the part of companies in that sector. It was not until the 2003 budget that the government finally proposed to correct this fundamental wrong.

● (1050)

Unfortunately, it has now taken five years for the government to implement the changes proposed in the 2003 budget, and this is really my concern.

I will support this bill. I voted for it last night along with my colleagues in the official opposition, but it would be our strong preference to see these changes implemented in one fiscal year so that we could move the non-renewable resource sector taxation from 28% to 21% and adopt the exemption for provincial royalties and the credit for mining in one year.

I cannot believe that we must wait five years for the government to do that technically. It is simply stringing out the process of corporate tax equity because it wants the revenue. It wants to make the process as slow as possible so it can continue to generate more revenue from this sector which already pays an enormous tax burden.

Indeed, the ostensible fiscal cost of this tax change will be relatively modest. For the federal government, whose budget is over \$160 billion, once fully implemented, this tax change represents only \$260 million which, as I pointed out in my question to the hon. Parliamentary Secretary to the Minister of Finance, is a relatively modest amount of money when one considers the kind of waste that we see and the kind of misplaced priorities that we observe on the part of the federal government.

I am pleased that the bill will take into account the costs that are borne by oil and gas companies in paying provincial royalties. Originally, before this bill was introduced, before the 2003 budget the federal government was playing hardball with the oil and gas sector, saying that it will give the sector tax equity at a 21% rate, but the trade-off will be that it will take away the royalty tax credit, otherwise known as the resource allowance.

Collectively these companies pay billions of dollars in royalties to provincial governments. These royalties are an important part of provincial revenue streams. We can see that now in places like Newfoundland and Labrador, and increasingly in Nova Scotia where the provincial treasuries have been enriched by new oil and gas royalty revenues coming on stream.

It was fundamentally unfair for the government to spend three years playing cat and mouse with the energy sector saying that it will give the sector tax equity but only on the face of it, because it will take away the sector's ability to deduct from federal tax the cost of provincial royalty taxes.

I am glad to see that while the government has indeed eliminated the resource allowance here, it has offset the fiscal effect of that by creating in this bill a deduction for provincial royalties against federal taxes. That is absolutely necessary and we will be watching closely to ensure that it remains the case.

Similarly, we are pleased to see that an enriched credit has been provided for mining companies to ensure that the loss of the resource allowance will not negatively affect them. I understand that the net fiscal effect on mining companies will be positive. They will not be net losers as a consequence of losing the resource allowance while moving the rate to 21%.

In closing, we support the principle of the bill. We regret it has taken so long to arrive. We believe that the eight year delay in arriving at tax equity for the resource sector reflects a basic bias that the government has against that sector of the economy, and we regret that. It will continue to be a priority for the Canadian Alliance to press toward lower tax rates across the economy generally, including the most productive sector of the economy, that is, the major employers in the corporate sector.

● (1055)

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I listened with interest to the member's comments on Bill C-48. I would like to remind him that the enactment includes measures to implement a deduction for crown royalties and mining taxes, to eliminate the resource allowance, to reduce the corporate tax rate applicable to resource income, and to introduce a new 10% tax credit for qualifying mineral exploration expenses.

The member agreed with the changes but had some comments about delays. He concluded that he agreed with the bill in principle, which is what we do at second reading and did at second reading.

This is third reading now. This is not the time to agree in principle. This is the time to agree with the bill, its provisions and its implementation schedule and details.

I would therefore ask the member, is there anything in this bill, not just in principle but in detail, that he has a problem with and if he has one, how would he resolve it?

Mr. Jason Kenney: Mr. Speaker, yes, I do have a problem in detail with the bill, and that is the schedule for its full implementation.

I must admit that I was not fully engaged with this bill at report stage. Had I been, I would have proposed an amendment to move the implementation phase from five years to one year, knowing of course that the amendment would fail.

Knowing that we have a five year implementation scheme in the bill, I will support it nevertheless because I want the resource sector to receive full tax equity as soon as possible.

Government Orders

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I listened carefully to the hon. member's remarks. I am a bit surprised at his conclusion that this reform is a win-win situation and that nobody will lose, when the Mining Association of Canada told the finance committee that it would be disadvantaged by this tax reform. Not by the reduction in the tax rate from 28% to 21%, obviously, but by the changes in other tax rules.

Gordon Peeling, the chairman and chief executive officer of the Mining Association of Canada, told us that if Bill C-48 were not amended, with the impact of this reform and other reforms announced by the government, like the capital tax, the effective tax rate of mining companies will increase by 3% in 2003, 7% in 2004, 10% in 2005, 19% in 2006 and 29% in 2007.

I cannot understand how the hon. member can suggest that this will be good for the mining industry. There is probably no mine in his riding.

Mr. Jason Kenney: Mr. Speaker, I thank my colleague for his comments. He is quite right. There are no mining companies in my riding. However, there are many oil and gas companies. This is why I am so concerned about the oil and gas industry's tax position.

I have to admit that I am indeed not too familiar with the technicalities of this bill as they impact mining companies. This being said, I accept my colleague's remarks. However, I want to say that the government has to address the mining companies' concerns about the tax regime.

• (1100)

[*English*]

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, one of the things that we have learned recently in the oil and gas industry is that the refinery in Oakville is to be closed by Petro-Canada. It will be closing up shop and producing dirty gas until 2005, then importing gas from Europe and distributing it across its grid in Ontario, even though it could be an Esso product or something else.

One of the things that it has chosen not to do is invest in improving the refining operation to ensure it as clean gas.

I would like to ask the hon. member, would this guarantee that Petro-Canada will actually clean up its act, produce clean gas, keep the jobs and give something back to the community as well. Would that happen with this actual measure right here?

Mr. Jason Kenney: Mr. Speaker, I actually have to admit ignorance about the question the member is asking. It is in the interest of these companies economically to develop technology which is environmentally friendly. One sees the enormous progress they have made historically, but I cannot comment on the particular case the member has raised.

Mr. Paul Szabo: Mr. Speaker, the member in response to a previous question referred to report stage and the possibility of getting an implementation schedule change. I am sure there is a good reason why we do not take the opportunity for doing those things.

It is kind of sad that in this place sometimes we do not do things because we anticipate that it will not be passed in any event. It really is a disappointment because I believe the important thing is that the

item be raised for consideration and shared with members and to explain the significance of the change whether or not it might have a likelihood of passing.

In this place almost anything can happen. There is a full moon over Ottawa right now and I honestly believe that if we ask for it, we just might get it.

On the schedule, I ask the member again, he knows that if someone had moved a motion or considered that same item in committee, another member would not have been able to do it at report stage. It bothers me that somehow members' rights to make report stage motions may be superseded by the fact that someone frivolously raised issues in committee simply to frustrate the ability to do it at report stage.

I wanted to raise that as a comment because it is an element of parliamentary reform that we ought to consider.

Mr. Jason Kenney: Mr. Speaker, I accept the hon. member's remarks and I agree with the concern he has.

For instance, I am not a member of the natural resources committee and I am not apprised of its business. When amendments are considered there that I have not had the ability to consider or look at, even though the bill concerns me and my constituents, I am essentially put at a disadvantage when the bill returns to the House for consideration at report stage.

I understand why the change in the standing orders was adopted three years ago following what some regarded as the presentation of some dilatory amendments at report stage. However, what is dilatory to the government constitutes legitimate opposition on this side of the House. I think we need to find a better balance in the standing orders so that members like myself can bring forward at report stage in the House substantive amendments which they were not able to address at committee.

• (1105)

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, first I would like to congratulate the member for Calgary Southeast on his frankness and also on his good command of the French language.

I am pleased to speak to Bill C-48 because the government is now trying to bring the House to adopt legislation that we feel is not fair for the majority of our natural resources industries, especially in the mining area.

I appreciate the fact that it is quite a technical bill, but it seems to me that if we take a close look at it, it soon becomes obvious that it needs to be amended. Unfortunately, the Liberals did not want to listen to reason in the finance committee.

Government Orders

In fact, in the mining sector, it is not only Quebec that is hurt by Bill C-48, but also Ontario, Manitoba and the Atlantic provinces. It is very hard for me to understand that hon. members representing ridings in Ontario, Manitoba and the Atlantic provinces are not examining this bill to see how it will hurt the mines in their ridings, their regions or their provinces, just because it is rather technical. This is a bill that can be improved; I will return to that later. Passage of Bill C-48 will lead eventually to some mines being closed and jobs being lost. Perhaps some communities will break up because a mine is often the only reason for a community's existence.

As we know, Bill C-48 restructures taxes in the natural resources sector. The argument put forward by the Liberal government—and even by the Canadian Alliance, I have noticed—is that Bill C-48 restores equity between the natural resources sector and other sectors of the economy. Thanks to the former finance minister and future prime minister, the other sectors have enjoyed a tax reduction in the 2000 budget, which lowered the tax rate from 28 to 21% over five years.

And that is the positive aspect of Bill C-48. Now the natural resources sector, like all the other sectors, will benefit from the same reduction, although somewhat later. On that score, I agree completely with the hon. member who preceded me. Thus, Bill C-48 would lower tax rates from 28% to 21% over five years.

The reform of corporate tax structures in the natural resources industry was delayed because it is a special kind of taxation. There is not just the rate of tax on profits. There are also a number of taxes imposed through royalties, for example. That was why the ex-minister of finance and future prime minister delayed the tax reform for natural resources.

They tell us they held consultations. But this consultation must have been, like so many others done by this government, more public relations than true consultation. Thus, we find ourselves with a bill that is totally unfair and unacceptable to a certain number of businesses in the natural resources sector.

Bill C-48 cuts the tax rate from 28% to 21%. As I mentioned, this is the good part of the bill, and the Liberals and the government refer to it repeatedly. But there are three other measures in Bill C-48. We must consider the net effect of this reform, not just one part of this bill.

I want to talk about the three other measures. Other than the tax rate on profits dropping from 28% to 21%, the bill will phase in a deduction for provincial royalties, related to the use of non-renewable resources. This is a new deduction. However, and this is the third measure, the current 25% resource allowance will be eliminated.

The allowance allows natural resource companies to deduct 25% of their profits, on the extraction portion of their activities, prior to paying income tax. This 25% tax credit on resources would be dropped and they would instead be able to deduct provincial royalties.

The fourth measure is a new tax credit for qualifying pre-production mining expenditures, applicable solely to diamond mining and base metal mining.

• (1110)

So, as I mentioned, we cannot talk only about the first part of the reform, to reduce the tax rate from 28% to 21% over five years. The net effect of all four measures must be taken into consideration.

However, according to the Mining Association of Canada, supported by the Quebec Mining Association Inc., Bill C-48 will increase the effective tax rate of many mining companies. I am not saying that the entire industry will suffer as a result of Bill C-48, but the effective tax rate of a large segment of this sector will increase under the proposed reform in Bill C-48.

Mature mines will be harder hit simply because these mines typically pay relatively low royalties in comparison to what other natural resource sectors pay, particularly oil and gas companies.

This is easily understood. There has been competition between the provinces, as well as between Canada and other countries, which has led the provincial governments to reduce their taxes or royalties. As a result, this sector pays lower royalties to use non-renewable resources, and will not benefit from Bill C-48. However, oil and gas companies and the like will benefit greatly.

I can readily understand the member for Calgary Southeast saying, "There are oil and gas companies in my area, and they will benefit from this, so I am not looking any further than that". But I think that, if we really want this House to represent all of the interests of Canada and Quebec, we must consider the big picture.

Because the oil and gas companies pay a lot of royalties, they will benefit from Bill C-48, while a number of the mining companies, particularly the mature mines, will be disadvantaged by this reform.

Proof of this was given by the Minister of Finance himself, when department officials and the parliamentary secretary appeared before the Standing Committee on Finance. We were told that in all the reform was going to cost the public purse \$250 million once it was fully operational.

I have some doubts about that figure. I asked them to tell us the calculation method used for that evaluation, and I am still waiting for the answer.

If we start with the assumption that this figure is accurate, then 80% of that \$250 million in tax cuts will, according to the finance department witnesses, go to the oil and gas companies. Imagine. The finance minister himself says that his reform will benefit the oil and gas companies first and foremost, and a mere 20% will go to all the rest of the natural resource companies combined. This is unacceptable.

Government Orders

According to the assessment made by Gordon Peeling, President and CEO of the Mining Association of Canada, overall, with Bill C-48, the mining sector as a whole will benefit from a tax cut of \$10 million of that \$250 million, or 1/25th of the entire natural resources sector tax reductions. In connection with that \$10 million figure, there will be some losers and some winners.

Consequently, this reform is unfair. One of the negative effects of the proposed reform is that by replacing tax credits for resources with royalties instead, income tax rates will increase in several provinces for base metals and for some gold mining operations in particular, which are concentrated in northern Quebec and northern Ontario. It is hard to understand why Ontario MPs would support this bill without hesitation.

Manitoba and the Atlantic provinces will also be disadvantaged by this reform. I am not the only one who thinks so, and it is not just the Mining Association of Canada saying this. In the September 2003 issue of *CAMagazine*, there is an article by Neil Smith entitled "Energy Update", and I quote:

All these provinces use federal taxable income as the starting point for the computation of provincial income and allow a deduction for the greater of provincial Crown royalties or resource allowance. For each of these provinces the loss of the resource allowance increases the effective rate as follows: Saskatchewan, 4.5%; Manitoba, 2.9%; Quebec, 2.25%; and Maritime provinces, 3.25% to 4%.

Association representatives from the association generally told us that the tax rates would increase by 3% in 2003, 7% in 2004, 10% in 2005, 19% in 2006 and 29% in 2007. And we are being asked to believe that this bill is fair to all natural resource sectors and all the regions in Canada. That is utterly untrue. Quebec and other provinces, in particular, will be disadvantaged.

• (1115)

The federal government will say that the provinces only have to adjust and lower their tax rates. But they should not lower their royalties, because they would put their companies at a disadvantage.

The Mining Association of Canada also said that even if tax rates were changed to take into account the reform proposed in Bill C-48, tax rates would still go up on an average by 2% in 2004, 2% in 2005, 4% in 2006 and 6% in 2007. That would make us less competitive than mining countries where the tax system is much more favourable.

Generally, across Canada, Bill C-48 will result in an effective tax rate increase from 40% to 43%, whereas in China, as you know, the tax rate on mining is quite low, I would even say symbolic. The tax rate dropped from 43% to 34% in Brazil, from 35% to 30% in South Africa, and from 29% to 25% in Finland.

So the government is telling us that by increasing the effective tax rate, especially on the base metal sector, we will increase the competitiveness of our natural resource industry. That is totally unacceptable.

To rectify such unfairness and economic nonsense, I put forward a simple amendment in the Standing Committee on Finance. It was of course rejected by the Liberals out of pure partisanship. I had the support of my Canadian Alliance colleague and I thank him for that.

My suggestion was a phased-in increase in the tax credit for pre-production mining expenditures from 10% to 20%—the fourth part

of the reform—over a three year period. That would help reduce the negative impact of Bill C-48 I just talked about at some length, especially in Northern Ontario and Northern Quebec, where base metals are put at a disadvantage by Bill C-48. This would stimulate exploration and might put an end to the current downward trend with regard to our metal reserves. I will quote a few statistics in this regard.

From 1977 to 2001, Canadian copper reserves decreased by 61%; nickel reserves decreased by 44%; lead reserves decreased by 89%; zinc reserves decreased by 71%; and silver reserves decreased by 59%.

With a tax credit for the preparation of mining operations, we could offset the negative effects of Bill C-48 and redress the current drift toward the depletion of our reserves of minable metals.

This could help our regions. Mines are rarely found in the middle of an urban centre; normally, mines are located in outlying areas. Raising the tax credit for qualifying mineral exploration expenses would provide a stimulus to our regions.

The cost of that additional provision in Bill C-48 is estimated at \$40 million. Given the surpluses accumulated by the federal government over the last few years, I think that \$40 million is a very reasonable price to pay for ensuring equity in such a key sector as natural resources, and particularly the mining industry. Replacing one figure replaced in the legislation would have led to real reform. We proposed 20% instead of 10%, but the Liberals voted against that.

I cannot understand how the member for Témiscamingue, a recent newcomer to the House, can remain silent in the face of something so detrimental to the Témiscamingue. I cannot understand why the member for Abitibi—Baie-James—Nunavik, who is normally so talkative, does not protest against legislation that will be so harmful to the Abitibi mines.

If they are silent, it has to be because they are just yes-men who follow the party line. If they looked after their constituents' interests, they would put the necessary pressure on the government to amend Bill C-48 so that it does not hurt the mining sector, as the Mining Association of Canada and the Quebec Mining Association said it would.

Of course we know that this government heavily favours the oil and gas industry, and this is especially true of the former finance minister and future prime minister. One just has to look, for example, at the total amount of subsidies that this industry has received for its development over the last 30 or 40 years. We are talking here about \$66 billion, whereas the hydroelectricity industry in Quebec received nothing, or practically nothing, for its development.

One just has to look also at the preferred status given to the oil and gas industry by the current Prime Minister's office in the form of guarantees with regard to the Kyoto agreement.

Government Orders

•(1120)

However, it is difficult to understand why members would not come to the defence of their communities, their mining industries and their workers. But I am not totally surprised because, since I have had the honour of being appointed to the position of finance critic by the leader of the Bloc Québécois, there have been many cases where, unfortunately, common sense did not prevail.

In that context, I will remind members of the issue of the GST for school boards. A decision had been made by the courts, but it was reversed here through an act of Parliament. This was a first in Canadian parliamentary history. Quebec school boards were deprived of \$8 million, and Ontario school boards were deprived of \$10 million.

The fiscal imbalance has put the provinces in dire straits. Nine provinces out of ten will post a deficit next year, while the federal government will continue to rack up surpluses. The Minister of Finance tells us that these surpluses will not be as large, but even though they may not be as large as what the minister had hidden, they will still be very real.

We know that, from 1994 to 2001, this government cut \$24 billion from the Canada social transfer, including \$8.7 billion for Quebec alone. One third of these cuts were made at the expense of Quebec and the people of Quebec, while we account for only 25% of the Canadian population.

Take the excise tax of 1.5¢ per litre, for example. It was introduced by the former finance minister and future prime minister to fight the deficit. We have been deficit free since 1997, but the tax remains. This is money the government is taking out of the pockets of taxpayers, money that could be used for other purposes.

Let us consider how the government is handling the tax haven issue. It finds nothing wrong with these jurisdictions being used by citizens to avoid paying taxes in Canada. It is therefore not likely in the short term that Bill C-48 will be amended.

We will be voting against the bill at third reading, while hoping that this place will come to its senses as the election nears. Personally, for the well-being of our mining industry in Quebec, Ontario, Atlantic Canada and Manitoba, I hope that the government will change course on this issue, that it will use common sense and make one tiny little change to Bill C-48, raising the tax credit for preparatory activities for mining. We do hope the situation can be corrected.

However, as I said, in the current context, we cannot, in all conscience, support a bill that is fundamentally unfair, even though we agree with some of its provisions, such as the reduction in corporate tax from 28% to 21%.

Let me conclude by reiterating the hope that, on the side of the ruling party, on the Liberal side, members will speak out to have this situation corrected. As I said, it would be very easy. We could have a tax reform in the natural resource sector, one that would be really fair to all natural resource industries in all regions of Canada and Quebec.

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, I have listened carefully to the comments by the hon.

member. Some things are true, but I cannot agree with what he has said about us, the Liberal members from Abitibi and the resource regions. I understand that some resource regions have only tobacco growing; others have mining. I am a former miner, myself.

In my remarks, I want to comment on the fact that he said no one has intervened. I have here a letter dated February 21, 2002, in which I told my government, the former finance minister, the Liberal member for LaSalle—Émard, that it was necessary to consider the same sort of reductions for small and medium-size businesses as for other sectors. It was necessary to reduce the general corporate tax rate from 28% in 2000 to 21% in 2004. As for small and medium-size businesses, it is very odd that the Bloc is not discussing what was happening in these companies, that no one took the differences between various industries into account. On the other hand, when we discuss natural resources, these members say we do not stand up for our constituents. We know that there is always room for improvement in bills.

I have here some notes from my friends in the mining sector. They point out the difference between junior and senior mining companies and explain the repercussions of Bill C-48. The issue is this: we know that we must improve the tax system not only for the large, senior companies, but also for the junior companies and small mining corporations.

Still, to go from that to saying that we have not intervened; I am sorry, but this is a false debate at the expense of our resource regions. Because in these regions, when there is no more ore, there is still a problem with respect to the price of metals. Today, our problem is the issue of the rising dollar.

One point is very important: we do intervene. I do not want anyone to say to me that we do not intervene; you are not aware of the letters we write to the minister. We work from within; we work in our ridings. We do not see these hon. members in our regions and our mines very often. I used to be a miner. We do not often see them around Chapais-Chibougamau, or even in Val d'Or. I understand that this bill needs improvement, but it is a first step and I am satisfied. Some things must be amended, but we have to work together.

If they are going to call us liars and say we are doing nothing, they can go to the devil.

•(1125)

Mr. Pierre Paquette: I never called the member a liar, Mr. Speaker. I believe you can attest to that. I said I did not understand why we did not hear the member for Abitibi—Baie-James—Nunavik and the member for Témiscamingue publicly demand, as I am doing, a simple amendment to Bill C-48 to increase the pre-production mining expenditure tax credit from 10% to 20%.

Government Orders

On October 1, 2003, the Mining Association of Canada presented a brief to the Standing Committee on Finance. It was not six months ago or six years ago. It was last Wednesday. The president of the association, Mr. Peeling, came to implore us to make this change; it does not eliminate all the unfairness, but it is the compromise the Mining Association put forward. The only ones who supported the amendment were the Bloc Québécois members. In the end we got the support of the Canadian Alliance members when they understood what was at stake.

On the Liberal side, one member supported us and another one said—and I can understand him to a point—that he agreed in principle with the amendment, but that he was concerned we might lose the bill. I cannot see how we could lose a bill at this stage, if everybody agreed on a very simple amendment to Bill C-48 and if we had the support of the Liberal majority.

For our part, we work for our people in the regions. I never said the member was a liar. I would have liked him to publicly state his position on Bill C-48. He might do it in the next few minutes. He may have looked at the changes requested by the Mining Association of Canada and the Quebec Mining Association.

People at Cambior approached us. I was secretary general at the CSN and I toured mines in the Abitibi-Témiscamingue region and across Quebec. I know this situation well. It does not prevent me from still standing up for our regions and our mining sector.

[*English*]

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, I want to go back once again to the situation in Oakville. I just received some more information. We know that the Petro-Canada plant there is closing. It is going to produce dirty gas. Instead of actually improving the facility and keeping the jobs, it is going to import gasoline from Europe and re-brand it even though it is another company's gasoline. Unfortunately, we will lose a bunch of workers and on top of that, we will have dirty gas until 2005. It is an unacceptable position from the government because it is almost a 20% shareholder in Petro-Canada.

Based on the estimates that we have right now, if it extends its 2002 targets to this year, it is going to get approximately \$7.5 million from this act. This is very insulting in the sense that the government, as a 20% shareholder, will actually receive money back for throwing workers on the street and producing dirty gas in Ontario. It makes no sense whatsoever. It is insulting.

I would like the hon. member to comment on this suggestion. If the government had any integrity, it would give that money to those workers as severance pay. The government is going to get some money back because it is an equity holder in Petro-Canada. Maybe that money should be given back to the workers.

[*Translation*]

Mr. Pierre Paquette: Mr. Speaker, on the issue of the closing of the Oakville refinery by Petro-Canada, I also think this is unfortunate. Even though the company is claiming that it is transferring a part of its Oakville activities to Montreal, it is not fooling anyone.

The refinery capacity will be reduced in Canada and in Quebec. What will be the result? This will simply lead to higher prices, while

the federal government is refusing to take its responsibilities concerning competition in this industry.

The Minister of Industry tells us that the retail price is under provincial jurisdiction, and this is true. But the root problem is refining. Refining is controlled by major companies, including Petro-Canada. By closing the Oakville plant, the company has reduced supply and found another way to increase its profits by affecting the whole chain, up to the consumer.

In this sense, the member can be sure that the Bloc Québécois supports efforts by the workers and people of Oakville to keep this refinery open.

● (1130)

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Mr. Speaker, I listened closely to the speech by the hon. member opposite. I am very interested in the fact that the hon. member from the NDP spoke about the dirty gas and all the other problems that would be caused by the closure of this facility.

To the hon. member who answered his question, I know one of the reasons why the number of refineries in this country has dropped dramatically. I am very disappointed by this situation, and obviously I am not justifying it.

Two or three players control this industry in each region. Petro-Canada is also a serious cause for concern in Newfoundland, where it just closed not only its refinery but also its gas station franchises.

One of the legitimate reasons for this closure is simply the amount of sulphur in the gas. To obtain a profitable product, there must be a balance with the United States, and there are other products available with 30 million particles per million.

[*English*]

As the hon. member knows, Canada went ahead on the issue of sulphur reduction in gasoline. It is one of the reasons the major oil companies have decided they may shut this. Does he not see a concern as far as going ahead of the international market on sulphur in gasoline and that this is maybe one of the reasons it is so expensive?

[*Translation*]

Mr. Pierre Paquette: Mr. Speaker, I am very familiar with this issue, but it is a bit troubling that a company, in which the federal government is a shareholder, did not take the necessary measures over time to ensure that its technology and production methods complied with current and future environmental regulations.

Surely there is a lesson in all this, also in terms of the union. Obviously, I am not familiar with the problem in Oakville, but when I was at the CSN, we told our unions to be extremely vigilant on the issue of technological investments so as to be on the cutting edge and not get caught in a situation where, for environmental or other reasons, a facility is forced to close or people claim that things are bad enough for it to close.

Government Orders

In the Oakville case, surely with the necessary technological and environmental investments, refining capacity could be maintained. Everyone knows that, when supply drops and demands remains constant, prices increase. This is a simple law of economics that everyone subscribes to. What bothers me is the Canada-wide decrease in supply.

[*English*]

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, I am pleased to speak at third reading of Bill C-48. My colleague the member for Kings—Hants has had carriage of this piece of legislation. He is now with the finance committee somewhere across the country and it has fallen to my delicate hands to take it to the next stage.

Our party will be supporting Bill C-48. I appreciate that the members from the Bloc, and certainly the member speaking after me from the NDP, have different philosophical positions with respect to business management and labour. Certainly their philosophical positions will come out in their opposition to this piece of legislation. The NDP and the Bloc make no bones about it that they are not friends of industry. They are not friends of business. They are not friends of being able to generate the economy in the natural resources sector.

I appreciate my colleague from the Bloc helping me in protecting Manitoba with respect to this legislation. He indicated many times that Manitoba would be the net loser should this bill go forward. I do not agree with that. I believe in competition. My province of Manitoba has certainly seen the benefits and the opportunities in the mining sector. It sees the benefits and opportunities certainly in the natural resources sector. As a matter of fact, the majority of Manitoba's GDP is from natural resources, whether it be agriculture, mining or forestry. We see that there are advantages.

As a matter of fact, Manitoba has put in quite a number of changes to its own tax system, tax rate and royalty system to encourage mining. We have some very large mining operations in Manitoba with Inco and Falconbridge. We want to continue to be able to compete in the world market. In order to do that Bill C-48 corrects some of that inequality.

We were somewhat dumbstruck when it was brought forward in the 2000 budget that there would be a reduction in the general corporate income tax rate from 28% to 21%. We were actually thunderstruck when we found out this did not include the natural resource industry. Oil and gas, minerals and mining were excluded from the 2000 budget. I do not know whether the NDP at that time stood up and said wow.

There is a huge industry that has been neglected. Bill C-48 brings that back into line. There is an equity issue that has to be resolved and Bill C-48 resolves it by adding the mining sector to the reduction in the tax rate from 28% to 21%.

There are other issues with respect to the legislation. There are phase-outs. Certainly the 25% phase-out is going to have some concerns. My colleague from the Bloc spoke to that. Manitoba will have a reduction in revenue streams because of that tax reduction.

That may be true, but we also have enough foresight to recognize that there should well be revenue streams or revenues increased by

encouraging exploration, by encouraging mining operations to come into Manitoba, northern Manitoba specifically, and by encouraging these industries to not only explore but process the raw materials they extract from the earth. This is what we were built on and this is what we want to continue to do. We want to encourage that so there will be more union jobs developed in Manitoba, so union jobs can be increased in the sector that this is trying to assist. Bring equity back into the system.

I hear somewhere in the background the member from Windsor suggesting perhaps that is not the case. As I said at the outset, there are philosophical differences. I believe in the private sector developing economy. I believe in that. Also I believe that profit is not a dirty word. That may send them into apoplectic shock, but the fact is there has to be profit in a sector.

There has to be profit in an industry in order for that industry to reinvest in itself and reinvest in its employees, in their training and their pension plans. That is what the economy is all about. I do not have to lecture the member for Windsor West on economics 101, but I do have to lecture the member and say that the inequalities in the industrial sectors do not bode well for Canadians.

● (1135)

We do have tough competition in the oil and gas and the mining sectors. We have competition offshore. China has some very strong advantages compared to us. The labour costs in China are substantially less than they are in Canada. We have to compete in the way we can and that is obviously in our tax rates. We cannot take from the industries so often that they are not able to reinvest back into this area.

I appreciate the Bloc's position on most of the issues. The Bloc members are suggesting that there will be revenue losses. I appreciate the Bloc trying to protect Manitoba, but we really do not need that protection. We can look after ourselves.

More than that, I am sure the Bloc's concern is more about the federal-provincial jurisdictional issues as it always is. Obviously the Bloc has some difficulties with the federal government getting involved in any kind of provincial jurisdiction. This is one of those areas. When Bill C-48 becomes law, it will be necessary for the federal government to work with the provincial governments to ensure that the resulting provincial revenues are redirected to the affected mining industry.

Basically, my good friends in the Bloc are telling the federal government not to step on Quebec's jurisdictional toes. In fact, this is a federal responsibility. Bill C-48 is a federal responsibility in setting tax rates for the industry. It is up to the government to set those rates.

There is never any perfect legislation. We certainly know the government is not perfect; that is an understatement. We know there could have been amendments—

Mr. Dan McTeague: Shame. Say it is not so.

Mr. Rick Borotsik: Now I am even getting heckled from the government side, Mr. Speaker. However those members should be our friends on this issue because Bill C-48 has to go through.

Government Orders

Mr. Bryon Wilfert: That is the most intelligent thing you have said all day.

Mr. Rick Borotsik: Mr. Speaker, the most intelligent thing I have said was that the government historically has not been very successful in managing other portfolios. It has not been very successful in managing departments. The list is endless. There are too many other things that we could add to the list, but Bill C-48 is not one of them.

I stand on behalf of my colleague from Kings—Hants on this piece of legislation. The Progressive Conservative Party will be supporting Bill C-48 simply because of the equality that is necessary in the sectors.

It is absolutely vital that we continue exploration in the oil and gas industry. It is absolutely vital that we encourage that exploration to continue. Bill C-48 is a way of doing that.

It is absolutely vital that the revenues that are generated are part of Canada's economy, part of our GDP. Our quality of life depends on it. I know the NDP would like to nationalize just about everything that we have, but that is not philosophically the way we should be going in this country. Bill C-48 will make it more fair with the tax rates that will be put into place.

We in the Progressive Conservative Party will be supporting this piece of legislation.

● (1140)

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, when we are discussing economic issues, it is frustrating to hear the example of China being brought forward. Many people have indicated that in order for Canada to compete with China, we should bring our quality of life down to its level, that we should have its pollution, its environment, and its wage level. That is the wrong thing to do. It is very difficult to accept that argument. Nobody wants that as the national goal for Canada. I was at a meeting where an auto manufacturer said that our objective should be to have the same wages and conditions as the workers in China. That is not acceptable. That is a complete reversal of the way we need to go to keep our quality of life.

If the industry can take care of itself, why does it need hundreds of millions of dollars in subsidies every year? In 1950 the fossil fuel and nuclear power industries received around \$350 billion worth of subsidies from Canadian taxpayers. Should they pay that back now? If they can take care of themselves, if they can be in a free market economy, should they pay that back?

Mr. Rick Borotsik: Mr. Speaker, this is another example of NDP industrialized fearmongering. I suspect if the member is talking about the subsidies, then perhaps all those industries should get paid all the royalties and taxes they paid and all the employee benefits they have paid over the last centuries. I do not think that would be the case.

As for China, there is a reality here. By the way, more fearmongering that we should be bringing our salary scales back down to those levels of China. As long as I have ever dealt with any industrial user, any manufacturer, any retailer, I have never heard anybody say such a foolish thing, that we should be bringing our salary levels down to those in China. That is absolutely ridiculous.

We have in Canada something in which we take a lot of pride, our quality of life. Our standard of living is dependent upon those things that we are talking about in the bill. We are dependent upon industry and upon jobs being created. We do not want to bring salaries down to Chinese levels. Actually, we want to bring them up to American levels. That is where we have been going all along.

We want to increase our standard of living and our quality of life. That does not mean less salaries, that means more. This in fact will allow that to happen. Less money going to governments, more money going into exploration and more money going into industrial investment will bring more jobs, more activity and more wealth to the workers of this world. That is what we are trying to achieve. No, we are not trying to bring it down to China levels. We are trying to bring it up.

As for subsidies, as for standing on one's own, taxation changes or a reduction in taxes does not mean that it is a subsidy. It means that these industries are paying less to governments, which, by the way, mismanages most of those dollars. I would rather see industries managing their dollars for the economy as opposed to having the government manage those dollars. That is where we are heading and I would like to see a reduction in those dollars paid to government.

● (1145)

Mr. Brian Masse: Mr. Speaker, when we look at the situation in Oakville, this government will actually receive approximately \$1.5 billion per year from this measure and, at the same time, it will put those workers out.

Does the hon. member believe that money should go to those workers to ensure they have a future and can provide for their families? Does he not believe that the government has a responsibility, and that it should be part of the bill, to ensure the workers will benefit on the ground floor? If the government really believes in the workers, should they not get that money?

Mr. Rick Borotsik: Mr. Speaker, a long time ago, in another life, I learned that one should not get involved in labour negotiations. I believe that unionized labour has what is known as a collective agreement. In those collective agreements they have certain clauses, some of those clauses being separation and severance pay.

If the union has done its job properly, I suspect those separation and severance agreements have been well clarified and the workers of the Oakville plant have been taken care of. I have no doubt that their union looked after them. Therefore they should have those severance clauses in that agreement. I can assure everyone that I am not about to renegotiate a collective agreement.

Mr. Joe Comartin (Windsor—St. Clair, NDP): Mr. Speaker, as I prepared some notes for my talk today, I could not help but feel like I was sort of in a surreal situation.

We have this bill before us which will give further tax breaks to the fossil fuel industry, the mining industry, the concern there being, particularly from my perspective, the coal mining industry. It would reduce the tax level and give a tax credit over a period of years. We have to juxtapose the bill before us for third reading today with what is going on in this country and in the world.

Government Orders

I come from an area of the country where we have major health problems, a great deal of which are directly related to the burning of fossil fuel, whether it be exhaust from cars or the coal-fired plants in Ontario and, more specifically, in the midwest of the United States that ends up being dumped into my area.

We also have to put it into the perspective of the Kyoto agreement, which the Canadian people finally pressured the government into ratifying at the end of last year, and, in the context of that, the overall natural environment of the country. We know from lots of studies, but most recently just in this last week from the Conference Board of Canada, how badly we stack up compared to other countries around the globe.

The Conference Board of Canada did an assessment of the 24 leading industrial countries in the world. Where do we stand on carbon dioxide, the direct result of the burning of fossil fuel? We stand 24th out of 24. We are dead last. We are also near the end in a whole bunch of other greenhouse gases. We are in the 21, 22 and 23 range in each one of those areas.

What we hear of course, and I think we heard it from one or two speakers on the government side, is that we have to keep doing this to keep the economy going. The Conference Board of Canada is not exactly a flaming environmentalist organization, but it makes the point, and I quote from the report that was issued this past week:

Environmental progress need not come at the expense of economic gains, as many believe....

The board goes on to say in a summary:

Many of the countries that lead the environment list also make the top 12 in the economy category.

What it is saying is that there are countries around the globe, in that 24 grouping of the top industrialized countries, that have a high performing economy, that do well for their people, that have high incomes and a corporate world that does well, and at the same time protect their environment. We do not have to play one off against the other. With good economic policy, with progressive, forward looking economic policy we can accomplish both. We can take care of our natural environment. We can take care of the physical health of our population, and at the same time run a vibrant, strong, healthy economy. The two are not mutually exclusive at all. That is the Conference Board of Canada talking.

Back to the context. We have Bill C-48 which would give more breaks to the fossil fuel industry, and we have it in that context of just how poorly we are doing as an industrialized country around the globe.

• (1150)

Let us look at the specifics of what we are doing. This week the Green Budget Coalition came forward and made a presentation, as it has every year for the last seven or eight years, to the finance committee and, in fact, indirectly to the finance department, on how we green our economy and, more specifically, how we green our budgetary process.

I will quote some of the statistics in its brief that it left with the committee where it talks about fossil fuels and takes a slice of the history. The brief states:

Cumulative direct Government of Canada spending on fossil fuels between 1970 and 1999 totalled \$40.4 billion. In addition, \$2.8 billion in federal loans to fossil fuel industries have been written off since 1970, over and above direct spending.

We are at \$43.2 billion over the last 29 years and that has continued for the last four years, bringing us forward to the kind of incentives we are now increasing to that industry.

The brief juxtaposes it again to put it in some kind of context. It states:

For the period 1987 to 1998, total government support for energy investments totalled \$4.3 billion for non-renewable energy and only \$118 million for renewable energy.

That is a travesty when one looks at those results that we see all the time, the reason we needed to ratify Kyoto and the numbers that we see from the Conference Board of Canada.

I will repeat that: \$4.3 billion over that 11 year period from 1987 to 1998 for non-renewable energy, all of it going to the fossil fuel industry and the nuclear industry, and only \$118 million for renewable energy. Whether it be wind, solar, current, wave or even hydroelectric, it was only \$118 million, which is just a little over \$10 million a year. In the same period of time billions and billions went to the non-renewable energy sector.

In the brief there is a whole policy on to how to deal with budgetary matters, how to green the budget and how to green the economy from a tax, tax incentive, subsidy based, taking all those into account.

In spite of the previous reports the coalition has filed with that committee and with the finance department, as we heard from the parliamentary secretary today, I do not think he even understood the work it has done. I think that is a fair categorization of the response I received from him at that time.

Let us put into perspective how the fossil fuel industry has performed. It was interesting to listen to my colleague from the Conservative Party. I have no apologies to give as a member of the NDP on protecting jobs. Let us look at this industry. Since 1990 this industry has terminated the employment of some 80,000 people.

I know some members will jump up and say that we are just worried about union jobs. Very few of those were union jobs. The vast majority, about 60,000 or three-quarters of them, were as a result of the shutdowns of small companies, retailers in the oil and gas industry. The industry just put them out of work and took them over itself.

• (1155)

Those were small employers with five, ten or twenty employees, either full time or part time. Industry just wiped out 60,000 jobs in that sector, but what is being done? The government is continuing with a government policy to subsidize that industry.

Government Orders

Let us take a look at the consequences of these measures of reducing the effective tax rate from 28% to 21% and giving that 10% tax credit. Just three of the big oil companies, not all of them, but Petro-Canada, Shell and Esso, have already forecast that they will save \$250 million a year. That is how much of a tax break the government is giving these companies. Over the five year period, it will be some \$1.25 billion. That is how much the savings will be just for those companies.

These companies are already making profits. If we look at their profit for this year we will see that these companies are making profits. One company's profit is \$100 million. One is up to \$200 million. In fact, in some cases those are quarterly profits. We will see much higher ones over the course of this year, especially when we add on this subsidy.

What does all this get us? As consumers, have we seen rates go down at the gas pumps? It is almost a joke to raise the question given what has transpired through the summer and the early fall. We have seen the price of fuel go up dramatically at the pumps. For those who are on fixed incomes, the price of home fuel in particular has gone up by a tragically high amount.

We do not see those benefits passed on to the consumer. Do consumers benefit from these tax breaks? No. Does the environment benefit? Obviously not, given what is happening, nor does human health in this country. Are we somehow giving an advantage to the renewable energy sector? Again the answer is no.

Bill C-48 is being shoved through the House with the government and the official opposition supporting it in the face of that reality I have just detailed.

I will cover one more point which I heard again from the government side as some justification for this: that we have to be internationally competitive. Let us look at the result. Let us look at the effect of these tax breaks for this industry. In regard to our closest competitor, the United States of America, specifically the state of Texas, and the effective current rate of tax for the fossil fuel industry, right now our tax rates have us about 5% below the state of Texas. That is right now, before Bill C-48 is passed.

If Bill C-48 passes the industry would effectively be paying 41% in Alaska and 35% in Texas. In Canada we would be down to 30.1% across the country. This is effectively where it will end up.

Therefore, we cannot argue that this is a competitive advantage bill, that this policy somehow will make us more competitive, because we already are in that situation. Right now we are competitive with our major trading partner.

● (1200)

This would not help us with a competitive advantage internationally. It would not help consumers. It would not help the environment or our personal health, and it certainly would not enhance the production of energy from renewable energy sources.

It begs the question, why are we doing this? It was interesting to read the newspaper article by Susan Riley last week in the *Ottawa Citizen*. The headline was, "While you're not looking, Big Oil is set to get a big tax break". As opposed to a number, the editorializing in that headline is pretty accurate.

In that article, a couple of members of Parliament are quoted as saying they were under tremendous pressure. One is from the government side and one from the official opposition and they say they have been under tremendous pressure since the year 2000 to get these breaks for the oil and gas industry.

That is really the answer to my question about why we are doing this. We are doing it because the industry asked for it and because, since the second world war, whenever big oil has asked for a break, it got a break.

That has resulted in the situation we have in my home community, where we have high rates of cancer and other high rates of illness and disease directly related to the consumption of fossil fuels. It has resulted in the international need for Kyoto to get those reductions we need in the emissions of carbon dioxide into our atmosphere. It has resulted in very high energy costs, whether for home heating fuel or to power our motor vehicles.

It is a policy that has failed from every aspect. What Bill C-48 is doing is perpetuating the economic system that is the underpinning for that industry.

It is time for this government and this House to take seriously our responsibilities under Kyoto and to take seriously what we are hearing from environmentalists and progressive economists about what we can do to reduce those subsidies to the fossil fuel industry, to phase them out. Because we have to do that. We do not have enough oil and gas to continue our consumption beyond somewhere between 2030 and 2050 at the rates at which we are consuming now. We simply cannot do it. The supplies are not there, anywhere in the world. We need to change that policy. We need to phase out that industry.

In order to do that, we must have a comprehensive policy initiative in the tax field. We cannot do this just by signing on to an international protocol like Kyoto. We do have to do that, but then we have to implement. That does not mean just starting a retrofit program, which we need to do in Canada, and not just doing a conservation program, which we also need to do. In addition, what is sorely lacking in the Kyoto plan, and we see that with the bill, is any concept from the government about understanding the need to reform our tax structure. We have to reduce the incentives provided to the fossil fuel industry, on a gradual, phased out basis, and replace them with incentives, tax breaks and subsidies for the renewable energy sector.

● (1205)

Mr. Brian Masse (Windsor West, NDP): Madam Speaker, I have a few questions to which I would like answers.

Government Orders

Last night we had votes in the House of Commons, as we often do on Tuesdays and Wednesdays. There was a vote last night on a bill proposing a small tax deduction for volunteer emergency workers. The bill proposed that they would be able to get a small tax deduction for volunteering their time and expertise in a number of different emergency situations, which costs them personally but provides so much value to communities because they get that confidence, they save money and they provide security for people in their homes, at their businesses and on their streets. That vote was lost. It was for a small tax deduction for emergency volunteers. There was not enough money for that.

My first question, and I have two more, is how does the member feel about that? I am disgusted. I find it hard to believe that the government cannot provide that tax deduction when at the same time it can provide major tax relief for businesses and companies. But it does not for individual Canadians. That is reprehensible.

Second, does the hon. member feel that this proposed tax relief would actually lower the price of gasoline for consumers? Would they actually get the benefit of this? We hear from a lot of different so-called economists in this House who say that to provide tax relief will create jobs. More workers will be hired, there will be more investment, it will stimulate the economy and it will also be reflected in the consumer pricing, which everybody can then enjoy. We do not see that. My belief is that we will see a very few people benefit from this, mostly shareholders, many of whom do not even reside in this country.

Third, we know that the Minister of the Environment has a plan for Kyoto. There is a series of things dealing with renewable energy sources. I want to hear the hon. member's perspective. My understanding is that a lot of the money for Kyoto will go to marketing the government's plan as opposed to providing the tools to get those renewable energy sources to consumers, to the people on the streets. My understanding is that significant resources will actually be spent on marketing the government's plan.

• (1210)

Mr. Joe Comartin: Madam Speaker, I wish to thank my colleague from Windsor West for his questions. I will try to deal with them as efficiently as I can.

The vote on Bill C-325 last night was a tragedy from the perspective that it lost by only three votes. It was 99 to 96. We were recommending income tax deductions for emergency workers and people who provide emergency services to protect us from fires. Most of them come from rural areas. The government opposed it. Overall there were a number, and I will give them credit for it, of members from the government side who voted in favour. It brought us really close but did not quite get us over.

It is a pittance compared to what we are talking about in Bill C-48. Our estimate is that probably over the first five years of these incentives it will be at least a billion and probably closer to a billion and a half dollars. In terms of those emergency workers, I do not know if we would have got up to a few million in terms of the break we were trying to give them and in effect saying to them that as a government, as a Parliament, as their elected leadership in the country, we prize what they were doing for us. The message they got yesterday was obviously that we do not.

We are going to hear if the Deputy Prime Minister and Minister of Finance says that he cannot afford the money that has been promised to the provinces for health care when he makes his financial statement in November.

We look at that and see that we cannot find that \$2 billion, but we can find this for a very profitable industry. We then say to the minister that this industry is a polluter and that it should be paying its share. It should not be getting tax breaks. On the other hand, the government will say it cannot find money for health and will stick it to the provinces. They will have to find ways to deal with all the health problems that have been specifically created as the result of the burning of fossil fuels. It is terrible policy making on the part of the government.

As for the consumers getting the money, it is obvious they will not. There have been any number of other times when these tax breaks have been given and incentives provided, but did we see a reduction to our cost at the gas pump or the cost of home heating fuel? The obvious answer was, no. We did not get any of those breaks. The government stayed with the companies with their high-paid executives and money going to the shareholders.

On Kyoto and the marketing issue, I am really happy to hear that question because I have not had the opportunity to raise it in the House. We had the Kyoto announcement of spending about a billion dollars at a press conference attended by the Prime Minister, the Minister of Industry and the Minister of the Environment.

We have this retrofit program. The government has set aside \$75 million. Everybody in the country who knows anything about it has told the government it is nowhere near enough. It also set aside \$45 million to educate Canadians. That is an insult to Canadians.

Canadians led the fight dragging and kicking the government behind it to finally ratify Kyoto. We had people in the country in the ratio of 65% to 75% saying they were convinced that we had to ratify Kyoto and they finally got the government to do it. Now, is the government going to tell them what they have to do to implement around retrofit programs in their own homes and conservation? They do not need the education.

This is going to be another one of those boondoggles. It is going to be money going to the friends of the government to run absolutely useless education programs, promotional programs for conservation and doing retrofitting. It is not necessary. The dollars that need to be spent on that are probably a small percentage of the \$45 million that has been set aside.

• (1215)

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Madam Speaker, I must say that I am a little surprised to hear the comments from my colleagues in the New Democratic Party caucus and to hear their expressions of virulent opposition to this bill.

Government Orders

I can assure hon. members that the hundreds of thousands of people who work in the resource sector, the working people, and the people the NDP always talk about, will benefit from this bill. They are employed and have good lifetime jobs because of the resource sector, including people who live in my constituency.

One of the reasons why the New Democratic Party has increasingly fallen out of favour with its traditional constituency, and one of the reasons it has half the support it did historically, is because when it comes to issues like this, it is constantly against the job creators who employ the working families on whose behalf it claims to speak.

I find it interesting that the NDP government in Saskatchewan, which yesterday called an election, strongly supports the equalization of taxation for the resource sector because the Saskatchewan treasury, economy, and working families depend on that industry. Tens of thousands of jobs in Saskatchewan are dependent on the oil and gas companies, these evil, profitable companies that take risks, invest capital, use technology and ingenuity to help extract resources in an environmentally friendly way, and create wealth in the process.

Why is it that the NDP here is stalling this bill, by voting against this bill, while the NDP in Saskatchewan, now facing an election, would like to see it passed in order to equalize tax treatment and not have two tier tax discrimination against the people who work in the resource sector and keep this economy going?

Mr. Joe Comartin: Madam Speaker, let me take a shot first at the Alliance in terms of where we are in the polls in our support in this country. We are certainly several percentage points higher than that party and it is going in the opposite direction.

I have no problem standing up in this House and saying that I will defend the workers. The member's party is not going to do that. This industry has already cost this country 80,000 jobs of which 20,000 were directly from this industry, high paying union jobs, however, 60,000 over the last decade and a half were in small employers who ran gas stations and did other things that were related to this industry.

The industry put those workers out on the street. These people did not get any of these tax breaks. They did not get any use out of these tax incentives. That is what is happening with this money. It is what will happen with this tax break that the industry is about to be given.

[*Translation*]

Mr. Roy Cullen (Etobicoke North, Lib.): Madam Speaker, I will be sharing my time with the hon. member for Abitibi—Baie-James—Nunavik.

[*English*]

I am delighted to enter into this debate. Listening to the member for Windsor—St. Clair, the points that he put forward are about as enlightened as a tunnel in a coal mine. I look forward to the day when our former Liberal colleague will again represent the riding of Windsor—St. Clair in the House of Commons and will bring forward some good ideas.

Canada's economy is in transition. The part of the economy that is dominated by the natural resources economy is shrinking significantly. We have many other industries that are blossoming and that is an excellent sign that our government is properly encouraging the

development of these industries: high tech sectors, telecommunications, the transportation sector, and information technology. These are all great developments, but we need to understand that our natural resource sector is still the bedrock of our economy, employing thousands and thousands of Canadians.

In fact, if we look at the mining industry, one in eight of our export dollars comes from metals and ores. This is employing people across Canada. We have Diavik Diamond Mines in Yellowknife that are developing now and employing 500 people. We have the Voisey's Bay development that will employ a significant number of people.

These mining companies are acting in a responsible way. They go through the process of due diligence with aboriginal peoples and the environmental issues. This is creating a huge amount of jobs and economic activity in Canada. In fact, our reserves are really under-exploited, so there will be a need to continue to support our mining sector.

This bill would equalize the tax treatment for the oil and gas and the mining sectors compared to the other segments of our economy. In budget 2000 the government reduced the corporate tax rate from 28% to 21% and it left out the mining and oil and gas industries because they had some special provisions. The government consulted and has brought back this bill to create the level playing field.

The intent, as I understood it, was to make it revenue neutral for the oil and gas and the mining sector or perhaps give it somewhat of a lift. The bill does that. It is good for the oil and gas industry. It is good for the potash industry in Saskatchewan. It is good for the junior mining companies, but there is a significant part of the mining industry that is not going to benefit from these provisions. In fact, they are going to be negatively impacted. The reason for that is twofold.

In reaching this accommodation to move the statutory rate from 28% to 21%, the government is phasing out the resource allowance and allowing for the deductibility of mining and oil and gas royalties. In the base metal sector of the mining economy, some of these resource allowances were in excess of the amounts that it was paying in royalties.

To compensate partly for that, the government introduced the 10% exploration mining tax credit. That, by the way, will create more exploration in Canada. That will create exploration jobs in Canada and ultimately that exploration will discover more commercial reserves which will generate even more future employment in Canada.

Even with the 10% mining tax credit, that does not do enough for the base metal sector of the mining industry. We had representations at the House of Commons finance committee from the Mining Association of Canada. It argued that there are eight or nine large companies across Canada that are not going to reap the benefit of these measures. In fact, they are going to be negatively impacted. There were amendments introduced to increase the exploration tax credit from 10% to 20%. Those amendments were defeated and so we are here at third reading.

Government Orders

I will certainly be supporting the bill in general because it is a much needed bill, but as a government we need to deal with this anomaly that has arisen for the base metal sector of the mining industry.

• (1220)

I am sure our government will be reviewing its particular circumstances over the next many months and, hopefully, there will be a way to deal with this unfair anomaly in the next budget. I certainly hope we can do that because this industry is very important to Canada.

We can talk about high tech, we can talk about information technology and all the sectors that are growing and taking a larger share of our economic pie, but we are still natural resource economy in transition and we need to ensure that our mining industry is healthy and that it can compete internationally. In fact at this precise moment the prices of ores and minerals are at a 15 year low. That is complicating those competitive factors for our mining industry.

There is a huge lead time with the mining industry from the time an exploration is started, to the time some discoveries or potential discoveries located, to time the mine is dug, the infrastructure is put in place and the metals are finally extracted. We need to understand that is a unique circumstance in which the mining industry finds itself. By increasing the exploration tax credit we will provide additional incentive for these companies to seek out new reserves and ultimately create more jobs for Canadians.

There is another challenge that I should point out. There is concern that by eliminating the resource allowance this will create some windfall gain situations for a number of provinces. I am sure the Minister of Finance will make his view known to the other provinces that they should reduce their tax burden accordingly. In other words, they should allocate that windfall gain back to the mining sector so it is on an even footing or it is revenue neutral in that sense.

However, we do not have any guarantees of that. If we look at the province of Ontario, we have a new premier who is on the record as saying that there will be no corporate tax reductions. We could end up in a situation where there is a windfall for the province of Ontario because a significant number of mining companies operate in northern Ontario predominantly. They would end up with an increased tax burden because provinces like Ontario would not deal with the windfall in the way it was intended.

The member for Windsor—St. Clair comes from an urban riding. I do not imagine there are many mines in operation in Windsor. There are not many in operation either in Etobicoke North, in my riding. However, we need to remember that this economic activity in our natural resource economy creates jobs in our urban centres as well. We sometimes easily forget that.

If we look at the city of Toronto, Bay Street does a lot of the financing. A lot goes on in Toronto, Montreal and Vancouver. There is a huge amount of economic activity in job creation in our urban centres. I should remind members of the House it is economic activity that is done in a responsible way. This work is being done in our rural parts of Canada in our natural resource sector.

In summary, I would encourage members to support the bill. We tried to get an amendment at committee, which did not pass. However, I hope the government takes it under advisement, meets with the members of the base metal industry, which will be negatively impacted, and comes forward with something in the budget.

I would also encourage our government, through the Minister of Finance, to get the message through to the provinces that any windfall gain experienced by them as a result of this bill, they should introduce measures to allocate that windfall gain to the mining sector so at least this part of the package is revenue neutral.

• (1225)

Mr. Brian Masse (Windsor West, NDP): Madam Speaker, we all know in the House, as well as in other provincial and municipal governments, decisions have to be made about what we want to focus on, how we want to progress, what we want to spend our resources and then set the conditions for the future.

I know the member for Etobicoke North is from Ontario like myself. We have the highest amount of smog days. Smog days kill people and cause respiratory diseases in people. In my community we have some of the highest birth defects and all kinds of different cancers because of environmental contaminants. There is not enough money available to remedy this.

My private member's motion, which was defeated this week, dealt with creating a trigger to investigate, with an open process, some of the problems we faced because of the use of these energy products. We have decided that we will use them and that is fine, but at the same time we have an almost hopeless situation of the resources that go back.

We know the passage of this legislation is going to cost of \$1.25 billion over five years. Would the member rather see that money go to health care and to create clean, renewable energy sources so people in his constituency can breathe, or would he prefer to have a tax cut for oil and gas companies?

Mr. Roy Cullen: Madam Speaker, I appreciate the comments and the question from the member for Windsor West, but we are confusing the issues.

In Toronto many of my constituents are concerned about air quality, as am I. I hope the new premier in Ontario will accelerate the phase-out of these coal-fired burners. By the same token, we need to be concerned of course with alternative energy. In fact Canada's oil and gas companies are looking at renewable energy and we should be supporting and providing incentives for that type of behaviour, and we are, either at the consumer end or the producer end.

At the same time, we cannot turn our backs on our natural resource economy, which is creating and maintaining thousands of jobs in Canada. We can insist that they be environmentally responsible, and they are. However to just say that we should not support our mining, oil and gas sectors in Canada because we have these concerns about Kyoto and the environment does not add up, it does not make sense and it is not logical. It should not be supported by the Canadian public and I am sure it will not be in the House.

Government Orders

• (1230)

Mr. Brian Masse: Madam Speaker, this is not about not supporting those workers and industries. We can look at the closure of the Petro-Canada refining station in Oakville as one specific example. It has chosen not to upgrade the plant. Instead it has chosen to produce dirty gas until 2005, then import gas from Europe and brand it with its own company flag. That will throw people out of work in the Toronto area. Not upgrading that plant will subject them to poor environmental conditions until 2005.

The government, because it is a 20% shareholder in Petro-Canada, has done nothing about this. It will benefit by \$1.5 million. Would the member agree that benefit should go to the workers or to make Petro-Canada upgrade its facility so people living around his area do not have to breathe in those pollutants because it refuses to upgrade its plant?

Mr. Roy Cullen: Madam Speaker, I am not aware of the specifics of that event in Oakville, but we could turn the argument around and say that maybe the reason they are closing the plant is because we have not had a tax policy environment in Canada that supports them. However, not being familiar with the case, I am not going to promote that argument too strongly.

We need to be careful in our thinking. We cannot penalize an industry or a company because of some actions they are taking and not be supportive and creative in the way we create a business environment where they can grow responsibly and create jobs and economic activity in Canada.

[Translation]

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Madam Speaker, I am honoured to speak on behalf of everyone in my riding, of the miners, mining companies and small mining businesses throughout the vast territory of Abitibi-Témiscamingue, Chapais-Chibougamau and James Bay, and on behalf of the James Bay Cree and the Inuit in Nunavik. The riding covers about 850,000 square kilometres in Quebec and is the biggest mining riding in Canada.

I listened to the Bloc Québécois member who said that nobody had had spoken out. I find this passing strange, because I have documents from the finance minister dated February 2002. It is the answer of the hon. member for LaSalle—Émard to one of my letters. Back in 2002, I asked for a reduction in the general tax rate of mining companies.

We knew that the tax rate for small businesses was supposed to drop from 28% in 2000 to 21% in 2004. This goes to show that we are concerned about the same issues.

Coming back to the mining industry, a story by Juliane Pilon was published in *La Dépêche*, a paper belonging to Jacques Aylwin, under the title “Decline in the Abitibi-Témiscamingue mining industry”. It said that rates go up, then go down, and may well remain low. That is what we should be promoting.

The Mining Association of Canada wrote us to enlist our support for an amendment to Bill C-48. I note, however, that none of the proposed amendments has been adopted and the Bloc Québécois did not get anywhere in committee. The Liberal member who spoke earlier has summarized the entire situation very well as far as what

the mining association was calling for is concerned. The same thing is happening back home.

If, however, we examine the facts, we know that the federal government is proposing a new rate: 5%, then 7%, 10%, 10% and 10% until 2007. The mining association asked us to support 20%.

I listened carefully to the Bloc Québécois member for Joliette, who said that they too support the Mining Association of Canada. What I find strange is that this is not what they proposed in the standing committee. Their proposal was 10% the first year, followed by 14% the second, and 20% thereafter. I find it odd that the Bloc Québécois did not call for 20% right off the bat, instead of going from 10% to 14% and finally to 20%.

Some hon. members: Oh, oh.

The people trying to interrupt me ought to ask themselves this: How much is it going to cost the taxpayer? We know that year one will cost about \$100 million, and the others \$35 million. It will come close to \$1 billion, all told.

I understand that this is not firearms, or sponsorships, but money is important. We know that, if the government sits down with the Mining Association of Canada in the next few years, it can come to the House of Commons with an order in council to improve it. This is a start, a half-measure compared to the Bloc Québécois proposal, of 10% only the first year, not 20%.

This sets the facts straight, and it is important to do so, because no amendment has yet been proposed. I support the bill because we must not lose it. We must at least gain what the government is proposing. It is new, and important.

A careful examination of the record will show that we have always supported the Mining Association of Canada, the Quebec Mining Association, and the prospectors of Quebec. Bill C-48 will impact small mining operations and major mining companies differently.

The small mining companies are resource extraction industries that do not do any mining exploration. This is a grey area, as it were, because some small companies operating a mine could still be considered small mining companies. Five percent is a good start, even if we would have liked to get 20%. We are going to work in that direction with this Minister of Finance and with the next one.

As to the present situation in the mining sector, the fiscal aspect is not the only important thing to consider. I just received a report dated September 2003 concerning the mining industry in the Abitibi-Témiscamingue area. I hope that the Bloc members have a copy of it handy because it is the last document that we have received. It is a document written by Luc Blanchette, a well-known economist from the Abitibi-Témiscamingue region, explaining what is happening in that sector.

• (1235)

The fiscal angle is not everything. We know how important the mining industry is for the economy of Abitibi-Témiscamingue, of the whole northern region and of Nunavik. We also know the economic and environmental context in which it is operating.

Government Orders

Moreover, the low prices of metals have caused the temporary closure of some mines or the postponement of some mining projects. We all know what is happening now. Some mines are closing and others are opening. New projects are being developed. But what can we, together with the opposition members, do in the long term?

The revival and mineral exploration in northern Quebec, in Nunavik and in the Abitibi-Témiscamingue region will come about through better defined mining zones, mapping and the search for economical sites. The investments made in 2003 will no doubt depend on the price of the metals in demand and will certainly be influenced by the price of gold and, as we know, the diamond situation.

What matters most are the consequences of that politico-economical context, which have been apparent since 1988. They did not suddenly crop up today because of Bill C-48. The very first year, instead of accepting 10% or 14%, the Bloc Québécois should have asked that we follow up on what the Mining Association of Canada had requested and that we go for 20%. They too accepted a halfway compromise. When this government came to power, the amount was already down to 5%.

Among the consequences that we have seen since 1988, there is a 46% decline in labour and a 44% decrease in the number of hours paid by the mining industry in Abitibi-Témiscamingue. We know that, in Quebec, although the impact on employment was still significant, it was not as great, with a 33% reduction in the number of hours paid and the number of employees.

Given that approximately 20% of all mining operations in Quebec take place in Abitibi-Témiscamingue, the decrease observed at the provincial level is probably due to the poor performance of the regional mining industry.

What do we do now? I will be supporting Bill C-48. I come from a mining area and I used to be a miner myself. It is good to have gained something. It is also something new. Reducing the tax rate applicable to corporations was not an issue before. But it is important, just as it is for the corporations to set up their headquarters in our region instead of Montreal or Toronto, where they are currently located.

We have to work with the current government and the governments to come to find solutions and improve the situation. We will see how things go in year one of the implementation of this bill, which provides for rates of 5%, 7% and 10% for the next five years. These rates could increase in every budget. In the next budget, the government might raise it to 10%, as the Bloc Québécois asked for in committee. It could happen. We just have to wait and see.

What is important right now is to help our mining companies. Some companies are closing down in our region and more could do so in Abitibi-Témiscamingue in the months to come.

We need to go forward, work hard and work together. We cannot have our cake and eat it too, and the picture drawn by the renowned economist, Mr. Blanchette, reflects the real situation in the mining industry.

Members of Parliament do not create jobs. It is important also to think about the miners who work underground. The PQ government

never agreed to set up a retirement plan for miners. If we can introduce tax credits for mineral exploration activities, then we should be able to help the miners who work underground. The PQ made that promise during the 1973 election campaign, but never kept it. The government should address this issue and think about setting up a pension plan for miners who need it when mines close down.

• (1240)

Ms. Pauline Picard (Drummond, BQ): Madam Speaker, Bill C-48 has been under review for a long time and witnesses have appeared before the committee, representatives from the mining industry, among others. The most frustrating thing about this bill is that it gives \$250 million to the major oil companies.

When the mining associations appeared before the Standing Committee on Finance to talk about their problems and needs, I am sorry to say that the members for Abitibi—Baie-James—Nunavik and for Témiscamingue were not there. Today it is all well and good to—

Mr. Guy St-Julien: Madam Speaker, I rise on a point of order.

The Acting Speaker (Ms. Bakopanos): Order, please. I believe the member has not—

Mr. Guy St-Julien: Oh, oh.

The Acting Speaker (Ms. Bakopanos): Order, please. First, I have not yet given you the floor. Second, I imagine that the member for Drummond is going to ask her question. At that point, you will have time to answer.

The hon. member for Drummond.

Ms. Pauline Picard: Madam Speaker, I wanted to mention that we have met with mining association representatives. They informed us of what they need. They also gave their recommendations for this bill. They are very worried because they are being discriminated against relative to the major oil companies, for instance. They proposed two amendments that we submitted to the standing committee, including the amendment that the member for Abitibi—Baie-James—Nunavik is talking about. This amendment had also been proposed by a Liberal member; these two amendments, that of the Bloc and that of the Liberal member, were rejected. That said, we cannot be accused of not having done our work.

I would like to know what he thinks; he still maintains that he is going to vote in favour of the bill, while the mining associations, in particular those in his area, are asking us to vote against it. I would like to hear what the member has to say about this.

• (1245)

Mr. Guy St-Julien: Madam Speaker, I wanted to raise a point of order on a matter of interpretation. The hon. member said we were not there, at committee. That is incorrect. We cannot be everywhere at once, and there are many committees of the House of Commons. Often, Bloc Québécois members travel around the world and cannot attend committee. We do not mention it in the House. They are travelling. I am the only member not to have travelled abroad. I want to make that perfectly clear.

Government Orders

The hon. member mentioned the \$250 million for oil companies. Well, let us talk about oil and this \$250 million. There are two provinces in Canada with an energy authority. These authorities set the floor price for oil. We cannot talk about oil without talking about the people who put regular gas in their vehicles. As we know, recently in Ottawa, gasoline has been selling for 66.4¢ per litre, while in the Abitibi, it is selling for 74.9¢; in Kuujuaq, regular gas is selling for \$1.22 per litre. Who established an energy authority for oil in Quebec? The PQ did, when it was in office. It should not have. It should have gone the way of the free market instead. Our gasoline price would be closer to Ontario's 66.4¢, instead of 74.9¢.

Let us look at the bill as it stands. The Bloc Québécois contends that we did not adopt the amendments put forward. There are no amendments before the House at this time. Bill C-48 is. We all have respect for the Quebec Mining Association, the Mining Association of Canada and prospectors. We win some and we lose some; it is 50-50. But the hon. member mentioned rates. The Bloc said, "We support the mining association for 20%". That is incorrect; what the Bloc proposed was 10%, then 14% and 20% thereafter. They should switch gears, because we are not debating amendments today.

I support the legislation in order to get at least 50%.

Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ): Madam Speaker, I will be very brief. I would like to ask a question to my colleague. For example, if the member for LaSalle—Émard, who owns a fleet of ships, paid his taxes in Canada instead of in the Bahamas, would this help the mining industry?

Mr. Guy St-Julien: Madam Speaker, the member for LaSalle—Émard has always paid his taxes in Canada. The member for LaSalle—Émard, personally, has always paid his taxes in Quebec. I find it strange that the member is attacking a member who has a very good reputation in Canada. I also find it strange that he does not dare to tell us about the opinion on the Abitibi-Témiscamingue mining industry that was prepared by an economist in September 2003. These members do not even know what is happening in our area.

Ms. Pauline Picard (Drummond, BQ): Madam Speaker, that really takes the cake.

This is the second time that I speak on this bill, so I know it. I also know it because I took part in the work of the committee and in the clause by clause study.

Despite the progress that has been made, Bill C-48 is still unacceptable to us, in the Bloc Québécois.

The main irritant in this bill is nothing less than the \$250 million gift the Liberal government and the future leader of that party are on the verge of giving to major oil companies.

People who are watching us must fully understand what the bill means. The government wants to provide a \$250 million tax cut to Canadian oil companies. This is an untimely gift, since we read in the newspapers yesterday that the current Minister of Finance is warning the provinces that they will not receive the health funds that they were expecting from the federal government.

Today, the same minister is saying that he will not put one cent more into the equalization system. The Minister of Finance has started to set the stage for the economic update that he will be tabling next month. How can the Minister of Finance talk about situations

that have had a bearing on the economic performance of his government, while at the same time supporting a bill that would mean much less money flowing in the consolidated revenue fund?

What are the Liberal government's real intentions? There is no money to finance health care in the provinces, but there is money to give to the oil companies. This two-headed government does not have priorities anymore or rather its priorities are not the same as those of Quebec and the other provinces. Why is the Minister of Finance not giving Quebec the financial instruments that it needs to carry out its responsibilities?

The Minister of Intergovernmental Affairs, the great provincialist, said earlier this week:

The Government of Canada is doing its best to help the provinces live through difficult times.

The best his government can do seems rather limited. In fact, it only does its best when it is a question of continuing to build a centralizing government that is literally crushing the other governments within Confederation. Such an attitude is an argument for rejecting Confederation in favour of Quebec sovereignty.

The Liberal government in Ottawa is willing to give a gift worth \$250 million to the oil companies, which rack up huge profits, while it is hinting that it might not have enough money to give to the provinces for health care as promised. Such arrogance is beyond words.

If the Liberal government goes ahead with its plan, Quebec stands to lose \$472 million. Investing in health care benefits Quebecers and Canadians as a whole. On the other hand, Bill C-48 will only benefit oil companies. There is no sense of proportion. I hope that the member for Témiscamingue, the member for Abitibi—Baie-James—Nunavik, or both, will understand that by voting in favour of this bill they are going against the best interest of their regions.

The comments made Tuesday in the House by the Minister of Finance on Bill C-48 are not consistent. During question period, the minister said that he had to deal with a slowdown in the Canadian economy. How then can he agree to forfeit \$250 million in revenues?

The Liberal government, both the current government and the parallel government headed by the member for LaSalle—Émard, is financially strangling the provinces. That way, they give themselves leeway to then invest in areas under provincial jurisdiction.

The provinces are bled white, forced to their knees, and money is rammed down their throat to meet the needs of their people. Then the government creates programs, lots of programs, and eventually withdraws from them. This is how it has been since 1993 when I first came here. That is how this government behaves. It creates programs and interferes in areas of provincial jurisdiction. It creates needs, and then it withdraws. This is what I call arrogance.

Government Orders

●(1250)

All of the provinces are headed for a deficit. Liberals can criticize the PQ's management, but the facts speak for themselves. The PQ was not the government in Manitoba, British Columbia or Ontario. Yet, these provinces are running a deficit. Liberals should change their tune or find new speech writers.

By providing a tax reduction for an industry that does not need it, Bill C-48 shows how leeway the government has.

While Liberals in Ottawa give to the rich, they continue to take from the taxpayers. This is further evidence of the existence of a fiscal imbalance. However, the people across the way continue to deny it. The intergovernmental affairs minister, the finance minister and all those yes men sitting on the back benches continue to deny the existence of a fiscal imbalance.

There actually is a fiscal imbalance, and it is a brutal reality. We can see its impact throughout the country. The Bloc Québécois has been condemning this situation for quite some time, whatever certain reporters claim. The PQ also did it in Quebec City, the ADQ also recognized this reality and the whole civil society agreed with the Government of Quebec.

The best part of all this, however, is that sovereignists on one side, and Jean Charest's provincialists on the other, agree to condemn the fiscal imbalance. The current Liberal finance minister of Quebec, Yves Séguin, headed a commission that came to the conclusion that there was a fiscal imbalance and that it had existed for years.

When the Liberals were elected in Quebec, they tried to convince the public that things would change and that relations would improve. It was total hogwash. The fact of the matter is that a change in leadership, whether in Quebec City or in Ottawa, will do no good. The would be leader or parallel prime minister continues to deny the existence of a fiscal imbalance.

The Bloc has always taken an active part in parliamentary debates, and it also makes every effort to properly inform the public about all issues.

Today's newspapers have published a letter on Bill C-48 signed by my colleagues for Rosemont-Petite-Patrie and Joliette. If I may, I would like to quote excerpts:

Since 1970, the federal government has contributed more than \$66 billion in direct grants to the hydrocarbon industry (oil, gas and coal), notably with the Quebec taxpayers' dollars. This huge sum of money has allowed Alberta and Ontario to develop highly polluting oil and coal industries. In the meantime, Quebec developed its hydroelectric network, a type of clean energy, and did not receive a dime from Ottawa. This is just one more example of how Ottawa ignores Quebec's interests.

But now, in addition to harming Quebec's interests, the help Ottawa has provided the oil industry goes against both the spirit and the letter of the Kyoto protocol, as well as its objectives. That is what the Liberals and the member for LaSalle—Émard have done by voting for Bill C-48, a bill that provides a \$250 million tax break to Canada's major oil companies.

After debate at second reading, an article in the *Ottawa Citizen* on October 1 condemned the hypocrisy of this government, which, on the one hand, supports the Kyoto protocol and boasts about making the environment one of its priorities while, on the other hand, it blithely supports the development of polluting energies.

I will paraphrase what Matthew Bramley, an environmentalist with the Pembina Institute, was quoted in the *Ottawa Citizen* as saying that, to be truly equitable, "you'd make the polluting sectors pay more to compensate for the damage they do". Instead, we have a government that wants to reduce the burden for the oil industry, which is an attitude, understandably, that will be well received by Albertans.

Mr. Bramley predicts that the new Liberal leader will not change anything, since he will need to entice voters from the west.

●(1255)

I have a number of questions and I would like to hear what the member for LaSalle—Émard has to say.

How can the Liberals and their future leader claim to be concerned about the environment and, in the same breath, make sure that the big oil companies enjoy such advantages, while this industry is drowning in profits and ravaging the environment? Why is that \$250 million per year not being offered to the wind power or hydroelectric industries, which produce clean energy?

I am eager to see the member for LaSalle—Émard come out of his burrow to answer our questions. There are more urgent things to do than organizing parties with his supporters and there are issues on which he should speak. The public ought to understand what an immense slump it is going to find itself in, with a future prime minister whose decisions have a direct effect on the bank accounts of his businesses.

Bill C-48 is an illustration of the patent conflict of interest in which the member for LaSalle—Émard finds himself. One of his companies carries coal; it works with the petroleum industry. Worse still, the future prime minister is himself a stockholder in an Alberta oil company. That is too much. I hope that the hon. members on the benches opposite will wake up and see reason.

I talked very little about the consequences of this legislation on the mining industry. This bill does not treat mining companies equitably and undermines the Government of Quebec's efforts to revitalize this industry. This should worry the people of Abitibi-Témiscamingue, a mining region that just elected a Liberal member who voted in favour of legislation that directly contradicts the interests of his own region. This should worry those who think that a Liberal member in Ottawa can defend Quebec's interests. In fact, the Bloc Québécois is defending Quebec's interests in Ottawa, whereas the Liberals are defending Ottawa's interests in Quebec. Bill C-48 is proof of that.

Representatives of the mining industry came before the Standing Committee on Finance to express their opposition to this legislation.

Pierre Gratton, the Vice-President of Public Affairs and Communications for the Mining Association of Canada, indicated that several provinces had established their tax rates according to the federal system implemented in 1974. He said that this bill will increase the taxes of certain companies.

We heard the comments of Frédéric Quintal, spokesman for Essence à juste prix, who told the committee that:

Government Orders

With this accumulated debt of over \$500 billion, can our government afford a tax gift to the richest industry in Canada? We are not talking here of an industry in difficulty, not the Canadian beef, softwood lumber or airline industry, but the richest industry.

Then, in response to our questions in connection with what he said about the tax relief to the companies never making it down to the pumps, and thus having no effect for consumers, he added:

No, it will just mean additional profits for the oil and gas companies, three of whom—Esso, Shell and Petro Canada—have in the first six months of 2003 already gone 242% over the net profits for the entire year, twelve months, of 1999. And that was already considered a very good year. I feel I must point this out.

So that is the situation. On the one hand, we have a government complaining about having to bear the brunt of an economic downturn, which allows it to continue to maintain a stranglehold on the provincial governments, while on the other hand we have that same government wanting to give a tax break to the huge, and hugely wealthy, oil and gas companies.

In conclusion, since this bill is not in the best interests of the entire community; since this bill blocks the efforts being made by Quebec to make mining investment more attractive; since this bill moves us far away from the principles of the Kyoto protocol as far as environmental protection is concerned; since this bill paves the way for the parallel prime minister to win over the west, I, as a Quebecker, a member of a party defending the interests of Quebec in this House, and a sovereignist, am opposed to this bill.

• (1300)

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Madam Speaker, it is with great pleasure that I listened to my colleague from Drummond. She spoke rather eloquently to a number of aspects of Bill C-48.

I am thinking in particular of the fact that this bill reconfirms and renews the Canadian policy of financing the oil and gas industry in Canada. This \$250 million exemption for the oil industry only confirms what was announced. We must remember that throughout Canadian history, major oil companies have received substantial benefits and funding for structuring development projects.

Just think of the Hibernia project in eastern Canada, which was developed using the taxes of Quebecers in a polluting sector, when the hydroelectric system in Quebec was developed using the taxes of Quebecers, and only theirs. No funding came from Ottawa. At the same time, Ottawa was funding polluting projects and granting exemptions to the oil industry. That is totally unacceptable.

I am having a hard time understanding certain members opposite. I am thinking of the hon. member for Abitibi—Baie-James—Nunavik, among others, who is supposed to be defending the interests of the regions, his region and riding in particular; he can see that, indirectly, this bill is very unfair to the mining industry.

In this respect, I question the sense of duty, responsibility and commitment of some parliamentarians in this House, whose sole duty—especially as MPs representing the regions, and remote regions in particular—is to defend the interests of their regions. Some members do not even stand up in debates as important as this one, and will very likely vote in favour of Bill C-48. We have a duty in this House, and this duty is to, at the very least, condemn the lack

of responsibility of colleagues who think they are defending the interests of their ridings.

I would therefore like to know what my hon. colleague thinks of these Liberal members who are supposed to represent the interests of Quebec, at least they often claim to be defending the interests of their region; yet they are about to vote in favour of a bill that creates unacceptable inequities affecting industry sectors such as mining while they sit there and say nothing. The only time they will stand up in the House will be to vote for Bill C-48. What does she think of the attitude of these members?

• (1305)

Ms. Pauline Picard: Madam Speaker, I thank my colleague from Rosemont—Petite-Patrie for this additional information. I wanted to point out to him that I too am outraged.

I am especially outraged today because, to clean up the mess and to obscure the issue, the Liberals try to intervene and to say: “No, we will vote in favour of the bill. The government may come up with something and may do this, but what the Bloc says is not totally true”.

What I said in my speech has been confirmed several times. I mentioned people, representatives from the mining industry, editorial writers, people in whom the public has great confidence because they are honest people who came to tell the truth. Yet, the Liberals are trying to make us believe that the Bloc is not right. No wonder I am outraged.

People like us work 10, 12 or 14 hours a day listening to witnesses in committees, analyzing bills and doing research in order to help and support our population. We always have the public's best interests in mind. They are trying to tell us that we are wrong, that we did not do this or that. I will not stand for it. It is ridiculous.

If members had really wanted to support their region with this bill, the very least they could have done is meet with the representatives of the mining associations to hear what we heard. They are against the bill. They feel the legislation is unfair.

Furthermore, there is another irritant, and the public needs to know this; nobody has said a word about the \$250 million that is being granted to the highly polluting oil companies. As my colleague the member for Rosemont—Petite-Patrie said, why do we not take that money and invest it in some less polluting form of energy?

The major oil companies do not need any money. They make huge profits. The government just granted them a \$250 million tax credit. They have received a total of \$500 million this year. This is taxpayers' money taken from the pockets of Quebecers and Canadians. In top of that, prices keep going up at the pump. Now the government is getting ready to give them another gift. They received \$250 million and will receive another \$250 million so they can pollute even more.

Government Orders

It is absolutely outrageous. I do not understand the members for Abitibi—Baie-James—Nunavik and Témiscamingue who refuse to recognize that their government is giving such a gift to the major oil companies.

• (1310)

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Madam Speaker, when the hon. member talks about the price of gasoline at the pumps, she should also add that, in Quebec, the price at the pumps is set by the Régie de l'énergie, which was created by the PQ government. There is a basic price, a floor price, on which no member has a say. Quebec has a floor price while its neighbouring provinces rely on the market price.

I have two questions for the hon. member. First, we all agree that she took stock of the requests of the Mining Association of Canada. We know that the government is proposing 5% for the first year, and 7% and 10% for the following years. The Mining Association of Canada wanted 20% for the first year. Can the hon. member confirm to the House and all Canadian taxpayers that what they proposed was 10% instead of 5% for the first year, then 14% for the second year and 20%?

Has the hon. member for Drummond had the opportunity since September 2003 to go over the report on the mining industry in Abitibi-Témiscamingue prepared by economist Luc Blanchette? It is a very good report. We stand by the mining community. I am a former miner myself and we will stand by these people in the years to come. We will not be able to win all the battles, but we hope to win half of them.

Unlike some of my colleagues, I do not represent a resource region of 5 or 10 square kilometres, but rather a riding of 800,000 square kilometres. I will vote in favour of this bill, because I do not want to lose that 5%. It is 50% of the 10% that the hon. member asked for in committee, which was 10% instead of 20%. She should get her facts straight.

The Acting Speaker (Ms. Bakopanos): The hon. member for Drummond has 1 minute and a few seconds to answer.

Ms. Pauline Picard: Madam Speaker, I have to smile. What I just heard does not make any sense. The member is all mixed up between the 10%, the 14% and the 20%. The amendments put forward in the standing committee came directly from the Mining Association of Canada. This is where those amendments came from.

I would also like to remind him that Pierre Gratton, the vice-president for public affairs of the Mining Association of Canada—hardly a nobody—said that many provinces had based their taxation level on the federal system implemented in 1974. He also said: “This bill will increase some companies' taxes”.

The member should not try to sell us this argument. Who knows this industry better than Mr. Gratton from the Mining Association of Canada? I repeat what he said: “This bill will increase some companies' taxes”.

I hope that the people of the Abitibi—Baie-James—Nunavik and Témiscamingue ridings will remember that their members voted for this bill. This bill is harmful to the mining sector and favours the major oil companies. Those listening should not forget that the major oil companies have been given a \$250 million gift.

[English]

Hon. Charles Caccia (Davenport, Lib.): Madam Speaker, one has to note the enthusiastic and overwhelming support for Bill C-48 by that great philanthropic party, the Canadian Alliance. The official opposition is very much inclined to support the bill, as was shown yesterday in the vote at report stage.

That party is opposed to Kyoto. That party by and large is opposed to social security reform. That party is opposed to strong federalism. The fact that the official opposition supports the legislation is a source of some suspicion. We would not want to prejudge it just because the support of the official opposition is there, but there are three very good reasons to reject this legislation and I will outline them one by one.

Bill C-48 aims at reducing taxes for the oil and gas industry. This raises the question, is the industry in trouble and does it need some help? If it were the textile industry, the shoe industry, or some industry in difficulty across the country one would understand, but why apply this form of tax relief to an industry which is consistently posting large profits and is likely to post large profits in the decades ahead? That is the question.

This brings me to the heart of the first reason. The industry has free access to natural resources which are extracted from underground. It extracts a resource which belongs to the people of Canada. This resource also belongs to the next generation of Canadians, and hopefully to generations to come. The time limit available for the exploitation of this resource is not that long. In return for this free resource the industry pays taxes. Those taxes go into the system that permits governments to do the good things that they do for the public from pensions to airports to other services which keep this country together and functioning.

Bill C-48 would reduce the taxation rate from 28% to 21%. The present rate of 28% has been justified over the years as a form of payment by this industry to the Canadian public. The idea of reducing the taxation rate from 28% to 21% is a good reason why the bill should not be supported. The tax rate should not be reduced.

There is another reason and it can be spelled out in one very short word. That word is Kyoto. It is important to briefly explain Kyoto because it has now become a buzzword that implies so much.

• (1315)

Canada, by virtue of ratifying that accord last December by a vote here in the House, which was opposed by the official opposition but supported by all other parties, is now committed to reducing greenhouse gas emissions. These are the gases produced when we burn fossil fuels, from petroleum to oil to gas and to coal. All the fossil fuels produce gases when burned.

Canada is committed to a reduction of 6% by the year 2012, which actually seems to be very little, based on our emissions in the year 1990. But because of the increase in our economic activity this needed reduction is not just 6%; it is estimated by our scientists that we need a reduction in the range of some 23% to 25%. It is a major undertaking, a major engagement, and not an easy one. Therefore, what follows is that if we pass any form of legislation in this House, we would want to pass legislation that facilitates, that makes easier, the achievement of the Kyoto goals.

Government Orders

Here instead, and this is the second reason for considering this bill not worthy of support, we are putting forward a measure that will make it more difficult to achieve the goals which the Government of Canada has set for itself by way of the ratification of the Kyoto accord last December, by way of a vote in this House of Commons.

The parliamentary secretary, when he spoke earlier on the bill on behalf of the Minister of Finance, made no reference to Kyoto and how the bill would affect the achievement of Canada's goal. This lack of reference to Kyoto disturbs me very much, because at least an explanation ought to be given as to why this measure is possible in the light of the commitment to the Kyoto ratification and the heavy engagement by Canada in reducing its greenhouse gas emissions. This bill instead is introduced as a measure to facilitate this particular industrial sector, with no reference, however, to the overall government commitment.

For this second reason, and there is a third one, I submit to you that this bill should die in the Senate. It should die because it runs counter to and opposes the achievement of a goal set by the Government of Canada and counter to its policy, which was decided by the entire government and by this Parliament by way of the vote I referred to earlier. Bill C-48 is an emanation of just one department, the Department of Finance. It is not the policy of the Government of Canada as a whole and, since it runs counter to that policy, it ought to be rejected for that reason alone.

Because as we can see, we have on the one hand the Government of Canada doing the right thing in ratifying the Kyoto protocol. It was a good measure. It was a good decision. In addition to that, the Government of Canada is investing over \$3 billion, as of the year 2000, toward the implementation of Kyoto in order to achieve that distant and rather difficult goal. But then on the other hand, we see here a proposition in this bill that is aimed at reducing taxes on the oil and gas industry. This measure makes no sense, because it would stimulate and accelerate emissions of the greenhouse gases we want to reduce in order to achieve the Kyoto objectives.

Evidently the Department of Finance does not know that a major objective of this government is to cut greenhouse gas emissions.

•(1320)

Bill C-48 should not, therefore, be allowed to be approved in the other chamber because it is not in the public interest and because it runs counter to a key government policy.

Now we come to the third reason why the bill should be rejected. The reason is related to the depletion of global oil and gas reserves. What I am going to relate to everyone in a moment is the result of consultations with the International Energy Agency in Paris, which is an agency devoted to the study of energy and its production and the resources that are available to the global community.

According to the International Energy Agency, there is a depletion point called the "mid-depletion point" of reserves for oil, which is identified at the year 2020. In other words, in about 17 years we will reach the midpoint in the exhaustion of the global oil reserves. After that, one may want to ask, how much time is left? We are told by the same International Energy Agency that there are sufficient reserves for another 20 to 25 years. That brings us to roughly the year 2045. That is when our young pages will be in their mature years; they will

probably have children and they will be looking forward to retirement.

This is the horizon being described by the International Energy Agency: by the year 2020 we will reach the mid-depletion point for oil and by the year 2045, roughly, we will exhaust the oil reserves. It could be 2050, but it is impossible to determine at this stage. There may be technological breakthroughs, yes, which may extend the depletion point perhaps to the year 2060, but we are definitely approaching within this century a point when the oil reserves will be depleted and we will reach the last drop of oil, so to speak, for use by mankind of this very valuable resource.

How does it look for natural gas? We are told that the mid-depletion point is a little better. It may not be 2020; it could be around 2050. But it is not very clear whether this calculation is accurate. It could actually be reached sooner rather than later.

To compress this particular report from the International Energy Agency, what we can say with a degree of certainty is that in about 50 years we will have reached the depletion point for oil as well as for gas, give or take perhaps a few years depending on technological advancement and the ability through technology to use better and more efficiently this specific resource so as to make it last longer. That is probably the whole purpose of having efficiency programs and efficiency research in the coming years: to make the resource last not for one or two generations but perhaps three.

However, as I mentioned earlier, the resource will be exhausted within a few decades. Therefore, we have to start planning for that time.

•(1325)

What is the conclusion, then, from this quick tableau I have painted for members in looking at the future? Looking at the future is always a very dangerous exercise, as we know, because one might be terribly wrong, but I do have to rely on the experts. On behalf of the public, we as politicians have to listen to the experts because they are the ones who spend their lifetimes on these matters.

It seems to me the conclusion would be that if anything we should be slowing down the exploitation of oil and gas resources rather than accelerating it. That is the logic of it all. We should not do as the official opposition, which is famous for its shortsighted policies, would do. We should not accelerate the process and produce more. Therefore the bill is out of sync. It does not fit into the long term picture that we are trying to come to grips with. That is our task as elected officials.

To conclude, there is also an economic consideration, that is, when we reach the midpoint for gas and oil around 2020 or 2025, this very same oil and gas will command a higher price on the market than it commands now because the supply will be reduced. Therefore, the returns will be greater for future generations if we postpone the exploitation of this resource for their time rather than taking advantage of it now. I hope we can see the economic logic of this kind of reasoning.

There are many reasons converging to force one to conclude that a measure to reduce the taxation of this particular sector is not desirable.

Government Orders

I will conclude briefly, as my time is up. It is therefore in Canada's interests to exploit carefully its natural resources and to make them last as long as possible. In this particular type of industry today, the earnings are high. We can see them in the business section of newspapers. The profits are also high. So then the question arises, why reduce taxes? Why forego a revenue that is estimated by some writers at \$260 million? Why move in a direction that is counterproductive and out of sync with the overall approach of the Government of Canada? The approach has been a good one, namely, ratifying Kyoto, which is the basic, fundamental and most difficult sustainable development issue we have ever encountered and which is standing before us as a very difficult challenge to overcome.

● (1330)

[*Translation*]

Mr. Marcel Gagnon (Champlain, BQ): Madam Speaker, I just heard a refreshing speech. It is interesting to see that some members on the other side share the views of the member for Davenport. I took note of at least four reasons why we should not support this bill.

I totally agree with the member when he says that we should not grant tax relief to very wealthy and profitable corporations. When we are increasingly talking about trying to reduce pollution, we should adopt the polluter pay principle. Here we have the reverse: an industry that promotes pollution is being rewarded. This is how I see it anyway.

The member also mentioned the risk of depletion: we will probably face an oil shortage within 20, 40 or 50 years. I believe the Kyoto protocol is an issue he is keenly interested in. As we know, developing the oil industry cost Canadians a bundle. The oil industry is rumoured to have benefited from \$66 billion while the hydro electricity industry, especially Hydro-Québec, got nothing.

Does the member for Davenport not agree that the \$250 million the government is planning to give the oil industry would be better used if it were invested in clean, renewable energies? Would it not be more logical and safer for our future to promote research on windmills? The member talked about the future of the young pages who are here, the future of the country as a whole.

In view of the fact that Hydro-Québec never received any development help from the federal government, while the oil industry in western Canada received billions and billions of dollars and is about to receive further handouts, would it not be a good idea to spread the assistance around so that together we can develop cleaner industries and promote fairness for all?

Hon. Charles Caccia: Madam Speaker, I cannot answer the second question because it pertains to a provincial agency; I think Hydro-Québec received grants from the Quebec government for a number of years and, therefore, it did not need help from the federal government. The same is true for Ontario Hydro.

The first question from the member for Champlain is very interesting and well thought out because we should of course invest much more in renewable energies. I hope the next federal budget will place a greater emphasis on the measures initiated in the 2001 budget. They were small steps in that direction and we should redouble our efforts. Whatever has been done until now is not enough.

● (1335)

[*English*]

Mr. Joe Comartin (Windsor—St. Clair, NDP): Madam Speaker, I compliment the member for Davenport, who is also the chair of the Standing Committee on the Environment and Sustainable Development, on his speech and the rationale he used in speaking against the implementation of provisions that are contained in Bill C-48.

I want to pursue the question my colleague from the Bloc just asked but in a somewhat different tangent. If one were to use the tax system by way of subsidies and incentives to advance public policy, does the member have any opinion as to how that could be used with regard to the clean burning of the fossil fuel in the form of coal? Does he think that is possible? Does he know of any specific incentives that the government could put into place to encourage either research, development or actual implementation of clean burning coal technology, if that in fact exists in his opinion?

Hon. Charles Caccia: Madam Speaker, the hon. member for Windsor—St. Clair is very kind in his remarks and too generous in attributing to me a knowledge on clean coal technology, which I do not possess.

This firm has been with us for some time. A considerable amount of research was conducted in the 1980s, particularly in Nova Scotia, in order to keep our coal mines there open. I suppose there are processes available today that claim to achieve clean results.

I would imagine the thrust of the member's question would be better addressed to the Minister of Industry in order to establish whether, in the technology research program that he announced as part of his department some 18 months ago, a particular effort is being made toward achieving this particular activity in the field of energy.

There is no doubt that energy efficiency and energy innovation in particular will be needed to achieve our Kyoto goals but we should also keep in mind that the outcome will not depend just on the technological fix. The outcome will also depend on an enormous amount of discipline on the part of ourselves as consumers, an enormous amount of innovation in the field of energy conservation and an enormous amount of initiatives that are crying to heaven for attention.

We only have to consider the tremendous use of energy by supermarkets at the retail level which are consuming tremendous amounts of energy every day in a manner that is unconscionable at times. One only has to go to Europe to see the difference. The Europeans conserve their energy very carefully compared to the manner in which we use our energy on this side of the Atlantic.

● (1340)

Mr. Joe Comartin: Madam Speaker, would the member for Davenport agree with me that, if there is this type of technology available, it would be better to have tax incentives going in that direction than the blanket format that is contained in Bill C-48?

Government Orders

Hon. Charles Caccia: Madam Speaker, because of time limitation I will say simply, yes.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Madam Speaker, I am pleased to speak on Bill C-48, which concerns primarily the fiscal arrangements for gas and oil companies.

In preparing my speech for debate at third reading, I found a very convincing article in the chartered accountants' magazine by Neil Smith, Senior Tax Manager of the core tax practice with Ernst & Young in Calgary. I just want to read one sentence from this article, which refers to the bill before us:

The release came on the heels of a significant lobbying effort by the resource sector for federal corporate tax rate reductions.

Clearly, in relation to this bill, the big winners are the oil and gas companies. They have recorded significant profits over the past few years. As a result of this legislation, they will be able to pocket even more money since the government has decided to lower their income taxes. This is quite mystifying because, at the same time that the Minister of Finance is telling us that he needs money and that he might not be able to provide the provinces with the promised funds for health care, he is giving away \$250 million in tax cuts to the oil and gas companies.

Here are a few examples of what the oil and gas companies are experiencing, to prove that they are not living under the poverty line.

Petro-Canada's quarterly report to shareholders for the second quarter states:

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.

This is an initial impact of this new legislation, because it was implemented by a ways and means motion. Petro-Canada has already saved \$96 million in the first quarter. As a result, Petro-Canada's taxes went down by \$96 million. Petro-Canada is not about to go bankrupt; it does not have a problem with profits.

The oil and gas sector has recorded phenomenal increases in profits as a result of price increases. In early winter 2003, it was not certain that low-income and middle-income earners would be able to afford home heating oil. But Petro-Canada gets a little reduction in income tax worth \$96 million.

In the case of Shell Canada, the quarterly report to stockholders for the second quarter, that is, the same period, says this:

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.

In the case of Petro-Canada, there was talk of \$96 million; for Shell Canada, it was \$54 million less in taxes. The quarterly report of Esso Imperial, another company that is certainly not suffering, reads as follows for 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.

Therefore, the three largest oil companies are declaring future additional profits of \$250 million. During this time, there are people who will have trouble paying their basic expenses.

Today we heard a little good news: the federal government has decided to extend the transitional employment insurance measures for the Lower St. Lawrence and the North Shore. It has taken a year of struggle by the Bloc Québécois to win on this point, which will enable people to have two, three or four additional weeks of benefits.

As for the oil companies, they do not face this kind of struggle. The government gives them, in a public bill, an extraordinary advantage.

That is why the Bloc Québécois thinks that, in the end, there is no choice but to vote against this bill. The oil and gas industry will see its tax rate decrease significantly, while the federal government did not tax this decrease enough. There is no economic incentive for such an action. This industrial sector is in good shape.

In the meantime, the mining industry in Quebec is being penalized. It will be penalized by this same measure. People in the mining industry are not satisfied with the bill, because certain measures are not to their advantage.

● (1345)

The federal government implies that the new tax structure will be simpler because it will rationalize the way it is observed and applied, encourage investors and make the Canadian mining sector more competitive. But the mining industry, which is going to have to operate under this structure, does not feel that the tax reform program is fully achieving those objectives. Spokespersons for this sector indicate that the provisions for gradual reduction announced in the 2003 budget are too complicated and will be hard to implement.

In other words, the government is ramming this bill through so that the oil industry will get its money as soon as possible, while the mining industry—this affects Quebec in particular—is coming up empty handed. We are not prepared to vote in favour of such a bill. We need to be able to study it in more detail and try to find amendments that will satisfy this industry.

The planned 21% tax rate will apply to revenues from non-resource activities in 2004, while for resource-related activities it will run until 2007. This is complicated, but what is important to note is that the mining industry is not satisfied and that this plan will not provide the desired advantage.

The Mining Association of Canada believes that the difficulties arising out of the 2003 budget and Bill C-48 demand a prompt solution, involving the federal government along with the provincial and territorial governments.

Government Orders

The text I read earlier on royalties and energy said that the publication of these documents followed intense lobbying by the resources sector in favour of reducing the federal corporate income tax rate, and clearly showed that this would be profitable for the oil companies. However, for the mining industry, the comment to note is the one about how from a federal tax perspective there will be winners and others who are neutral over the phase-in period.

There are complications in this bill which disadvantage the mining sector. Corrections absolutely must be made and perhaps the bill needs to be returned to the committee to be put in proper form.

The proposed changes to federal income tax have some serious repercussions on many mining operations in Canada. This translates into heavier tax burdens, federal, provincial and territorial combined, at the expense of net corporate income.

A simple solution, proposed by the Mining Association of Canada, which benefits Canadian mineral and metal producers, would be to keep the resource allowance deduction, while dropping federal corporate tax rates from 28% to 21%. This would do away with the difference between the federal resource and non-resource income tax rates, without any need to change the provisions for revenues collected under the territorial and provincial tax systems.

While debating this bill, we have seen the new Liberal member for Témiscamingue announce—out of inexperience only, I hope, and nothing more—that he is in favour of Bill C-48, which hurts the mining sector. If there is one part of Quebec where mining is important and where there has been lobbying in favour of rules to accommodate the administration of this sector rather than the opposite, it is Abitibi-Témiscamingue.

The Liberal member has already taken on the behaviour of the Liberal members here, which is to act as the representatives of Ottawa in their ridings, rather than representatives of their ridings in Ottawa. One of his first such actions has been to vote in favour of a bill that hurts his own riding.

This bill also does a disservice to Quebec because of its unfair treatment of mining companies. As I said, it directly opposes the efforts by the Government of Quebec to revitalize that industry. Quebec has made efforts, and those efforts have just been cancelled out by Bill C-48. We have no more positive results, no advantages.

We now see a member representing this area who is voting for such a bill. I invite the new Liberal member for Témiscamingue to do his homework again, to reread the bill and to go back and consult the mining industry in his area.

● (1350)

When we vote on this bill at third reading, the member will have an opportunity to make amends, to change his behaviour, to really defend his constituents, here, in the House of Commons, and not simply be the federal government's mouthpiece, and to take measures that are beneficial for his region.

As a communiqué said, “this will give pause to those who believe that a Liberal member in Ottawa can defend Quebec's interests”, and, in this case, we have shown once again that it is not possible. It is as though when they get elected as Liberal members here, they lose contact with their region. And because of the bubble of Parliament,

the bubble of government, the specific interests that they may have, their strong desire to maintain a good relationship with the government, with the government members, with the ministers, they start behaving in ways that do not serve their constituents. This is a clearcut example.

Bill C-48 gives effect to a legislated federal corporate taxation rate for resource income. This rate would be reduced from 28% to 21%. This is actually where the real tax reduction lies for the gas companies, and it comes at a time when we did not need such a reduction in revenues.

This bill also eliminates the 25% resource allowance, while the deductions for Crown royalties and mining taxes will be allowed as expenses. We are therefore readjusting or recalibrating the situation. From what we have heard so far however, it seems that the main result has been to allow the gas companies to collect an extra \$250 million. During this same period, benefits were not passed along to the consumer in the form of lower gasoline prices. For the year as a whole, there was no significant reduction in the price of gasoline. The ultimate result is that the taxpayers' money was taken directly out of the federal government pockets. This creates an added pressure for the government to fulfill its obligations and we now hear the government say, for example, that it is not so sure if it will be able to meet its commitments for health care services.

We are noticing that in various areas of federal responsibility such as military equipment, soldiers are not being provided with adequate equipment. In the meantime, the oil companies are getting this great gift. In my opinion, that is simply unacceptable. That is why the Bloc Québécois will be voting against this bill.

Allow me to quote again an excerpt from the official publication of the Canadian Institute of Chartered Accountants, which says:

From a federal tax perspective there will be winners... companies with high royalty rates, such as oil and gas producers operating in Western Canada.

However, in such provinces as Saskatchewan, Manitoba, Quebec and the Maritimes, 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 basically means a tax reduction for oil companies but a tax increase for mining companies. That is what the bottom line will be, in reality, for our economy. That is dangerous indeed. It seems to me that the government could have taken the time to develop a tidier bill, because there are many ramifications in terms of provincial taxation. It varies from province to province. A balancing act will be required. At present, nothing guarantees that the system will provide an adequate balance that really meets people's expectations.

S. O. 31

We have before us a bill that does not deserve to be passed as it stands. That is why the Bloc Québécois will be voting against it. It is unfair to society and the balance of our tax system. It is also unfair to the resource sector because the mining industry is being penalized, while the oil and gas industry is benefiting. This is an incomplete job, which does not meet the objectives. For all these reasons, the Bloc Québécois will be voting against Bill C-48 at third reading.

• (1355)

Mr. Marcel Gagnon (Champlain, BQ): Madam Speaker, I listened carefully to my hon. colleague as well as to the member for Drummond. Both speeches enlightened us about the bill now before the House.

I find it quite outrageous that the House is considering a bill that defies common sense and is completely out of step. The environment is a central concern for most people. We want to move toward cleaner energy and fight pollution in large cities like Montreal and Toronto. We are looking for solutions and a bill like C-48 does the exact opposite of what we should be doing.

Not only are we not investing \$250 million in research for clean energy, but we are spending \$250 million on an increasingly polluting source of energy. Can the hon. member tell me how I should explain this to my constituents? How does he explain the fact that the government is so intent on passing a bill that is so totally out of sync?

Is it only to score points in Western Canada?

The Acting Speaker (Ms. Bakopanos): We will now proceed with statements by members. The hon. member for Champlain will get an answer to his question following oral question period.

STATEMENTS BY MEMBERS

[English]

TERRY PAINTER

Mr. John McKay (Scarborough East, Lib.): Madam Speaker, I rise today to pay tribute to the life of Terry Painter. Terry was known to many as the godfather of motocross on Vancouver Island.

A motorcycle enthusiast for more than 30 years, Terry was a keen competitor and won many great titles and championships.

Along the way he won an even greater number of friends among his fellow racers and competitors. In fact anyone who knew him would say that Terry took the same approach to life as he did to motorcycle racing, full throttle.

Although friends and family will miss Terry's easygoing sense of humour and his competitive spirit, the contribution of No. 414 to the sport of motocross will never be forgotten.

* * *

AGRICULTURE

Mr. Leon Benoit (Lakeland, Canadian Alliance): Madam Speaker, Canada's cattle industry has been brought to its knees by the politics of BSE. The elk, deer, sheep and hog industries have

been hit hard too, and now the feed grain industry is being dragged down.

Simply put, the government must increase its efforts to open the borders. In the meantime, it must compensate farmers at least enough to keep the industry afloat until the borders are opened.

The Canadian Alliance has focused on this problem since the single case of BSE was discovered. Our leader, along with our agriculture and trade teams, have met with American officials in Washington, D.C. Individual MPs have put a great deal of pressure on American congressmen and senators. We have felt some progress as a result.

We have done what we can. Our farm groups have done what they can. It is crunch time now. Farmers need to hear from the government that the borders will open soon, and that compensation to keep the industry afloat will be forthcoming. It is time for the Liberal silence on this issue to end, now.

* * *

ORGANIZATION FOR THE PROTECTION OF CHILDREN'S RIGHTS

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Madam Speaker, 2003 marks the 20th anniversary of the Organization for the Protection of Children's Rights, OPCR.

Since its inception in 1983, and with the leadership of Mr. Riccardo Di Done, founding president of this organization, whose main objective has been to protect and defend the rights of children and youth, the organization has continuously striven to improve the plight of children through advocacy, prevention, education and early intervention.

The organization's main goal is to ensure that children are not deprived of their most fundamental right, such as access to the material, psychological, social and spiritual environment and the support they need to grow up properly and become active and caring citizens in our communities across the globe.

Protecting the rights of children and providing them with the food, medication, love, care, respect and sense of belonging is essential because children depend on us and deserve our attention, as it is by far the soundest and most profitable investment we can make in our future.

Putting an end to poverty and violence against children is a tremendous challenge that we owe to our children and ourselves to make a difference.

I want to extend my congratulations to all those who have been involved and wish the Organization for the Protection of Children's Rights continued success for the future.

•(1400)

[Translation]

NATIONAL CO-OP WEEK

Mr. Gilbert Barrette (Témiscamingue, Lib.): Madam Speaker, National Co-Op Week will be celebrated from October 12 to 18. This is an occasion for us to reflect on the importance of cooperatives in Canada.

The Canadian government believes that the cooperative movement has a role to play in the social and economic development of our country. Co-ops create employment for over 150,000 people and represent combined assets of over \$160 billion.

The federal government recently announced the establishment of the Co-operative Development Initiative, which is intended to promote the development of co-ops, carry out research, and test innovative ways of using the cooperative model to respond to today's social and economic challenges.

The Government of Canada is working with the Conseil canadien de la coopération and the Canadian Co-operative Association, which will provide advisory services to groups wishing to develop cooperatives.

* * *

[English]

HERITAGE CONSERVATION AWARD

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): Madam Speaker, I am pleased to inform the House that the town of Petrolia and the Petrolia Discovery, located in my riding of Lambton—Kent—Middlesex, has received the 2003 Heritage Conservation Award from Communities in Bloom, CIB.

The results were announced at the national awards ceremony hosted by the city of Stratford, which honoured competing municipalities from each province and territory across the country.

Petrolia, competing at the national level for the second straight year, also maintained its four bloom rating, the second highest CIB rating possible.

The CIB judges described the Petrolia Discovery as “a heritage site that depicts the early oil exploration and drilling in Petrolia, where the Canadian oil industry was born. The site is definitely worthy of special recognition for supporting heritage”.

Petrolia competed in the 3,001 to 5,000 population category against towns from Ontario, Alberta and Manitoba. Petrolia garnered 801 points out of a possible 1,000 points.

In addition to maintaining its four bloom rating, Petrolia also increased its overall point score from last year, earning an invitation to compete nationally again next year.

These awards speak for themselves.

* * *

NATIONAL FAMILY WEEK

Mr. Larry Spencer (Regina—Lumsden—Lake Centre, Canadian Alliance): Madam Speaker, this is National Family Week. It

S. O. 31

has been called a “celebration of families”. We celebrate when families are beginning and we anticipate with excitement the great possibilities that lie ahead for a new family. For most of us, our family relationships are the most meaningful and precious possession we have.

We all feel like celebrating when good things happen to us. We celebrate when a new family is started. Celebration is always called for when precious new lives are added to any family. We celebrate when families grow and prosper.

There is nothing of greater value than our families. Sometimes we may misplace our priorities for a time, but when the end comes, when life's journey nears its end, we see in a way perhaps clearer than ever, the tremendous value of our family. Fame and fortune fade away and the precious love of our family begins to have a thunderous impact upon our hearts.

I invite all Canadians everywhere to join me in celebrating the family during National Family Week.

* * *

WOMEN'S SOCCER

Mr. Alan Tonks (York South—Weston, Lib.): Madam Speaker, making history does not happen every day but Canada's Women's Soccer Team did just that. These talented women became the first Canadian team to ever win a World Cup game.

The team won its way past the strong teams of Argentina, Japan and China into the semi-final match held earlier this week against Sweden. Canada led off the scoring with a goal by Kara Lang, but Sweden came back to win with only minutes left in the game.

Canada will be facing off against the United States on Saturday to play for the bronze metal.

I would like to let the members of the team know, and I am sure all members of the House feel the same, how proud the country is of them and that we will all be cheering for them on Saturday. Go Canada Go.

* * *

•(1405)

[Translation]

WRITERS

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, for the third consecutive year, the city's writers will leave the traditional haunts of literature in order to meet with people on their own turf right in downtown Joliette, on October 18.

Once again, some thirty writers from Lanaudière and all over Quebec, including Chrystine Brouillet, Louis Hamelin and Guillaume Vigneault, will donate their time and more importantly their words to those wishing to write a poem, a greeting card, a love letter, or a political speech. Public writing stations will be set up in Joliette's downtown shops, demonstrating the cooperative partnership between the cultural and business worlds in Joliette.

S. O. 31

I want to salute the man behind this project, Jean Pierre Girard, and his band of bold writers who make this unique event possible by putting their talents and knowledge at the service of others. There will be no writer's block in Joliette on October 18. Everyone is welcome.

* * *

[*English*]

THE ENVIRONMENT

Mr. Julian Reed (Halton, Lib.): Mr. Speaker, on Friday I had the pleasure of attending a conference at Mount Royal College in Calgary on Canadian Energy Policy and the Challenges and Opportunities of Climate Change.

Some might say that I was a sacrificial lamb entering the lion's den, trying to talk to Albertans about the opportunities of implementing the Kyoto protocol.

I would like the House to know that was not the case. In fact Albertans are embracing the opportunities. One oil company calls itself "Beyond Petroleum", while another has transformed from the oil to the energy business.

The oil industry sees opportunities in its future. From wind farms, to hydro power, from solar power to bio-fuels, the opportunities are popping up across this great land and Albertans are leading the way.

Please join me in thanking Mount Royal College and all the innovators in Alberta who are moving toward the future.

* * *

HATE PROPAGANDA

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, one of the most odious promoters of hatred and bigotry in North America, Fred Phelps, has announced that he plans to spread his disgusting message here on Parliament Hill on October 13.

Mr. Phelps reserves his worst messages of hatred for homosexuals but he has a long list of those he dislikes: Catholics, Jews, anybody with whom he disagrees.

This Mr. Phelps promotes ideas which are not welcome in Canada. His abuse of freedom of expression is a mockery to that right which we all treasure. Mr. Phelps pretends to hold his positions based on religious conviction but he makes a mockery of religious conviction.

On behalf of all members and all Canadians, I would like to say to Mr. Phelps and his tiny minority, that their message of hatred directed at everyone and anyone who does not share their twisted convictions is not welcome here in Canada.

* * *

[*Translation*]

MENTAL HEALTH WEEK

Ms. Liza Frulla (Verdun—Saint-Henri—Saint-Paul—Pointe Saint-Charles, Lib.): Mr. Speaker, Mental Health Week is a time to remember that one in five Canadians suffers from mental illness. A study published by Statistics Canada last month confirmed this.

According to this study, as many Canadians suffer from a mental health disorder as from other chronic conditions, such as heart disease and cancer. Mental illness can often lead to long term disabilities and suicide.

This week, the Canadian Alliance on Mental Illness and Mental Health is recognizing a group of exceptional Canadians who are working to make mental health a national priority.

I ask the House to join me in recognizing the efforts of these Canadian champions: all the members of the Standing Senate Committee on Social Affairs, Science and Technology; Dr. Rémi Quirion, Scientific Director of the Institute of Neuroscience, Mental Health and Addictions; Dr. Carolyn Bennett, hon. member for St. Paul; John Hunkin, CEO of the Canadian Imperial Bank of Commerce; and Rona Maynard, Editor-in-Chief of *Chatelaine* Magazine.

Congratulations to all these individuals.

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[*English*]

ATLANTIC CANADA

Mr. Gerald Keddy (South Shore, PC): Mr. Speaker, the Liberals have released yet another proposal that seeks to expand oil and gas exploration, build infrastructure and encourage training, research and development in Atlantic Canada.

A nearly identical report released prior to the 2000 election called for the same measures that should have led to a \$700 million investment. We are still waiting.

This is yet another empty Liberal promise unveiled close to election time. Atlantic Canadians know that Liberals do not pay their bills. They have failed to pay for health care, education and defence, and as of today they failed to pay for any of the last five disasters that have befallen Nova Scotia.

Meanwhile, the government is demanding equalization repayments from Nova Scotia to the tune of \$160 million. It is just incredible. The insult here is that the Government of Canada asked Nova Scotia for money so that it can pay it back as disaster relief assistance.

Nova Scotians know the difference between an—

● (1410)

The Deputy Speaker: The hon. member for Laurentides.

* * *

[*Translation*]

EMPLOYMENT INSURANCE

Ms. Monique Guay (Laurentides, BQ): Mr. Speaker, insistent and repeated interventions by the Bloc Québécois have finally made the Liberal government realize that employment insurance, in its current form, does not meet the needs of outlying regions, where seasonal work is an economic reality for those men and women who experience it daily.

By agreeing to extend the transitional measures until October 9, 2004, to lessen the effects on the unemployed in the Madawaska-Charlotte region of New Brunswick, and the Lower St. Lawrence and North Shore regions of Quebec, the Liberal government is merely confirming the mess it has made of the employment insurance program.

The announcement is a step in the right direction, but it does not go nearly far enough. The government needs to understand that it must do more than provide transitional measures and agree to an in-depth review of employment insurance.

The government must promise to never again spend the money of the unemployed by raiding the employment insurance fund.

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OFFICIAL LANGUAGES

Ms. Yolande Thibeault (Saint-Lambert, Lib.): Mr. Speaker, I rise today to commend the excellent work by the Standing Committee on Official Languages in producing a report called "Immigration as a Tool for the Development of Official Language Minority Communities".

The government agrees with many of the committee's recommendations, and has already acted on some of them through the Action Plan on Official Languages announced in March.

Linguistic duality is a cornerstone of Canadian society, and the federal government considers the vitality of the official language minority communities to be of major importance.

I am therefore pleased to report that many of the standing committee's remaining recommendations will be addressed in the strategic framework to be released later this fall by the Department of Citizenship and Immigration's Francophone Minority Communities Steering Committee.

Together with our federal, provincial, territorial and municipal partners—

The Deputy Speaker: The hon. member for Winnipeg—Transcona.

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[English]

IZZY ASPER

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, many are gathered in Winnipeg today to mourn the passing and celebrate the life of a great Canadian and Manitoban, Israel Asper.

My first impression of Izzy Asper dates back to my student days at the University of Winnipeg when I heard him speak as the engaging and frank leader of the Manitoba Liberals.

I saw him last this summer when I attended the announcement of a new Canadian human rights museum to be built at the Forks in Winnipeg, something that will surely be the crowning achievement of a life already exceptional for its philanthropy.

Most of all, as a fellow citizen of Winnipeg, I want to praise the way that Izzy Asper tried and succeeded in making Winnipeg the

S. O. 31

centre of an economic success story that others might have taken elsewhere.

I may be a critic of corporate concentration in the media but it was nice to have it concentrated in Winnipeg for a change.

Izzy Asper's loyalty and generosity to Winnipeg will be an enduring legacy. Although we did not share his politics, my fellow NDP MPs from Manitoba and I salute a remarkable Canadian and extend our sincere condolences to his family.

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WORLD SIGHT DAY

Mr. Larry Bagnell (Yukon, Lib.): Mr. Speaker, I rise today to congratulate all those who supported World Sight Day today on the steps of Parliament Hill.

Every five seconds someone in the world goes blind. Every minute, a child in the world goes blind. In the next 17 years 28 million people will go blind and of those people, 80% are preventable with good water, with vitamin A and cataract surgery.

As we degenerate in the next hour into political manoeuvring, please just reflect for a moment on what we might achieve if we were to put all that energy into curing and preventing the blindness of those 28 million people.

* * *

CANADIAN WHEAT BOARD

Mr. David Anderson (Cypress Hills—Grasslands, Canadian Alliance): Mr. Speaker, as if farmers in Canada have not suffered enough loss and devastation as a direct result of government apathy. Now grain producers in western Canada will not likely receive a final payment for wheat and barley sold by the Canadian Wheat Board in 2002-03 because the board pulled out of a lucrative world market and then sold into a depressed world market.

The Wheat Board's lack of competitive drive has resulted in sales so low that the federal government will be required to subsidize its initial payments out of the public purse. What we do not know is how much that subsidy will be. The minister will not tell us and the board's marketing information is locked up tighter than Fort Knox.

It has to be asked. What are they hiding? Was it not just last week that the Auditor General severely chastised the government for its lack of transparency? It is a simple question that I ask. What is the Wheat Board's deficit and how much will it cost taxpayers?

* * *

CLIMATE CHANGE

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, the Canadian Foundation for Climate and Atmospheric Sciences has awarded funds for further research on climate change in the Arctic.

Oral Questions

One of the grants is going to Peter Lafleur of Trent University and colleagues who will be studying carbon exchange in the Daring Lake region of the Northwest Territories. The research is an important piece in the puzzle of climate change which is addressed by the Kyoto protocol. The fundamental question to be addressed is whether the Arctic is a net source or a net sink for carbon. The more Canadians understand carbon exchange, the better we will be able to comply with Kyoto.

I congratulate Professor Lafleur, his colleagues and students and congratulate the foundation for its fine work. I also congratulate the federal government for its wisdom in setting up such a foundation to address climate change.

ORAL QUESTION PERIOD

• (1415)

[English]

VETERANS AFFAIRS

Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance): Mr. Speaker, as of this morning an all party committee is asking the government to reinstate the VIP benefits to all 23,000 war widows. The government has heard from these widows. The government has heard from the public. The government has now heard from a committee of the House.

When will the minister reverse his position and extend the VIP benefits to all war widows?

Mr. Ivan Grose (Parliamentary Secretary to the Minister of Veterans Affairs, Lib.): Mr. Speaker, it was not a case of taking the VIP benefit away from anyone. Actually we added 10,000 to the rolls. Within our budget that was within our capability at the time.

I would suggest that the hon. member opposite wait a while. She may see a change.

Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance): Mr. Speaker, the government can afford to forgive millions of dollars in technology partnership loans. It can afford to reward its Liberal friends with millions in advertising contracts. It can afford millions of dollars in corporate welfare.

Can the minister explain why his government cannot afford to support Canada's war widows?

Mr. Ivan Grose (Parliamentary Secretary to the Minister of Veterans Affairs, Lib.): Mr. Speaker, in reply to the hon. member, the Department of Veterans Affairs operates within a budget. We reapportioned our moneys and managed to look after 10,000 widows who would not have been looked after otherwise, but that is within our budget.

We will have to wait and see what happens in the future with another budget.

Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance): Mr. Speaker, the government has millions of dollars for corporate welfare and nothing for widows. It has millions of dollars for the next Liberal leader's private companies and nothing for widows.

Why does the government have millions for millionaires and pennies for pensioners?

Mr. Ivan Grose (Parliamentary Secretary to the Minister of Veterans Affairs, Lib.): Mr. Speaker, I challenge the statement that there is nothing for widows. Ten thousand additional widows are going to be looked after through the rearrangement of funds within the department.

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MEMBER FOR LASALLE—ÉMARD

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, it is a big mystery. Lansdowne Technologies was part of the new Liberal leader's blind management agreement in 1994 and 1995 but by 1996, poof, it was gone off the list of declarable assets.

Can the government explain how one of the new Liberal leader's companies did \$12 million in business with the government without being included in his declaration of assets?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, first of all, the fact that this matter was brought to the House's attention has led the hon. member for LaSalle—Émard himself to ask the ethics counsellor why this particular company was not listed. In any event, as Mr. Wilson himself said to the press yesterday, the fact that the parent company was listed meant that the blind trust arrangements extended to all of the subsidiary companies, including Lansdowne.

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, that does not answer the question of why it was on there in 1994 and 1995 but not in 1996.

Let us remember that it was the new Liberal leader who had the responsibility for checking and confirming the truthfulness of that declaration of assets. It was his responsibility.

What penalties will the new Liberal leader face for signing a false declaration of assets?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, first of all the member for LaSalle—Émard did not sign a false declaration of assets. Second, the member himself was interested enough in this issue to contact the ethics counsellor, something the hon. member for Medicine Hat did not do, and why is that? It is because all he is interested in doing is not getting the facts or getting the truth but throwing dirt.

What we have is a member who since he entered Parliament much less became a minister has followed not only the letter but the spirit of the ethical rules. In fact he went beyond what the rules called for and the member for Medicine Hat stands up and—

• (1420)

The Deputy Speaker: The hon. member for Laurier—Sainte-Marie.

Oral Questions

[Translation]

CINAR

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, in the CINAR affair, the government keeps saying that it never comments on RCMP investigations or their findings. Yet in the scandals concerning Airbus, Placeteco, Confections Saint-Élie and Groupe Polygone, all the ministers responsible did not hesitate to announce that the investigations were over. They were able to talk about those ones.

Given all these precedents, why, in the case of CINAR, is the government refusing to say whether the RCMP has submitted its report? The RCMP recommendations, the refusal to act—

The Deputy Speaker: The hon. Minister of State and Leader of the Government in the House of Commons.

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if I am not mistaken, the hon. member and his colleagues have asked me this several times over the course of three or four days. I am always glad to answer the same question.

The first day, a member of the opposition asked if there was an investigation. I said I would look into it. Once I looked at *Hansard* a little more carefully, I realized the question alleged that there was an RCMP investigation. The next day in the House I said that, this being related to an investigation or lack of investigation by the RCMP, we would not comment. That is still the case.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, what the government House leader is saying is quite simply not true. What he said was the opposite.

When we asked about Modes Conili, we were told the RCMP was investigating. In connection with the HRDC scandal, we were referred to the RCMP. Groupaction: the RCMP. Lafleur Communications: the RCMP. Everest: the RCMP. When they do not want to talk to us, they refer us to the RCMP. Even with CINAR they told us, "It is under RCMP investigation". Really now.

What we are asking them today is this: why refuse to show the report? What does the government have to hide? Who is behind CINAR?

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have never met anyone who works for that company. I do not know what the hon. member is referring to. This is ridiculous.

I would simply say this to the hon. member: yes, there may have been times when cases have been referred to agencies. That is not the same thing as whether or not there is an investigation. I will not comment as to whether there has been a report or whether there has not, just as I will not comment on the contents of the report. I have already said so.

Of course, sometimes mention is made here in this House of cases that have been referred, but not to whether an investigation has been carried out. This is not the same thing.

Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ): Mr. Speaker, there is something very peculiar about the CINAR affair. The government is acting out of character. It went so far as to

refuse to confirm whether or not it had received an investigation report.

Is it not behaving this way because someone in this government has something to hide in connection with the CINAR affair? Is that not the real reason?

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, to the same question, I give the same answer. Perhaps a week ago, the hon. member or a colleague of his inquired about this report. As I have said, I will not comment on whether or not there is a report, nor will I comment on whether or not there is an investigation that would be the subject of the report on which I am not commenting. We are going in circles.

Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ): Mr. Speaker, the government should always be transparent on this kind of issue. It gladly shares information when it suits its purposes, as demonstrated by the leader of the Bloc Québécois, but withholds information when it does not.

Really, is it acceptable behaviour for a government to be controlling information to serve its own interests? Is that acceptable?

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, this is just another way of putting the same question and getting the same answer. We are being asked—

An hon. member: Keep on lying, lying, lying.

• (1425)

Hon. Don Boudria: Accusations are being thrown at us and all sorts of unparliamentary language is being used right now. That is probably an excuse for getting expelled from the House and making a scene. In any case, I will not comment on whether or not there is such a report, whether or not there has been an investigation, because I do not know. And that is how it should be. Police work should be left to the police.

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[English]

EQUALIZATION PAYMENTS

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, the Liberals are asking storm-struck Nova Scotians to dig deep and repay the federal government \$160 million because of a mistake made here in Ottawa. In the past, such payments were forgiven. What does it say to Canadians when a multimillionaire shipping magnate/finance minister can avoid paying his fair share of taxes while simultaneously slashing billions to transfer payments intended for the provinces?

If equalization and fairness are the issue, will the minister crack down on those currently exploiting Canadian taxes and come to the aid of beleaguered provinces in need of assistance at times like this?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, that was such a convoluted mix, a spaghetti bowl of false statements, one tied to the other. But I guess after being chased by an excited suitor as he was, he may have been inclined to misspeak himself.

Oral Questions

There has been no change. There was no mistake. Calculation of equalization payments is based on a formula. Everybody understands that. The numbers are plugged in as soon as the numbers are available. They have been plugged in and the calculations are made. All the provinces understand that and they prefer that kind of system to one that would be—

The Deputy Speaker: The hon. member for Pictou—Antigonish—Guysborough.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, yesterday the Minister of Finance said that when payments were not paid back the last time, he was in high school. He behaves as if he is still in high school.

Ottawa has not paid Nova Scotia's outstanding disaster claims going back to 1999. After the 1998 ice storm, Ottawa paid over \$250 million to Quebec and \$55 million to Ontario. Within one year in Manitoba, Ottawa paid out over \$136 million in claims. Farmers, fishermen and foresters were particularly hard hit by hurricane Juan.

When will the Prime Minister cancel the clawback and pay the money to Nova Scotia for disaster relief?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, the member is so jumbled up here that he is combining transfer payments and equalization, and now disaster relief. Let us get a few things straight.

First, transfer payments were increased by \$35 billion in the health accord. Second, equalization is a formula. It is based on numbers which are derived by Statistics Canada. There is nothing mysterious about that, although it is complicated, I grant that to him, and I will try to explain it to him at another time. Third, disaster relief is based upon expenses that are actually incurred. Nova Scotia will receive federal disaster—

The Deputy Speaker: The hon. member for Winnipeg—Transcona.

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GOVERNMENT CONTRACTS

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, my question is for the Minister of Industry.

We have heard a troubling rumour that Statistics Canada has awarded a multi-million dollar contract to an American corporation to do the dress rehearsal for the census in 2005 and subsequently the census itself. That corporation, we have heard, is Lockheed Martin, one of the biggest munitions companies in the world.

I wonder if the minister could tell us whether or not this is in fact true and, if it is true, why the Liberal government has decided to award such a contract.

Hon. Allan Rock (Minister of Industry, Lib.): Mr. Speaker, one thing I can assure the House is that Statistics Canada will continue to do its job according to the worldclass standards that it has always achieved. We will make certain of that. It has a well deserved reputation for excellence and it will continue to work to deserve that reputation.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, let the House take note that the Minister of Industry did not answer my question and did not deny that such a contract has been offered.

Given that this is an American munitions corporation that is actually all wound up with the star wars thing, I wonder if the minister could explain to us the connection between star wars and Statistics Canada and tell us whether or not the government is involved in the letting of a contract of this kind to an American corporation. Would he answer the question? Surely he knows what is going on in his own department.

Hon. Allan Rock (Minister of Industry, Lib.): Mr. Speaker, the hon. member is working himself into an agitated state when he should focus instead on the real purpose of all this, which is to make sure we get statistics numbers and a census that we can rely upon. Statistics Canada will continue to do what is necessary to achieve just that.

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MEMBER FOR LASALLE—ÉMARD

Mr. James Rajotte (Edmonton Southwest, Canadian Alliance): Mr. Speaker, the finance minister's argument with respect to Lansdowne Technologies simply does not make sense. CSE Marine Services, a sister company to Lansdowne, is included in the declaration of the new Liberal leader's assets. Lansdowne, in the same situation, is not. Clearly there is a problem with his public declaration.

My question again to the finance minister is, why was it included in 1994 and 1995 and excluded in 1996 and afterward?

• (1430)

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, I am not making an argument. I am simply quoting what the ethics counsellor said, which was that because the parent company was listed the blind trust rules would still have applied.

What we are getting at here is the essence of this. Is there a conflict? The ethics counsellor says that it is covered by the blind trust rules. The opposition is not interested in whether or not there was a conflict. All it is interested in is trying to hurt somebody's reputation. It is unworthy.

Mr. James Rajotte (Edmonton Southwest, Canadian Alliance): Mr. Speaker, the fact is that Lansdowne Technologies is a subsidiary of Canada Steamship Lines and Lansdowne can call on CSL for support in its contracting with the federal government. Lansdowne's clients read as a who's who of the federal government: Transport Canada, National Defence, Foreign Affairs, Health Canada, Consulting and Audit Canada and many more departments.

Is it not true that the new Liberal leader will have to rise from the cabinet table with regard to every matter regarding space, health, the RCMP and national defence because they all have contracts with Lansdowne Technologies?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, I repeat that this is a matter which is dealt with by the ethics counsellor. It is within his purview.

As I said earlier, since the member for LaSalle—Émard came to the House he has made every effort to ensure, not just that he comply with the applicable rules but went beyond what the rules required.

Oral Questions

These matters will be ones that will be dealt with in the appropriate way by Mr. Wilson.

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[Translation]

BUSINESS DEVELOPMENT BANK OF CANADA

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the Minister of Industry confirmed yesterday that the Business Development Bank of Canada is an independent entity and that he could not intervene. Nevertheless, the regulations governing the bank require a complete audit by the Auditor General every five years; the last one was four years ago.

Would it be possible for the minister to ask the Auditor General to act one year earlier, considering the abuses that have been discovered in the BDC?

Hon. Allan Rock (Minister of Industry, Lib.): Mr. Speaker, the Auditor General does not need orders from the Government of Canada to do her work. As for the corporation, it is a crown corporation, independent of the government. Its president has appeared several times before the Standing Committee on Industry, Science and Technology, of which my hon. colleague is a member. If he has questions, he can ask them of the president.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the minister should stop insisting that he cannot do anything to protect the citizens' money.

Will he admit that he could act if he wanted to, and that if he refuses to do so, it is because he does not want us to find out more about the internal administration of the bank, whose president the government has changed whenever it saw fit to do so?

Hon. Allan Rock (Minister of Industry, Lib.): Mr. Speaker, the Standing Committee on Industry, Science and Technology, of which my hon. friend is a member, has recently completed an in-depth study of the BDC's performance, according to its mandate. The hon. member is entitled to ask questions on this subject. While the president appears before the committee, the Auditor General does have the power to examine all accounts. It is an independent crown corporation, but it is accountable in that respect.

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[English]

GOVERNMENT LOANS

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, three years ago the industry minister gave 80 million tax dollars to buy out BioChem Pharma, a company in Quebec. Since then, BioChem was bought out by a British multinational that is now shutting down its Quebec plant and laying off hundreds of workers.

However, according to documents that we have obtained, no payments have been made on Industry Canada's loan to BioChem; not one red cent.

How can the minister justify giving \$80 million in corporate welfare to a company that is now laying off hundreds of skilled workers? Is this the minister's idea of a successful investment?

Hon. Allan Rock (Minister of Industry, Lib.): Mr. Speaker, we reject the philosophy of the Alliance Party that says the Government of Canada should not be investing in innovation in this country. We believe we should be investing in innovation.

With respect to BioChem Pharma, we are watching very closely the developments with that company. We expect the purchaser of that company to honour its obligations to the people of Canada, including the terms of repayment of that investment.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, the plot thickens because it turns out that BioChem and the company that then bought it gave \$120,000 to the Liberal Party of Canada in 2000 and 2001, making it the fourth largest donor in the country.

I am sure it is a mere coincidence that those donations were made at the same time that BioChem received its \$80 million loan and that the government negotiated its multi-billion dollar sale to a foreign multinational.

Now Canadian labs are being closed, scientists are being laid off and Canadian taxpayers are left holding an \$80 million bag. Is that the minister's idea of a—

• (1435)

The Deputy Speaker: The hon. Minister of Industry.

Hon. Allan Rock (Minister of Industry, Lib.): Mr. Speaker, the TPC investment in that company was made after due diligence by professional officials who decided it was a good investment for innovation in this country.

Let me assure the member that we will take all steps necessary, divestment or not, to ensure that our position is protected in relation to the repayment of that investment.

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[Translation]

FOREIGN AFFAIRS

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Mr. Speaker, it is becoming increasingly difficult to learn with any certainty the RCMP's true role in Maher Arar's deportation to Syria by the U.S. authorities. We know that the RCMP Public Complaints Commission is currently evaluating various scenarios so it can get to the bottom of this affair.

Since RCMP obstruction of the commission's work is not beyond the realm of possibility, does the Solicitor General intend to change his mind and order a public inquiry, which we feel is the only way to shed light on this whole affair, which is getting cloudier by the minute?

[English]

Hon. Wayne Easter (Solicitor General of Canada, Lib.): Mr. Speaker, I have answered this question so many times in the House that I think the member could almost memorize the answer. The facts are the facts and I have stated them. The facts are that the RCMP did not disclose to the American authorities on this issue. It was not part of the decision. It is that simple. Those are the facts.

Oral Questions

[Translation]

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Mr. Speaker, the more the Solicitor General says, the less we understand. It is becoming increasingly cloudy.

Since it is becoming increasingly clear that the Solicitor General is trying to cover up the RCMP's actions, what will it take for the government to show transparency and order a public inquiry, as Amnesty International has suggested, this very day?

[English]

Hon. Wayne Easter (Solicitor General of Canada, Lib.): Mr. Speaker, let me be very clear. I have tried to be very transparent on this issue. I went before the foreign affairs committee. I answered questions this morning at the justice committee on this issue. The answer remains the same as I have stated in this House several times. The member knows what that answer is. Those are the facts. The RCMP was not involved in the decision to arrest and deport Mr. Arar. That is how simple it is.

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GOVERNMENT LOANS

Mr. Randy White (Langley—Abbotsford, Canadian Alliance): Mr. Speaker, here comes another due diligence problem.

Yesterday the Minister of Industry admitted that last year he received only \$19 million in Technology Partnerships Canada repayments. That is a mere fraction of the billion-plus dollars that have been doled out.

Corporate welfare is alive and well in Canada, is it not?

What is the minister doing to accelerate the TPC repayments, or is it true that he does not really expect any of these repayments to occur anyway?

Hon. Allan Rock (Minister of Industry, Lib.): Mr. Speaker, they are all repayable.

These investments are often made in emerging sectors of the economy. However time is required to bring products to market to produce revenue so they can be repaid. Some of these in the biotechnology field need a 10 or 12 year period of investment before there is a return.

We are investing in pre-competitive research that will enable companies in the future to put products and services on the market to create economic growth and jobs. That is what this is all about.

However all of these are repayable.

Mr. Randy White (Langley—Abbotsford, Canadian Alliance): Mr. Speaker, he forgot to mention the investment in the Liberal Party of Canada.

Let us review the situation. Western Star Trucks will likely not repay a thing. Shire and BioChem Pharma will likely not repay a thing. Bombardier, no repayments and Pratt & Whitney, no repayments.

Less than 2% of the billions of dollars given away through TPC have been repaid.

Will the minister table a schedule of repayments owed to TPC and be a little more responsible for a change?

Hon. Allan Rock (Minister of Industry, Lib.): Mr. Speaker, what I will do is tell the member that in every case the repayment schedule is calculated to reflect the nature of the investment.

In other words, if the money is being used to develop a new jet engine or to develop new biotechnology, then the repayment occurs after that has been developed, produced and is on the market so there is revenue to provide the repayment.

However some of these repayment schedules do take time because there is a lag period before the research is completed and the product is on the market.

However they are all repayable and repayment schedules are negotiated in relation to the nature of the product.

* * *

● (1440)

[Translation]

EMPLOYMENT INSURANCE

Mr. Gérard Binet (Frontenac—Mégantic, Lib.): Mr. Speaker, the current EI economic regions came into effect on July 9, 2000. These regions reflected changes in the labour market and ensured that people living in areas with high unemployment received the assistance they need from the EI program.

HRDC also recognized at that time that the impact of the changes was greater than expected in the regions and introduced transitional measures.

Recently, we have heard that workers in these regions will require additional time to adjust.

Can the Minister of Human Resources Development tell the House what the government is doing to help workers in the affected regions in Quebec and New Brunswick?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, I am pleased to announce that we have extended the transitional period for employment insurance in the economic regions by one year. This is the case in the Madawaska-Charlotte region of New Brunswick and the Lower St. Lawrence and North Shore regions of Quebec.

[English]

We understand that seasonal work forms an important part of the social and economic fabric of Canada, which is why I am pleased that the Prime Minister will be establishing a task force on seasonal work that will examine the range of issues that affect the industries, the workforce and the communities that are dependent on these activities.

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FOREIGN AFFAIRS

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, I just received a letter from the Minister of Foreign Affairs that says that Maher Arar was only in Jordan while he was "in transit" on his way to Syria.

Oral Questions

The Syrians confirmed yesterday that he was not in transit but he was incarcerated and being interrogated while he was in Jordan.

Why would the Minister of Foreign Affairs tell me that this Canadian was in transit when he was really in jail and being questioned?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, Mr. Arar was deported by the American authorities from New York to Syria. He passed through Jordan; he was in transit in Jordan. He was taken to Syria through Jordan.

The letter is absolutely accurate. The hon. member knows that. That is exactly what we said and that is the truth.

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, being interrogated and in jail is not in transit.

The Syrians confirmed yesterday that Mr. Arar was in jail and not in transit at all. Now that we know Mr. Arar was in Jordan, where was he in Jordan? Who had him in custody while he was in Jordan? Did the minister ever ask any of these questions?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, of course, we asked those questions.

However, Mr. Arar has returned to Canada. I think it is important to allow Mr. Arar to have an opportunity to tell his story as to what happened to him. We are respectful of that and we will allow that to happen.

We will respect the case of Mr. Arar as we respect the cases of all citizens. We will not prejudge what they will say about their rights, which we intend to support in defending them.

* * *

GOVERNMENT CONTRACTS

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, my question is again to the Minister of Industry.

I will allow for the fact that perhaps his first answer to my question might have been based on not knowing what the situation was. Some time has passed.

Could the minister tell us whether or not such a contract has been awarded to Lockheed-Martin for the census. If it has, could he tell us in which wing of the Pentagon all this information on Canadians will be stored?

Hon. Allan Rock (Minister of Industry, Lib.): Mr. Speaker, as with any other such crown agency, contracts awarded by Statistics Canada are awarded after a full bidding process where value for money and the contract price is evaluated.

I have every confidence Statistics Canada used that process in its entirety in this and every other case.

* * *

FOREIGN AFFAIRS

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, my question is to the Solicitor General.

Today the Solicitor General reaffirmed that there was no contact between Canadian and American officials prior to the deportation of Mahar Arar to Syria.

However, today in the *Toronto Star* there is a quote from an American official which says that Canadian security informed them that Arar was under surveillance by Canada because he had travelled to Afghanistan.

How can the minister continue to deny that there was an exchange of information between his government and the Americans that may have led to the deportation of Arar to Syria? If he continues to deny that, why does he not just resign?

● (1445)

Hon. Wayne Easter (Solicitor General of Canada, Lib.): Mr. Speaker, I have tried to make it clear all along that I cannot confirm or deny any investigation of any individual or any matter involving the RCMP.

That would be irresponsible of me, including in terms of any exchange of information. To do so would violate the privileges of individuals and could impinge the integrity of investigations.

* * *

GOVERNMENT CONTRACTS

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, the junior defence minister used a private jet owned by the Irving Group of Companies on a political trip to Washington.

He is governed by conflict guidelines preventing him from receiving benefits greater than \$200. An executive jet just idling to the end of the runway costs more than \$200.

Why did this individual take this trip and not disclose it to the proper public authorities?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, I presume the hon. member is referring to the Parliamentary Secretary to the Minister of National Defence.

He should know that the member in question cleared his relationship, which is a longstanding one between his family and the Irving family, in advance of taking on his duties as parliamentary secretary.

The ethics counsellor has blessed that relationship, and understands the nature of the business that occurred between those families.

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, the conflict to anybody else is pretty obvious.

The Irving Group has defence interests through Fleetway Inc. Its website states that it is well positioned to respond to the needs of government involving engineering support contracts, including national defence.

Who over there will stand up to justify this junior defence minister taking an airplane trip from a company that has defence contracts, and good luck to them?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, the very fact that the hon. member claims that this is a junior defence minister shows that the whole foundation for his question is false. If he had any interest in telling the truth he would not be saying such things.

Oral Questions

What the ethics counsellor proved was a longstanding personal relationship, as is anticipated in the code of conduct. Does the member know what is in the code of conduct? I suspect not.

* * *

[Translation]

IMMIGRATION

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, the Borja family has spent the last 100 days in a church in North Hatley, in the Eastern Townships, under threat of expulsion.

This family is desperate for a fair and equitable review of its case. This sad case due to the lack of any appeal tribunal for refugees.

What is the Minister of Citizenship and Immigration waiting for before he complies with the act and sets up an appeal tribunal for refugees?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I do not negotiate in churches or with churches.

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, when invited to intervene, he did in fact say, "I am not going to start negotiating in churches".

Does the minister not realize that, for these refugees, sanctuary in a church is their final recourse because of his inability to create an appeal tribunal?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, instead of engaging in petty politics, the hon. member ought to understand that we on this side of the floor do not condone civil disobedience.

* * *

[English]

AGRICULTURE

Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance): Mr. Speaker, the current price for live beef cattle is below the cost of production. This problem can be corrected by getting the U.S. border opened up right away.

The agriculture minister has been working on this issue since May 20, so surely by now he must have been able to negotiate a date to open the border.

Would the minister tell us on what date we will be able to export live cattle?

[Translation]

Mr. Claude Duplain (Parliamentary Secretary to the Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, opening up the border is based on science and we are in the process of proving that it can and must be opened. Negotiations with the United States continue daily.

[English]

Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance): Mr. Speaker, ministers come into the House and admit failure when tens of thousands of our farm families are running into financial problems on the basis of almost losing their farms.

I would like to ask the minister, has he been briefed by the agriculture minister as to the rules that will be coming into place in order for us to export live cattle, and what are those rules?

• (1450)

[Translation]

Mr. Claude Duplain (Parliamentary Secretary to the Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, these rules are being negotiated with the United States. The border is not open yet, but we are working very hard; the minister knows full well that the problem will be resolved when the border is fully open. In the meantime, we are taking various measures to help the farmers, such as the policy framework that they can take advantage of to sign agreements and get a little money.

Mr. Gilbert Barrette (Témiscamingue, Lib.): Mr. Speaker, from what I understand, Quebec is signing its Agriculture Policy Framework implementation agreement today.

Will the Parliamentary Secretary to the Minister of Agriculture and Agri-Food tell us what this means for Quebec's farmers?

Mr. Claude Duplain (Parliamentary Secretary to the Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I thank my colleague for his question. This is good news for farmers in his riding and the entire province of Quebec. Today the Minister of Agriculture and Agri-Food is in Trois-Rivières to sign the APF implementation agreement with Quebec. I think we need to thank and congratulate Quebec. This is very good news.

Some hon. members: Bravo.

Mr. Claude Duplain: Quebec will receive nearly \$88 million from the federal government over the next five years for the four components of the framework. Quebec and Canada will commit to paying \$304 million over three years to ease the transition. Moreover, with the Agricultural Policy Framework and its risk management program, farmers will be able to receive money immediately.

* * *

[English]

ENERGY

Mr. Bob Mills (Red Deer, Canadian Alliance): Mr. Speaker, the Minister of the Environment told the House that he did everything he could to stop the Sumas II project, but Tuesday the environment committee learned from the International Joint Commission co-chair, Herb Gray, that his group would have investigated Sumas if it had been asked. The government did not even bother to ask it.

Fraser Valley residents, the B.C. government and many citizens of Washington state all oppose Sumas. Why did the minister not do everything to help stop this plan?

Mr. Alan Tonks (Parliamentary Secretary to the Minister of the Environment, Lib.): Mr. Speaker, that is not quite what the co-chair of the International Joint Commission told the committee.

Oral Questions

He indicated to the committee that the International Joint Commission was involved in a complete review of the treaty in terms of its applications on those issues that, in fact, up to this point have been beyond its jurisdiction.

I must question the premise upon which the member has asked the question. The minister could not have asked that question by the IJC because it was not within its jurisdiction.

Mr. Bob Mills (Red Deer, Canadian Alliance): Mr. Speaker, that is totally just a bunch of gobbledegook. There is absolutely no way. The co-chair said "All you have to do is ask me and we would investigate".

Doing everything in the minister's power to stop the Sumas from polluting the Fraser Valley means that we ask the IJC to investigate. The environment minister failed to do that. The International Joint Commission would have investigated. All it had to do was be asked by the government.

The minister knew who to call. It was his good friend Mr. Gray. Why did he not do that?

Mr. Alan Tonks (Parliamentary Secretary to the Minister of the Environment, Lib.): Mr. Speaker, I can only assume that the member has innocently, rather than deliberately, characterized what was actually said in committee.

What was actually said in committee, and the member will recall, was that the Fraser River, as it comes within the jurisdiction of the IJC, does not call for an input from the IJC.

That was the answer that was given to the member. I am surprised that he would try to—

The Deputy Speaker: The hon. member for Laval Centre.

* * *

[*Translation*]

IMMIGRATION

Ms. Madeleine Dalphond-Guiral (Laval Centre, BQ): Mr. Speaker, if refugees are hiding in churches, it is because the minister will not implement the Refugee Appeal Division provided for by the Immigration Act.

In a letter dated September 24 addressed to me, the minister conceded that the appeal division would provide asylum seekers whose claims are dismissed with a right to appeal.

When will the minister do justice to refugee status claimants? When will he comply with his own legislation by implementing the Refugee Appeal Division?

• (1455)

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I think a distinction must be made between those who engage in civil disobedience and those who come under the purview of the appeal board. I agree with the hon. member. I said that we will eventually have such a process.

In light of the current structural situation, I have asked cabinet to examine various options. We want to implement such a process, but I do not think that we should mix these issues of refuge and appeal.

[*English*]

FISHERIES

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

In British Columbia's Broughton Archipelago the wild salmon stocks have declined by 70% to 90% because of the harmful impacts of sea lice outbreaks from fish farms. The federal sea lice action plan has managed to reduce the lice infecting wild salmon. Wild salmon stocks have begun to replenish.

Is the Minister of Fisheries and Oceans willing to extend the sea lice action plan to next year to ensure the restoration of wild salmon stocks?

Hon. Robert Thibault (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I wish thank the member for his question.

The sampling phase of DFO's \$1.3 million wild salmon action plan is complete and is entering the data analysis phase.

DFO has been regularly reporting its progress to the public on the department's website. I wish to remind my colleagues that it is premature to draw any conclusions from the data until it can be properly analyzed.

Scientists will publish a detailed report of their findings at the earliest possible opportunity. I am confident that the results of this initiative will enhance the public's understanding of this issue and will contribute to the decisions affecting wild Pacific salmon.

* * *

[*Translation*]

VETERANS AFFAIRS

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, last May, the Minister of Veterans Affairs announced a series of legislative and regulatory measures concerning the veterans independence program, among other things. Regulations passed quietly on June 18 exclude 23,000 widows from this program.

At last week's Liberal caucus meeting, the Prime Minister reportedly promised to go to bat for these widows overlooked in the June 18 regulations. Could the Prime Minister tell us today how he intends to correct this unacceptable injustice to women?

[*English*]

Mr. Ivan Grose (Parliamentary Secretary to the Minister of Veterans Affairs, Lib.): Mr. Speaker, the subject to which the member refers is one that we have gone over and over in the House. Rather than exclude 23,000 widows, we added 10,000 within the budget at that time.

I would remind the member that the department looks after \$1.6 billion a year in pensions and allowances to veterans. I know the member is not from the same generation that I am from, but I remember when a dollar was a lot of money, and \$1.6 billion is a heck of—

The Deputy Speaker: The hon. member for Brandon—Souris.

*Government Orders***AGRICULTURE**

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, today I received a self-serving communications package from the Minister of Agriculture telling us how wonderfully he has been handling the BSE file, but hello? The border is still closed to live cattle. It is not open.

The agriculture committee was making arrangements to go to Washington. Unfortunately, the minister decided to cancel that trip. He made the chairman cancel the trip to Washington. I want to ask the minister, why is that? Is he threatened or is it the fact that he just does not like a proactive initiative?

[*Translation*]

Mr. Claude Duplain (Parliamentary Secretary to the Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the committee cannot go; however, I will ask the hon. member to check whether the Canadian Cattlemen's Association could have requested that the committee not travel to the United States.

* * *

[*English*]

COAST GUARD

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, last week at our fisheries committee the commissioner of the Coast Guard indicated to our committee that it is not the mandate of the Coast Guard to guard the coast. My question quite simply to the government is this: Who is guarding our three oceans and our Great Lakes waters at this time?

Hon. Robert Thibault (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the Coast Guard performs an admirable job in making sure that we have maritime safety, that we have pollution control, that we have aids to navigation, and that we serve as a platform to all federal agencies when they are in need. The Departments of Transport, National Defence and all the agencies combined contribute all the services required.

* * *

HEALTH

Mr. Rob Merrifield (Yellowhead, Canadian Alliance): Mr. Speaker, the World Health Organization is preparing for another SARS outbreak this winter. The Naylor report said that Canada is not adequately prepared for a true pandemic. With the fall flu season upon us, the Naylor report urged Health Canada to issue national recommendations for SARS surveillance by next week.

Will these guidelines be in place and why have they not been here by now?

• (1500)

Hon. Anne McLellan (Minister of Health, Lib.): In fact, Mr. Speaker, I am fully aware of the recommendations made by Dr. Naylor. We know that influenza season will be soon upon us. We also know that there may be some confusion in the minds of Canadians around whether that which they are suffering from is influenza, or perhaps they might be concerned about SARS.

That is why we are working with chief public health officers and medical officers across the country to ensure that we have the systems in place, the surveillance systems and the data information

and collection which will in fact ensure that we are protecting the health and safety of Canadians.

* * *

BUSINESS OF THE HOUSE

Mr. Dale Johnston (Wetaskiwin, Canadian Alliance): Mr. Speaker, could the government House leader inform us as to what the business would be for the rest of the day, for tomorrow and for the week following?

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am very pleased to answer that question. I think it is an excellent question.

This afternoon we will continue with the debate on Bill C-48, the resource taxation measures. We will then turn to a motion to refer Bill C-38, the cannabis legislation, to committee before second reading. If this is complete, then we would follow with: Bill C-32, the Criminal Code amendments; Bill C-19, the first nations fiscal institution bill; and Bill C-36, the archives bill, if we get to that. There is some discussion going on about Bill C-36.

Tomorrow we will begin with Bill C-19, if it has not already been completed, and then go to Bill C-13. If we have not completed the list for today, we could as well continue with that.

Next week is the Thanksgiving week of constituency work. When we return on October 20, it is my intention to call Bill C-49 to begin; that is the redistribution legislation, for the benefit of hon. members. When that is concluded, we would return to any of the business not completed this week or reported from committee.

Thursday, October 23, shall be an allotted day. That is the sixth day in the supply cycle.

GOVERNMENT ORDERS

[*Translation*]

THE 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 third time and passed.

The Deputy Speaker: I think a question from the member for Champlain was being answered. There are about eight minutes left in the question and comment period. The hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, before answering, I will go over the question of the member for Champlain.

Indeed, the debate is on a bill that would provide very large tax reductions to oil companies; these are huge amounts for an industry that is doing quite well financially.

I will remind the House of the magnitude of the profits. In its second quarterly report to shareholders, Petro-Canada said:

Government Orders

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.

Thus, a single company got a \$96 million tax reduction. Shell Canada got a \$54 million tax reduction and Imperial Esso, a \$109 million reduction. These are sizable amounts.

My colleague was asking what could justify such a bill. Is it to benefit western Canada?

I think that, generally speaking, no one benefits from such a situation, except the companies themselves. The consumer does not benefit, because we have not seen a reduction of the price at the pumps as a result of these tax reductions.

Consumers were not intended to benefit. Oil companies pocketed the reduction and I believe the answer to that can be found in the comments made by Mr. Neil Smith, a member of the Certified General Accountants' Association of Canada, who said, regarding the ways and means notice that resulted in the bill before us today, and I quote:

The release came on the heels of a significant lobbying effort by the resource sector for federal corporate tax rate reductions.

There were many statements. We know how things are within the Liberal Party of Canada. It lends a more attentive ear to people who contribute generously to its campaign. Eventually, they get rewarded.

The government is offering a tax reduction to companies posting huge profits. Such a reduction is hard to explain, especially when the federal government is saying: "We need money for health care, and the surpluses will certainly not be large enough to pay the provinces what we owe them."

Oddly enough, on the one hand it does not have the \$3 billion surplus it promised the provinces, and on the other it reduces taxes on oil companies by \$250 million. Somewhere, someone is being inconsistent and lying to the people.

If the government really wanted to pay the provinces the money it owes them for health care, it would not restrict its ability to do so by decreasing its own revenues and giving tax rebates to oil companies, who really do not need them to survive. Nobody is worried about their survival and I believe they are in good shape.

It is a good thing they are doing well and it is only right that they pay their fair share of taxes since the public as a whole should enjoy the benefits of our natural resources. I believe the federal government's legislation is regressive and concentrates money in the hands of those who already have a lot. I believe this is unacceptable.

•(1505)

[*English*]

Hon. Don Boudria: Mr. Speaker, I rise on a point of order. Several officials, including those at the Table and perhaps yourself, have noted that when I gave my business statement and provided a copy, they were not the same. Just to correct the record, while I said Bill C-13 for tomorrow, that is not correct. It is Bill S-13 and the written copy I submitted said Bill S-13, respecting the census.

The Deputy Speaker: I thank the hon. minister for that clarification.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, I would like to ask a question of my colleague.

There are aspects of this bill that create a new tax structure in the resource sector, including with regard to the mining industry. We heard several colleagues talk about the environment.

According to my colleague from Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, how does the environmental aspect fit in with this government policy, which tends to favour the oil industry?

Mr. Paul Crête: Mr. Speaker, I thank the member for Sherbrooke for his question, which is indeed very relevant.

We are at a stage where the Minister of Industry must answer as to how he is going to implement Kyoto. Members opposite tell us that it is sometimes difficult to find the money. It will take more years to achieve the targets when a fundamental principle, called the polluter pays principle, could have been put in place immediately. Instead of giving tax breaks to oil companies, the government could have decided that the money from these taxes would be used specifically for the environment.

We would not have expressed all this criticism today regarding the fact that the money from the tax cut goes directly into the pockets of shareholders.

At a time when sustainable development is becoming increasingly important, the federal government is sending the opposite message to Canadians. It says that we should continue to do as we did in the past, look only at maximizing profits and not pay attention to how money is distributed within society.

The public may pass harsh judgment on this bill, which just looks like the result of intensive lobbying by oil companies.

•(1510)

[*English*]

Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.): Mr. Speaker, this year there have been catastrophes of immense dimension in Canada. Forest fires of untold proportions raged throughout the summer in British Columbia and Alberta. We recently heard that the Ward Hut ice shelf off Ellesmere Island in the Arctic detached itself and broke up. This is an area the size of the island of Montreal which gives people an idea of its dimension. More recently in Nova Scotia, hurricane Juan created a path of tremendous destruction, uprooting trees that were 200 and 300 years old. What do those things have to do with Bill C-48? The relationship is simple; it is called climate change.

Government Orders

Yesterday during the vote on Bill C-48 my colleague from Davenport and I stood to vote against the bill. We did not do it lightly or lightheartedly. These were tough decisions which were not done joyfully. In fact we regret them intensely. However, as environmentalists, we feel very strongly that there is a total contradiction between the government's policy toward climate change and our commitments to the Kyoto protocol.

The objective of Bill C-48 is to further promote the non-renewable energy sector, mainly the oil and gas industry which is a huge contributor to carbon emissions. These changes directly contradict the recommendations of the OECD that preferential treatment for the non-renewable sector should be eliminated. The same recommendation was made in the 1998 report of the Minister of Finance's technical committee on business taxation.

The Department of Finance technical study dated March 3, 2003 justified additional tax cuts which led to Bill C-48. It is interesting to note that there was no reference at all to the environmental or social costs of extraction of resources.

I would like to quote some very startling figures. I can vouch that they are official figures. The Commissioner of the Environment and Sustainable Development stated that direct government spending on non-renewable energy has been \$202 million a year. Over five years this amounts to \$1 billion. Between 1998-2002, the oil sands tax expenditure was approximately \$597 million, over five years. The oil and gas investment tax credit amounted to \$128 million. Over five years this amounted to \$640 million. Over the last five years approximately \$2.9 billion has gone into subsidies to oil and gas, and Atomic Energy of Canada for nuclear power.

● (1515)

In 2000 the Commissioner of the Environment and Sustainable Development published a report on the energy sector. I would like to quote from section 3.86 in the conclusion of the report:

Two important ways to address climate change are using energy more efficiently and establishing a more sustainable mix of energy sources, which means a greater reliance on renewable sources. The federal government stated in its 1996 renewable energy strategy that it wants to increase investments in renewable energy. It has also said for many years that it wants Canadians to use energy more efficiently, and the Office of Energy Efficiency is currently promoting this goal.

It is also stated in section 3.68 of the same report:

The tax system does not give any preferential treatment to certain investments that improve energy efficiency.

In other words, we are loading the dice in favour of favourable tax treatment to the non-renewable energy sector, the fossil fuel sector, while not providing any favourable tax treatment to the renewable sector.

The same report mentions in section 3.36 the various types of federal support to the non-renewable industry the following:

Since 1970, the federal government has written off \$2.8 billion of its investments and loans for energy projects in the non-renewable sector.

I repeat, \$2.8 billion.

I get the very strange feeling that we are speaking out of both sides of our mouths. On one side we are talking about Kyoto and climate change, putting large amounts of money, \$3 billion in the last two budgets, into energy efficiency, the reduction of fossil fuel

consumption and a reduction of carbon emissions into the atmosphere. This is a good side of it. On the other side we are presenting Bill C-48 to promote the accelerated use of fossil fuel resources. It seems to me there is a total contradiction which I must say as an environmentalist I cannot support. In fact, this is exacerbated by the feeling that this is an industry with so much clout that it almost dictates policy.

The Prime Minister in relation to Kyoto wrote a letter to the oil and gas industry on July 25, 2003. One section of the letter states:

4. Other environmental regulations: The "business-as-usual" reference for intensity targets will take into account future federal environmental regulations. A consistent approach across all federal policies will avoid imposing a greenhouse gas penalty on mandated actions to improve environmental performance.

This letter almost gives carte blanche to the fossil fuel industry to go ahead and continue putting out carbon emissions, that there will be a cap of 15% put on reductions so that it will not be too drastically affected and it will be able to certainly respect it. The feeling is that we are really saying one thing and certainly acting, through bills like Bill C-48, very much in the other direction.

● (1520)

My colleague from Davenport, who stood with me yesterday to show our disappointment, displeasure and disagreement with Bill C-48, was recently at the International Energy Agency in Paris. He asked a question about the state of the world's oil reserves. They told him that if no new reserves were identified, the mid-depletion point for oil and gas would be about 2020. Then there would be sufficient reserves for another 20 to 25 years. In other words, it goes to show that our oil reserves worldwide are being depleted at a huge rate, considering that transportation and all other uses of energy are multiplying manifold.

In regard to gas, the answer regarding the mid-depletion point was 2020, another 20 or 25 years. We are talking about results and targets that will fall in the lifetime of most Canadians. This is not something that is one, two or three centuries ahead. The mid-depletion is there, next door, in a few year's time. The depletion point for oil worldwide might be 2050.

What conclusion should we draw from this? The conclusion we should draw is that we do not say let us not use our oil resources. Of course not. We have to and we must. At the same time we are saying to the oil industry and to the government, surely a slower depletion rate would be far better for our economy and we could keep our reserves longer. At the same time, it would open the way for parallel stream which we must push with far more vigour.

We need a parallel stream of renewable energies, such as wind, solar, biomass and cogeneration. While we slow down the depletion of our oil reserves, we accelerate the pace of our renewable energies. When the oil reserves are depleted in 25, 30 or 50 years, we will have a thriving renewable energy sector such as is in the making in places like Germany and Denmark where wind power has become a very positive, constructive and important fact of life.

The Danes have made a policy to replace all their coal and oil energy with wind power in 30 years. It seems to me that we have to embark on an overall strategy, 25 or 30 years along, to put the accent more on favourable tax treatment in favour of renewable energies and to disfavour the fossil fuel sector so that it depletes itself far more slowly. Rather, we are doing everything to accelerate depletion and are giving more profits, subsidies and incentives to the fossil fuel industry.

I would like to quote from a text from *Foreign Affairs* of July/August 2003, by three highly credible Americans: Tim Worth, president of the United Nations Foundation and a former U.S. senator from Colorado; Boyden Gray, partner of Wilmer, Cutler and Pickering and served as counsel to former president, George H.W. Bush, the present president's father; and John D. Podesta, a visiting professor of law at Georgetown University Law Center and was chief of staff to former president, Bill Clinton. I recommend to my colleagues to read this article which is entitled "The Future of Energy Policy".

● (1525)

I will quote from it. It states:

The time has come to craft a long-term, strategic approach to energy. A central feature must be public-private coalitions for change that bring together business, labor and environmental advocates. The first step must be to focus on what is important and define what needs to be accomplished. Three far-reaching, 25-year goals encapsulate America's long-term interests and should guide its energy policies.

First, America should address its dependence on oil by cutting U.S. oil consumption by a third, setting an example for the rest of the world and breaking the grip of the global oil cartel. Second, to take on the dangers faced by the world's climate, America should cut its carbon emissions by a third as a stimulus to a two-thirds global reduction by the end of the century. Finally, the United States should develop, deploy, and disseminate clean energy technologies and institute trade policies that can increase the access of poor people around the world to modern energy services and agricultural markets. Such moves will improve the lives of billions of people, stimulate economic growth and create new markets for American goods and services.

In the course of this article, it points out that in regard to energy, of which we consume far too much, of the six billion people in the world, two billion do not know what electricity is. We just flick a switch and put on our lights. We just get into our cars and they go. Two billion people in the world do not even have electricity.

In closing, I would like to also quote from the same article. It states:

A strategic energy policy will unite diverse political constituencies and forge common cause among stakeholders that are often at odds. The environmental community's objective is not to shut down coal, it is to shut down carbon; zero-carbon coal thus is something to agree on. The automotive and oil industries' objective is to not to prop up dictators in the Middle East or to sully the natural world, it is to provide a return to their shareholders; making fuels, cars, trucks and buses that are clean and profitable thus is something to agree on.

Most of all, a collaborative strategic approach holds out hope for ending dependence on oil, eliminating excess carbon dioxide emissions, and providing clean and reliable energy services and agricultural opportunity to the world's poor. The result would be to "hurry the future" by unleashing a torrent of innovation that will

Government Orders

stimulate economic growth, create new jobs, improve productivity, and increase prosperity and security for the United States and the world.

These same words could apply to us here. It is not through bills like Bill C-48 that we will achieve this. With great forethought, a strategic policy that will look ahead and base itself on clean energies while depleting our fossil fuel reserves, which we need, with far less speed will achieve this.

I hope that many of my colleagues will join us in voting against Bill C-48.

● (1530)

[*Translation*]

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, I commend the member for Lac-Saint-Louis for his speech. Having served with him in the Quebec National Assembly, I know he has always been concerned about the environment. When he was minister of environment in the Quebec government, this really was an issue of concern for him.

I do not remember the exact figure, but at the Quebec conference that two ministers of this government attended, as well as other members and myself, World Bank specialists told us that the greenhouse effect was almost catastrophic around the globe. They mentioned that an incredible number of people on this planet did not know anything about electric energy and the member for Lac-Saint-Louis was said that also.

These people work with hard energy, like coal and wood, which explains why between 15 and 20% of the sun's rays are not reaching the earth on a whole continent. This creates major environmental problems, as the member for Lac-Saint-Louis also pointed out.

When I hear a speech like this one, or the one by the member for Davenport, I wonder how it is that we are studying such a senseless bill, one that is so remote from environmental concerns.

How is it that, in 2003, we cannot get any reaction from the government when we say that this bill has to be withdrawn? We have to take what is being given to the oil companies to do exactly what the member for Lac-Saint-Louis was proposing, conduct research on renewable energy.

I am asking the member for Lac-Saint-Louis what we can do together to get the government to take action along these lines.

Mr. Clifford Lincoln: Mr. Speaker, a substantial amount of money, approximately \$3 billion, has been invested in the Kyoto protocol.

What I disagree with is this obvious contradiction between, on the one hand, making huge investments in more efficient and cleaner energy sources and, simultaneously, on the other, adopting legislation such as this, which will invest \$260 million a year for non-renewable energy sources. I cannot agree with this.

Government Orders

This \$260 million per year is nearly the same amount that has been invested in wind energy over five years. Wind energy gets \$260 million over five years, while, in one year, this bill will put \$260 million in the pockets of companies developing non-renewable energy sources.

We have to go back to square one. We have to reinforce what we have already done extremely well, such as the government's climate change plan, in which substantial amounts were invested. An investment of \$3 billion is a huge one.

At the same time, we must not undermine such efforts by doing one thing and then the opposite. That is my message.

[English]

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, I have enormous respect for the member who is speaking and I always respect members who decide to vote against their party, in this case, on a matter of principle. However I have a hard time understanding exactly what the principle is that the member objects to in this bill.

I understand his environmental concerns and his remarks about the energy industry. However I do not understand why he supports a two tier tax system, one for businesses in general and then a higher tax burden for the companies that make enormous investments, take huge risks, apply tremendous technology and employ hundreds of thousands of Canadians that work in the natural resources sector, which has been the heart of the Canadian economy all through our history.

Why does he support a two tier tax system rather than one which is equitable and does not pick winners and losers in terms of sectors of our economy?

• (1535)

Mr. Clifford Lincoln: First, Mr. Speaker, I am not alone. The OECD itself has recommended that favourable tax treatment for the non-renewable sector should be eliminated. In 1998, the Minister of Finance constituted a task force on business taxation, which also recommended the same thing as the OECD. The reason we must have different types of taxation is that we have to look at other issues as well; we have to look at societal issues.

The fact is that climate change is a fact of life. Just this year, for people living in the west, the forest fires that raged were not just an accident of history. The Ward Hunt ice shelf, the size of the Island of Montreal, has detached itself from Ellesmere Island. It has broken down. That is not an accident of history. Hurricane Juan flew into Halifax, creating all kinds of damage.

There is climate change. It is a fact of life. What we have to do is, on the one hand, foster clean energy technologies. We are not saying to put penalties on the oil and gas industry, but the oil and gas industry is flourishing at this time and it does not need any new breaks. It does not need another \$260 million a year.

We would be far better off to put that additional money into wind energy, where we put hardly any at all, only \$260 million for five years, so that we develop a new stream of energy. Oil reserves, regardless of whether we like it or not, are resources that are going to be depleted.

I quoted the International Energy Agency, which my colleague from Davenport visited recently. It says that the mid-depletion point of world oil reserves is going to happen in 2020. Beyond that, the agency reckons there will be another 20 to 30 years of additional reserves and then there will be depletion unless we find new oil.

We need to start building another stream of energies. We do not say to shut off the oil and gas industry, very far from it. I realize that my colleague from Alberta has a vested interest in his province producing a resource that we need today and that we use today. And we are happy to do so.

At the same time, let us not give the industry additional treatment so that it benefits from additional breaks when the time has come to, on the contrary, put new money we might have into a clean energy stream. This is really what we recommend: a parallel stream so that when the oil energy resources are depleted in 20, 30 or 50 years, this other stream will be thriving.

At one point, coal was the big energy source. It was too polluting, so oil started to come on stream. At that time there was the same debate that is happening today. I have read that then people said oil would never replace coal, but it did. We have to prepare for the time when clean energy sources such as wind, solar, biomass and cogeneration will replace oil and gas.

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, I am glad to participate in today's debate on Bill C-48. I think it is important that we talk about the decisions made in the House which affect the actual economy of the country, not only in the short term but in the long term. That is what the bill is about. It is a very serious issue: a decision on how to spend our resources.

There is a series of things governments do to develop the strategies, the tools and the tool chest to move forward with pragmatic programs and services in developing the economy and our communities. Part of that is taxation. Another part is service fees. Another part is through assets we have acquired, and there is also revenue generation.

The bill is very important, because at a time when we are faced with so many different challenges and problems, we will witness anywhere between \$1.4 billion to \$2 billion in assets disappearing over the next five years. That revenue stream is so critical when we are missing the opportunity to participate in renewable forms of energy. Right now we are focusing on a tax cut for the oil and gas industry, and for others as well, but I will focus on that one. It does not take into account the planning that is so desperately needed.

It is frustrating to stand in the House and hear that there is not enough money for SARS, for the workers or for the economy in Toronto and other areas that were affected by SARS. Not just Toronto was affected. Tourism was affected in other places because they were tarred by the same image as Toronto. People thought all of Canada had SARS.

Then there are our war widows. Canada has 23,000 war widows and we do not have the resources to provide money for them, but we can have money designated as a tax cut for the gas and oil industry.

We all know about hurricane Juan in Atlantic Canada, forest fires in B.C. and Alberta, and BSE. They are all examples of very significant environmental issues that also require assets from the federal government, assets that have not been streamed to the people who need them.

But the government can find the time and the political will to move toward a tax cut to an industry that has serious repercussions on the people out there. It is a very good industry in the sense that all of Canadian society has embraced the oil and gas industry. We understand the effects it has. It has done some very positive things, but at the same time we are paying some prices. My community of Windsor and Essex county is. Because of environmental contaminants, many of them related to dioxins, toxic materials spewed out into the rivers and lakes causing environmental degradation and human health concerns, my community of Windsor and Essex country has some of the highest rates of cancer, respiratory diseases and birth defects.

Now here we are, giving an industry a tax credit when we know we still have some of the worst and dirtiest gas on the planet. I have used the example of the Oakville refinery. Petro-Canada is closing it down because it would rather produce dirty gas until 2005 and then import oil from Europe and distribute it under its flag. Even though it will be another company's gas, it will just re-brand it as opposed to investing in a plant to produce clean gas and energy products to make sure we have independence.

I believe that the recent Conference Board of Canada report card on Canada's health says a lot. The conference board itself is an organization that is not necessarily seen as being the most solid in terms of the environment. It looks at a multitude of different things. It very much takes a cautionary approach to the environment. The title of the actual *Globe and Mail* article about it was, "Canada's latest report card has disappointing marks". I will quote a section of that article:

Compared with other leading industrial countries, Canada scores high marks on an economic front and does moderately well in areas of education and innovation. But its performance on a range of health and social measures falls short of many other countries and Canada is well down the list for its environmental efforts.

● (1540)

That is important to note, because right now we know that those social, health and environmental rankings can actually be improved with the movement to renewable energy, provided that we have the assets to do so. Without those assets, if we diminish our reservoir of capital and our ability to act, then we will have limited choice and limited options. I think a good example is the \$250 million per year going into wind energy. That is deficient by far in terms of what we can achieve.

That is an interesting issue because when the wind energy project in Toronto was completed, it cost just over a million dollars for the actual wind generation capacity to be completed. However, it cost over \$100,000 to ship that unit from overseas because we do not produce them here. There is an example to show that if we had an industrial strategy and a committed, strong sense of purpose and

Government Orders

conviction on the part of the federal government, we could create that factory here in Canada.

We could create a commitment among provinces and municipalities and have other tax incentives that help consumers and help business by producing the renewable energy forms if we make it affordable. I believe that is where the incentive should be. If we really want to talk about how it can affect workers and how it can affect the economy, then this money could be used to lower other types of taxation, which we would all enjoy, and at the same time we could meet our national goal of Kyoto.

It is something that this country has put a stamp on in terms of the world. We were one of the last people to sign it. The government was dragged kicking and screaming into it by the Canadian public, but it was done.

We can actually be a leader. I think it is a positive thing to do, and not only for our current situation, because it gives hope and instills in people the idea that we can take control of our environment and have sustainability. We can also clean the air and provide an opportunity for our youth to have the things that we are so desperately losing. We are desperately losing in regard to some of the health factors and some of the pollution issues that we lack resources to fix. Once again, this is a significant loss to the federal coffers for an industry that is going to create some problems for all of us as its product is used.

That is something that I think is important to note. It is really critical when we have long term commitments to something that we have the resources. That is not happening with the government. I am concerned that the government will not follow through with the Kyoto accord in terms of providing the right resources to make it successful. This loss of revenue stream is very important.

I will return to the Conference Board of Canada and its spotlight on Canada and the environment as reported in the *Globe and Mail*. I note this in particular:

Canadians take pride in their country's beauty and resources, but have been "lulled into a false sense of security about the state of our environment", the board says. Canada placed a dismal 16th among 24 countries whose data were examined.

"Yes, we have abundant resources...but we are not managing them well enough".

That is the comment. I think that is clear. Because of the natural beauty we have in this country, the size of Canada, its diversity, not only of its people but its topography, and the ability to be on an ocean, on lakes, and in forest areas, I think we sometimes take for granted the things that we do not see.

This tax cut is for an industry which obviously has played a very pivotal role in creating jobs and in being part of the Canadian drive to be successful, but at the same time it has a byproduct that a lot of people pay a price for. That byproduct is the pollution that is created and affects human health.

Government Orders

Even the OECD has recognized that environmental pollutants and toxins and their effects on human health has become not only an environmental issue in itself but an economic issue. The OECD is actually rolling out some more policy platforms in order to have the confidence and also, more importantly, to address the issue. Quite frankly, an area like ours has the Great Lakes area of concern because of the pollutants and the toxins we have been subjected to. For example, that has caused a situation where we have higher rates of learning disabilities among children.

That ends up not only putting a health factor on a child, but it ends up putting a burden on the family to be productive in society. They have to deal more with those special family instances. If there are no social programs there because the programs have been cut back over the years, then it hurts their participation in the economy and it makes more people dependent.

• (1545)

We have to balance these things out. It is not about trying to gouge an industry. The industry has done well in getting support from the federal government over the years. It has had a successful history of lobbying for money and resources and actually was in a partnership as a crown corporation at one point in time.

That does not take away from the fact that we have to be able to mitigate the problems associated with it. That is what this money does. The money needs to be in the budget to mitigate those things. It is critical. The twilight of this industry is coming upon us. We cannot be burning fossil fuels forever. We do not have unlimited supplies, so we have to introduce more and different technologies.

Ford Motor Company was on Parliament Hill today showcasing its Ballard hydrogen fuel cell technology at the front doors of this building. That takes a commitment of resources from the government. A federal green auto strategy would be one of them. We just cannot do that without money.

If we know this situation is developing, we have to reintroduce new sustainable products that will offset that. Oil and gas is a very critical issue. We have discussed this issue at the industry committee. It is not a situation where we have an option about purchasing the product. Most people have to use this product in their daily lives, to commute to work, to do social activities or whatever it might be. We have a dependency on this product. It is part of our lives. It is part of our culture. If we do not introduce something else, or do not work toward that, we are going to be very vulnerable as a nation.

These funds that are being cut are going to jeopardize those opportunities. This is important to know because this is not like any other product; it is very different because of our dependency.

We all know the stories about gas prices going up. When I was a municipal councillor and gas prices went up, we did not have the money in our budget to pay the difference. Where could we get that money? We had to either tax more or cut other programs.

If we do not invest in a multitude of different environmental projects on sustainable energy, we will make ourselves more vulnerable to those fluctuations. Those fluctuations not only hurt municipal governments but they hurt businesses that need a sustainable price in order to predict what their costs are going to

be. Reducing these tax measures in our budget will make us more vulnerable by not having the necessary consistency.

The Kyoto accord is tied to this. We send a poor message when we say that we are going to reduce our emissions, that we are going to look for cleaner fuels, but at the same time we say that we are going to reduce taxes on this type of industry which is going to have an impact.

We need funds to develop the alternatives, like a job to job transition strategy so that workers who are affected by a decline or changes in the industry will have other jobs, employment training, programs and services to make that transition. We need to have urban transit alternatives to ensure that we have mass scale transportation in the future. We need to plan for the proper infrastructure because this infrastructure takes decades to develop.

Our transit systems used to use electricity. The transit systems still in use in Toronto to a certain degree operate on the electrical grid but it was more commonplace before. In fact the city of Windsor had the first electric street trolley. Ironically the oil and gas companies actually purchased a lot of those systems and eventually put them out of business.

We need green tax reforms. We need incentives so that consumers can purchase products with reduced taxation. We need incentives that will get the cleaner technologies on the streets so people see those things. We do not need a big bureaucratic structure. What we need is a reduction in taxes or an elimination of different services.

• (1550)

We need to facilitate the introduction of green products into society. Another good example would be the home wind energy products. There are solar powered shingles which are not affordable right now because they are not in mass production. I believe these revenue streams should be dedicated to lowering those costs so consumers can get them on the street and they can make a difference.

We have done that to some degree with automobiles. Provincially there was a tax rebate for cleaner technology, hybrids. It is not enough because there is still about a \$5,000 difference in price for a cleaner vehicle, so it is not close enough. We have to narrow that gap. How do we narrow that gap? We need to have resources.

Government Orders

That is why we should kill this bill. We should stop it from going through. We should send a message that these revenues will go to building a sustainable economy, one that is healthy. In that way we will send a positive message to the world that we are moving to cleaner technology.

• (1555)

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I understand the member's concerns and I share many concerns with regard to the environment. However, this bill deals with taxation.

The fact is that his New Democratic friends in the province of Saskatchewan, where the oil and gas and the potash industries are, will benefit from this. His NDP cousins in the province of Saskatchewan support this legislation. The working people in Saskatchewan, many of them in these industries, will benefit because of this legislation. Here an NDP member is standing up and saying we should scrap the bill.

The member talked about the environment. In fact, this bill will assist. As I said this will put the non-renewable energy sector on the same plane as others. The fact is we are doing lots with regard to the environment but this is not the forum, I would say with due respect to the member, as this bill deals with taxation issues which are going to put our mining companies and our oil and gas companies on an equal footing.

I point out to him that with respect to the Kyoto commitment, the oil sands industry will be called upon to make significant contributions to a 55 megatonne emission reduction target through the large industrial emitters program. It goes on. He knows about the \$2 billion commitment of the government on Kyoto, et cetera.

The reality is let us not mix apples with oranges. This is a taxation bill. It is going to benefit provinces like Saskatchewan. I assume that he has not talked to his colleagues in the province of Saskatchewan because they support this bill and so do other provinces. I talked about that before. I would like the member to comment on that.

Mr. Brian Masse: Mr. Speaker, I would like to address the comments about this not being the forum. I would suggest to the hon. member that he take that up with his colleagues who have been in the House of Commons today speaking against the bill, including the chair of the environment committee, as well as other distinguished politicians who have had many years of service in the country. They have eloquently identified that Kyoto has a significant connection to this bill. It sends the wrong message.

A little while ago, there was a very good discussion about that fact. I do not think the member can say that this is not the forum. This is the forum. There is a connection between the use of this product and the effects it has not only on our community but on the world.

There is also an effect on the revenue stream that is available to the government to be able to make decisions. We hear time and again in the House that the government does not have the money. Last night when we voted on a bill, we heard that there was no money for volunteer emergency workers to get a tax credit. There is no money for those things but there are billions for this. There is no money for SARS compensation for workers. There is no money for Atlantic

Canada, or it never shows up. There is no money for forest fires, BSE, infrastructure, all of those things.

It is ironic that we are talking about this issue. There is a relationship between the use of this product and roads and services. Right now the government is considering giving part of the gas tax to municipalities. It is talking about this, finally after all this time. It could certainly have put this money toward hard infrastructure. A lot of the vehicles that use this product are having problems moving about because the government has not put enough in to help with the \$56 billion deficit in infrastructure.

The provinces have long been cheated out of transfer payments. That is the reason they are struggling for resources, that and downloading. We have seen what has happened to the provinces and the municipalities because of downloading. Of course they want resources.

The government has been swimming in surpluses. It has been doing boondoggles like the long gun registry. Yet it does not have any resources to distribute to the other levels of government while it usurps their taxes. That is why they are asking for more resources.

• (1600)

[*Translation*]

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, after hearing the comments from our colleague on the other side, we understand why the member for Lac-Saint-Louis says that conflicting decisions are being made.

On the one hand, we signed the Kyoto Protocol and we feel it is urgent that we work on reducing greenhouse gas emissions. Anyone who cannot see the urgency of the situation is not playing with a full deck; just think of all the disasters happening around the world. In spite of all that, some still think we are creating jobs. Of course, we are creating jobs because of the forest fires. We are creating jobs in areas where we are destroying the planet.

It is dispiriting to hear a member of Parliament speak like our colleague from the other side. However, I do want to thank the member for Windsor West, who clearly cares about the environment. It is really not very brilliant to say that the \$250 million given to these companies will have no effect on the environment and will create jobs. I can assure you that the \$250 million invested elsewhere would also create jobs, but jobs for the future.

Let me give an example. There is in my riding a company called Marmen. This company builds wind generators and sells them worldwide. The demand is very strong. We would like to develop the port in Cap-de-la-Madeleine to make it easier to ship those wind generators, but National Harbours has no money for that. They do not have the \$2 million or \$3 million needed to build a wharf on the river, in Cap-de-la-Madeleine, to help this company sell wind generators. Marmen creates hundreds of jobs in the renewable energy sector. This really is money well invested.

Government Orders

I had a question for the member for Windsor West, but I will get to it later. I will just make some comments. I would like to congratulate him, but I will not congratulate the Liberal member opposite who asked a question. It is not smart at all to say such things. It is not too smart either to support the bill now before the House.

I would like the member for Windsor West to tell us what we could do with the \$250 million that we are giving to the oil and gas companies, which do not need it at all. What research could we conduct? He mentioned Toronto and Montreal, two cities that have real pollution problems. I would like to hear his comments on this.

[*English*]

Mr. Brian Masse: Mr. Speaker, I thank the member for the question and for his eloquent and passionate speech.

What would we do with \$250 million? We could do a lot of things. The first thing I would do is make sure our war widows actually receive the support they need to live in their own homes with the dignity and integrity they so deserve. That is the one thing we should do right away without any hesitation.

I personally would like to debate a lot of things on which we all need to get together and debate. I had a private member's motion, which failed to pass this week, that called for the creation of a process for the federal government to assist in the clean-up of toxic and environmental contaminated sites and areas where we see pollution and degradation happening.

I once again point to sustainable technology like wind and solar power. Those are good examples of where we could create jobs across the country to build those facilities that would actually produce clean energy and clean jobs.

• (1605)

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, this is the second time that I have spoken to Bill C-48. The first time was at the second reading stage, and today we are debating the bill at the third reading stage.

First I would like to thank my colleagues who took part in this debate, namely the member for Joliette, the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, the member for Drummond and the member for Champlain who has taken part in this debate with a lot of passion over the last few hours.

I would say that the debate today has gone in a different direction. When we first started to talk about this bill, there were two easily identifiable aspects, namely energy and mining. In my last speech, I started to address the environmental aspect, but today I was pleasantly surprised to see the member for Davenport and the member for Lac-Saint-Louis bring the environmental dimension into this debate.

I also heard comments from other members, one being I think the secretary of state, who said that the cuts were good for businesses, for development, for employment, and so on. It is almost as if the government were saying that it would reduce taxes on cigarettes or alcohol, but it does not because it must invest in anti-tobacco campaigns, saying that people must quit smoking because it is not

good for their health, and it continues to collect taxes on alcohol, saying that people must drink responsibly.

In the energy sector, we know that oil causes a lot of pollution. There are "catastrophic" consequences for the entire planet. We are talking about the environmental aspect, but maybe I should go back to the financial aspect, both on the energy side—oil—and on the mining side.

Recently, I read in the June 28, 2003 issue of the *Trois-Rivières Nouvelliste* an article by Hubert Reeves, who painted a very sad picture of the state of the earth. In his most recent book published in March 2003, the astrophysicist and philosopher Hubert Reeves voices his concerns about the behaviour of governments. They always have their eyes on the next election instead of managing for the long term; this is especially true of this Liberal government. Governments can look like a chicken without a head. You do not know where it is heading. It goes all over the place, darting every which way and leaving a trail of blood behind it. Currently, it is even worse, there are actually two chickens going here, there, and everywhere

While the government is lowering taxes on oil companies, the earth is hurting. Its health is getting worse. We have learned over the last few months, or even the last few years, that the most important element in our society is health. Of course, if we want to be healthy, we must live in a healthy environment on a healthy planet. Otherwise, in a few years we will have to post a sign saying "Earth for sale, garage sale".

Mr. Reeves said also that there are indeed solutions, starting with the development of clean, renewable energies. So the money that is given to the oil companies could easily be used to develop clean and renewable energies, even though Mr. Reeves acknowledges that it would take major investments on the part of politicians and business people who manage the day-to-day affairs of the nation with short-term profits as their goal.

But on this planet, we must work together with the earth and in the same direction. We should not be afraid of investing. If we do not do it, who else will do it?

Mr. Reeves said that in the end, it is every citizen's responsibility to act; indeed by doing such things as recycling domestic waste each one of us as an individual can help stop the degradation of the planet. Again, all that money, some \$260 million, which is left in the pockets of oil companies, could be invested elsewhere.

The member for Lac-Saint-Louis also talked about fossil fuels in terms of reserves.

• (1610)

He was talking about a 50-year horizon, of course, but it depends on our sources. If we ask Mr. Bush of the United States, he would probably say 200 years. I imagine that one of his reasons for going into Iraq was that there are reserves that have not been found or exploited.

Government Orders

However that may be, looking at our current consumption in North America, that is, Canada and the United States, Mr. Reeves says that we use 12 times as much energy as necessary. In Western Europe, it is 5 times more, while one-third of humanity is well below the norm.

It is this over-consumption that must be reduced in order to alleviate energy constraints. Therefore, we could use that \$260 million for advertising, to persuade people that we should stop using petroleum fuels the way we do today, for moving about and staying warm.

We know that there are many kinds of renewable energy already at hand. One of the major sources will always be the sun. Mr. Speaker, I know that you must absorb a lot of sunshine in order to be able to cast so much light on our deliberations. That is why you inspire me.

Of course, in the context of sustainable development, I believe the government would have been better off to take these sums of money and reinvest them in awareness and research. We have heard a lot about wind power today. I think I have already remarked that some of the hon. members on the other side of the House do not know yet whether it is the wind that turns the vanes or the vanes that make the wind. But one thing is certain, we know that it is a source of renewable energy that should go on forever. Certainly, there are mechanical aspects and of course, there is always some maintenance, but it is still renewable energy.

Some might say that it is less than good for the visual environment, but at least we can breathe it in. And any over-supply will always refresh us.

I must return to the basics of this bill. It is a fiscal bill. A few years ago, the government decided to reduce corporate tax rates from 28% to 21% for all industries except, of course, the petroleum and natural resource industries.

Others had also wondered about the principles of justice and fairness with respect to corporate income tax rates. What kind of justice and fairness are we talking about when we basically do not want companies to increase their sales?

No restriction policies were set, but a rate existed. The income tax rate was lowered to help the rest of the economy. However, surely the legislator realized at the time that decreasing oil companies' taxes might have a less pleasant or positive impact on the entire energy sector and, of course, on the environmental sector.

To make up for reducing taxes from 28% to 21%, the 25% allowance was also eliminated.

In this context, the oil companies would have lost out in all this tax reform. Nonetheless, it is now known that there might be deductions for royalties. Look at Petro-Canada, for instance. If I am not mistaken, the government is still a shareholder and indirectly will receive a larger return on its investments if it pays less tax.

• (1615)

Let us look at Petro-Canada: in 2002 Petro-Canada received \$227 million in royalties. If it maintains the same level of royalties in 2003, it will have saved nearly \$7.5 million.

So, when they talk about going from 28% to 21%, with the 25% allowance eliminated, the oil companies would definitely have taken a hit. Naturally, tax deductible royalties are being reintroduced.

As has been said several times today, the Minister of Finance also estimates it will cost close to \$260 million once the reform is fully implemented. Something does not add up: reform will be fully implemented over five years, from 2002 to 2007.

If the oil companies' earnings are any indication, things are going much faster than expected, and much faster for some than for others. In its quarterly report to shareholders, Petro-Canada had announced second quarter earnings of \$450 million. That includes a \$96 million adjustment related to changes in the corporate tax rate.

Shell Canada reached almost the same figure, because all our accountants use the same generally accepted accounting principles. Shell was entitled to the same tax treatment as other companies. There are deferred taxes, but I am not going to launch into a lesson on that subject, because it is quite technical.

Also in the second quarter, Shell Canada reported, on July 23, 2003, profits of \$178 million. These results include a one-time benefit of \$54 million from a revaluation of future income tax on profits following announced changes to income tax on profits.

So that is about \$150 million for these two companies: Petro-Canada and Shell. We must not forget Esso-Imperial. In its report to shareholders for the second quarter, the tax rate reductions enacted by the federal government and the provincial government in Alberta and settlement of various tax matters benefited results, mainly in the resources segment, by \$109 million.

So we have \$150 million, \$109 million and \$250 million. In August, the newspaper headlines read, "Oil and gas companies get lucrative gift from Ottawa".

We learned that the oil and gas companies were getting \$250 million. Around the same time, people were emptying their wallets to put gas in their tanks because of the pump prices.

As a result, the public has a strange view of the federal Liberal government; it is like two chickens whose heads have just been cut off and are running all over the place.

These oil and gas companies announced their profits and the \$250 million tax cut, and the government told us that, ultimately, it will be \$260 million; so we can presume that this will increase to a quarter of a billion and perhaps soon a half a billion dollars. This money is going to the oil and gas companies; the mines have been left out, because they are in a very different situation.

Government Orders

The mining industry is facing serious problems. Simply reducing the tax rate from 28% to 21% or simply eliminating the tax credit and adding the deductions for royalties was too little for most of the mining industry.

• (1620)

Since mines were penalized quite heavily, it was decided that a new 10% tax credit would be established for eligible mineral exploration expenses, but this applies only to metals and diamonds. This does not apply to the oil and gas industry in any way.

I was talking earlier about generally recognized accounting principles. Indeed, in *CAmagazine*, which is the official magazine of the Institute of Chartered Accountants, we read the following:

From a federal tax perspective there will be winners over the phase-in period—companies with high royalty rates, such as oil and gas producers operating in Western Canada...However, in such provinces as Saskatchewan, Manitoba, Quebec and the Maritimes, the elimination of the resource allowance deduction for companies that benefited from the resource allowance results in an increase in the overall effective rate.

The government also talked today, possibly to make up for this shortfall, about bringing this up to 20%. Then, my colleagues from the Bloc Québécois were accused of suggesting a 10%, 14% and 20% increase, I think. They were accused of this and were almost called every name in the book. Frankly, they suggested roughly the same increase rate or increase increment that the government is suggesting with regard to the 10%, and in the same way.

In the long run, these measures are expected to be profitable for all sectors of the economy. In the short term, however, some sectors will win and others will lose. Among the winners will be businesses working in tar sands, petroleum and precious metals. I have just heard someone say that tar sands are easy to work without excessive pollution. We probably have not been reading the same environmental analyses.

Among those who stand to lose are the natural gas, potash and diamond industries. However, Hugues Lachance, senior tax director with KPMG, says the following:

With the first two provisions in this bill, the oil companies would be losers. But these are not the only changes. The petroleum industry pays substantial provincial and crown royalties. In 2007, they will be able to include 100% of these provincial royalties as expenses. Still, for the mining industry, where royalties are generally small, this third provision of the bill does not lighten their tax burden very much.

The bill's actual impact will be that the Canadian oil and natural gas industry will be paying lower taxes than in the states of Alaska or Texas. The 2002 tax rate in Canada the rate is now 42.1% and, with the federal government proposals, the rate will drop to 30.1%.

So we can see there is a marked improvement for the oil and gas companies, at the expense of the environment and sustainable development of course. This is nothing new. Government investments in oil and gas are enormous. I would remind hon. members in closing that this is why they have had enough. It could all be terminated, with the money invested instead in sustainable development and renewable energy sources.

In the past 30 years, Canada has put \$66 billion in direct subsidies into oil, gas and coal, all forms of energy that are directly responsible for climate change. Quebec taxpayers have therefore each put \$27,000 into hydrocarbons, while we ourselves use hydroelectric

power, which is non-polluting. We will, consequently, be voting against Bill C-48.

• (1625)

[*English*]

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, when we as parliamentarians pontificate about energy and about this proposed small tax reduction for those companies that produce energy, we should try to keep it in perspective.

I am sure no one in the country cheered when the power went out a couple of months ago. No one said that it should be left off so it does not pollute the air. That did not happen at all. Everybody was clamouring for the power to be restored. Canadians are privileged to have such massive amounts of energy available at such a reasonable price.

I would like to point out to parliamentarians that a reduction in tax rates does not necessarily mean a reduction in revenue. It is a very simple product. We can sell more for less per unit and actually get more money, and hence more revenue for the government. This is not a tax break that will take away revenue for other programs but will in fact increase revenue.

We also need to think about the magnitude of the energy problem.

I remember one day when I was driving my motorcycle and, like an idiot, I ran out of gas. Instead of my motorcycle carrying me, I had to push my motorcycle to the next service station. I then realized how much energy that little motor cranked out because I was huffing and puffing like an old man by the time I reached the gas station. It took a lot of energy just at walking speed to move that bike, whereas the bike moves me up to 100 kilometres an hour or faster, but I will not go any faster. We have no idea of the quantity of our energy.

I would like the member to respond about the total energy picture and the fact that we are efficiently converting our natural resources into energy in huge volumes.

[*Translation*]

Mr. Serge Cardin: Mr. Speaker, basically, the hon. member is saying that I was right. I would like to digress a little to comment on what the member has just said. He told the House that a reduction in tax rates does not mean a reduction in revenue, not if we sell a lot more.

In fact, that is exactly what I was saying at the beginning. The more we sell, the more we pollute. And the more we pollute, the more we will need to invest to meet the Kyoto targets. It takes a lot more gas to drive a motorcycle at 200 miles an hour or at 200 km an hour. Therefore, there should be a special tax on speed so that the member can do more to help us clean up the planet and meet the Kyoto targets.

Government Orders

That is exactly what I was saying. What would promoting the sale of petroleum products bring us? Just more pollution. Our reserves will decrease faster. To all intents and purposes, oil and gas should become a secondary source of energy. There are things that cannot be done with renewable and clean energy.

Oil and other pollutants should become secondary sources of energy. We should focus on renewable energy so that we have something to turn to the next time we have a blackout. I know that the problem in Ontario is probably not linked to a lack of energy, since they have 20 reactors generating energy.

Nuclear energy is another issue we should be addressing. There is probably a technical problem somewhere, which would explain why, as we have noticed in some discussions, the federal government is thinking about investing in electricity in Ontario, something it never did in Quebec.

Renewable energy is still the best investment, and oil and gas should always remain a secondary source of energy.

• (1630)

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, I rose many times during this debate to make some comments and ask questions on this very interesting subject. Being an accountant, my colleague from Sherbrooke knows very well what can be done with money. He is very good at counting.

An hon. member: He is a good accountant.

M. Marcel Gagnon: He is indeed a very good accountant.

It has been said that the \$250 million will help the oil and gas companies pollute more. Instead of increasing research on renewable energy, we are going to increase pollution from fossil fuels. If the government really does not want to invest the \$250 million in renewable energy research, there are a few other things I could suggest.

I toured Quebec in the course of my study on the guaranteed income supplement. The member for Sherbrooke knows what I am talking about, because I attended a meeting with him in Sherbrooke. We discovered something really incredible and interesting.

I learned that, for years, 68,000 Quebecers have been deprived of the guaranteed income supplement. Older women in particular were affected. You know that 64% of women over the age of 65 live on less than \$10,000 a year.

The government took the money from the guaranteed income supplement. If it does not know what to do with the \$250 million that it is now giving so generously to companies that do not need it, it could maybe think about using the money to reimburse Canadian seniors who were deprived of this essential income.

I would like the member for Sherbrooke, who dealt with one of these cases personally, to tell me if he would agree that it would be much more effective to use the \$250 million for this rather than giving it to the oil companies.

Mr. Serge Cardin: Obviously, Mr. Speaker, looking at things in a general way, a government must be responsible and correct mistakes that were made. The federal Liberal government made a huge mistake in withholding the guaranteed income supplement from

seniors. Naturally, the government did what it had to do to find these people and do them justice.

But, when I am asked, I still have to be honest. Will these tax cuts given to oil companies prevent the government from reimbursing the guaranteed income supplement to those from whom it was withheld? I think that these people must receive the money to which they are entitled.

But the tax cuts given to oil companies will hurt another government activity that has to do with the oil industry, and that is investing in renewable energies. A government must be responsible, and this is exactly what this government is not doing.

The right hand does not know what the left hand is doing, and that creates total chaos. This brings me back to what I was saying earlier about the two headless chickens that do not know where they are going.

Who gets hurt as a result? The environment and our future, which means the general public and our children.

[*English*]

Mr. Ken Epp: Mr. Speaker, I want to point out that money which goes to those energy producers in the gas and oil industry does not necessarily increase pollution. In fact it reduces it.

I want to tell members about the new Shell Upgrader in my riding. It is producing fuel that is much cleaner burning. It cannot sell it for more because it has to be competitive in the marketplace. I put it into my super efficient vehicle and use a scant five litres every 100 kilometres. We are polluting way less than we did 20 or 25 years ago. That money does not increase pollution. It is used for research to reduce pollution.

• (1635)

[*Translation*]

Mr. Serge Cardin: Mr. Speaker, I must say that the member is right on certain issues. If these cuts went directly to the most polluting elements of the oil industry, I would have no choice but to agree with him. But if they are used to increase production in terms of quantity and to increase sales, then there is also an increase in use. It becomes a vicious circle. Again, this is very typical of the government.

[*English*]

The Acting Speaker (Mr. Bélair): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mr. Bélair): The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Bélair): All those in favour of the motion will please say yea.

Some hon. members: Yea.

Government Orders

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:

[Translation]

The Acting Speaker (Mr. Bélair): As requested by the deputy government whip, the recorded division is deferred until Monday, October 20, after government orders.

Mr. Jacques Saada: Discussions have taken place between all parties and there is an agreement to re-defer the recorded division requested on Bill C-48 until the end of government orders on Tuesday, October 21.

The Acting Speaker (Mr. Bélair): Is that agreed?

Some hon. members: Agreed.

* * *

[English]

CONTRAVENTIONS ACT

Bill C-38. On the Order: Government Orders

October 9, 2003—the Minister of Justice—Second reading and reference to the Special Committee on Non-Medical Use of Drugs of Bill C-38, an act to amend the Contraventions Act and the Controlled Drugs and Substances Act.

Hon. Martin Cauchon (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I move:

That Bill C-38, an act to amend the Contraventions Act and the Controlled Drugs and Substances Act, be referred forthwith to the Special Committee on the Non-Medical Use of Drugs.

Mr. Speaker, I am pleased to speak to the motion to refer Bill C-38 to a special committee of the House before second reading.

[Translation]

I would like to remind the House that, in the Speech from the Throne, the government made a commitment to modernize the Narcotic Control Act.

Last May, in order to meet that commitment, I tabled a bill which launches a real reform. The purpose of Bill C-38 is to change law enforcement in Canada for the possession of a small quantity of cannabis and to increase penalties for the growing of large quantities of marijuana.

We must make one thing clear right from the start: it was never a question of legalizing marijuana and we are not now legalizing marijuana. It remains an illegal substance and offenders will be always be prosecuted and punished by law. What we are doing is changing the kinds of prosecution for certain offences by proposing new penalties and alternative procedures.

The new legislation will ensure that the law will be applied uniformly from coast to coast and will allow us to devote police resources to operations where they will be most useful.

This bill was not drawn up in a contextual vacuum. It is part of Canada's new drug strategy. A sum of \$245 million was allocated to the fight against the root causes of drug abuse and to the promotion of health.

The government is increasing the funding for informing and raising the awareness of the Canadian public, especially young people, about the dangers of drugs.

This decision was made in full knowledge of the facts. We have done our homework. We have benefited from much research, consultation and debate.

The research goes back to the LeDain Commission, three decades ago. Two recent committee reports have also helped us understand the issue: the Senate's Special Committee on Illegal Drugs and this House's Special Committee on the Non-Medical Use of Drugs, chaired by the hon. member for Burlington.

• (1640)

[English]

Clearly, the current law is in need of reform to send a strong message that marijuana is illegal and harmful, but also to ensure the punishment fits the crime. We have to ask ourselves as a society whether it makes sense that a young person who makes a bad choice in life should receive the lasting burden of a criminal conviction. It means that the doors to certain jobs may be closed or they may have trouble travelling internationally.

With the reforms that I have introduced, the current criminal court process and resulting criminal penalties would be replaced with alternative procedures and penalties. Those convicted of possessing 15 grams or less of marijuana or one gram or less of cannabis resin will receive a ticket and a fine ranging from \$100 to \$400, depending on the circumstances. This fine would be higher in many cases than what offenders are receiving now. It is important to know that when a young person is facing a charge, his or her parents will be notified.

Police officers will retain the discretion to give a ticket or summons to appear in criminal court for possession of more than 15 grams of marijuana. The maximum in that case will remain a \$1,000 fine and/or six months in jail. In addition, the new alternative penalties regime will not be available in cases of possession of over 30 grams. Those offences will result in criminal charges.

At the same time that we are modernizing our possession offence, we are taking aim at marijuana grow operations. We know that these large grow ops are sometimes located in residential areas. We know that criminal gangs are often behind those operations. This bill sends a clear message that we will not allow our neighbourhoods to be threatened by these grow ops and we will take strong action to combat organized crime.

[Translation]

Our bill provides for doubling the maximum sentence for large marijuana grow operations. It sets out a number of aggravating circumstances which would require courts to provide reasons for not imposing a prison sentence. With tougher legislation, and more efficient enforcement measures, we hope to put an end to this kind of activity.

Government Orders

I would now like to address certain questions that have been raised with regard to this bill.

First of all, there is the issue of impaired driving. This is not a new problem; I would remind the House that it is already a serious offence under the Criminal Code to drive when impaired by alcohol or drugs.

Thus, we must give the police the tools they need to identify drivers whose faculties are impaired by drug use.

The Department of Justice is currently circulating a consultation document prepared by a working group.

Secondly, there is the question of whether these reforms are reasonable, not only in the Canadian context, but also internationally.

• (1645)

[*English*]

Let us examine what is happening elsewhere in the world.

In some countries, possession of small amounts of cannabis is not a crime. In others, it remains a criminal offence, but it is not prosecuted. Some countries, including the United States, see active prosecution as a key element of their policy response to possession of small amounts of cannabis.

Although drug enforcement is a shared state-federal responsibility in the U.S., 12 states have laws decriminalizing possession of small amounts of cannabis.

The state of South Australia, along with two Australian territories, have adopted fines for possession of up to 100 grams of marijuana. Several evaluations to date in South Australia found no increase in cannabis use linked to its policy.

Similarly, in the U.S. no significant difference in cannabis use was found between those jurisdictions that decriminalized cannabis use and those that did not.

While we can learn from what others are doing, our reforms are designed to reflect the Canadian reality. We are taking a comprehensive approach recognizing that drug and alcohol abuse can take a heavy toll in human terms and cost our economy billions of dollars.

Earlier I mentioned that this motion would send this bill to committee before second reading. This demonstrates that the government is listening and willing to consider amendments to ensure we get it right.

The Acting Speaker (Mr. Bélair): 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 Yorkton—Melville, Firearms Registry.

Mr. Randy White (Langley—Abbotsford, Canadian Alliance): Mr. Speaker, I want to respond to the minister's speech regarding the decriminalization of marijuana.

Any drug legislation must be comprehensive in our country. For the government to just narrow it all down to decriminalization of marijuana is indeed irresponsible and reckless.

For four years I have been making every attempt to get the government to move toward a national drug strategy that works at the street level. In fact, the government followed a motion that we proposed in the House of Commons to establish a parliamentary committee to look at this issue of drugs.

We made a number of recommendations and lo and behold, at the time that the recommendations came forward, the government, rather than introduce a drug strategy, decided to throw a few million dollars at the two departments that were not doing a good job, namely, the Department of the Solicitor General and Health Canada.

The committee found that they did a deplorable job with the drug issue in this country. The government put a few million dollars into that and said that we had a drug strategy. Now it wants to decriminalize marijuana. That is not the way to go.

We are going to deal with the decriminalization bill, but we are still looking for that drug strategy. It is the responsibility of the government to at least acknowledge that there is a need for a drug strategy in the country. Merely dealing with the decriminalization of marijuana and not dealing with ecstasy, shrooms, or any other drug is reckless.

I want to put our position before the House which will be presented in committee.

We could agree to decriminalize five grams as minor possession of marijuana—five grams is equal to about seven joints of marijuana—providing the following conditions are met.

I must say that any member who stands in the House and says that it could be 10, 15 or 30 grams must understand that that is not minor possession. Individuals holding 15 grams of marijuana on them, which is probably up to 22 or 23 joints, is not minor possession. No one needs to carry 15, 20 or 23 joints with them.

The conditions that we want to see are as follows. We want to see 5 grams not 30 grams because it is 30. The minister says that it is really only 15 because there is a fine and then there is an option of a fine or a conviction from 15 grams to 30 grams. The fact is that it is really decriminalization up to 30 grams. That is the plan.

We must have an understanding with provincial governments and the legal industry that they must deal consistently with criminal offences for amounts over the decriminalization amount. We do not want to see, as soon as the bill is brought into play, someone getting caught with 18 grams or 32 grams and having the judge say that a criminal conviction will not be given for an extra two grams, and that something will be worked out.

If we start that all over again, we will be right back to where we started. We want a commitment that amounts over the decriminalization amount will be dealt with in the courts consistently throughout the country.

We want a progressive fine schedule to be in place. Fines and penalties will have to increase with the number of convictions.

I found it quite deplorable that the Prime Minister the other day basically said that he could have a joint in one hand and the amount to pay the fine in the other. That is the wrong message.

Government Orders

The fact is that if one is caught once there is a fine. If one is caught a second time there is a bigger fine. If one is caught a third time something else happens. It has to be progressive.

A consequence to non-payment of fines must be in place, the point being that if fines are not paid, what happens? Do we just let it go as the communities do in the case of speeding tickets or parking tickets? We want to see something done about that.

• (1650)

We want to see a national drug strategy put in place, not something merely dealing with the decriminalization of marijuana.

We want assurances that growing and trafficking marijuana will be criminal offences. We are glad to see that in the bill, and it must remain in the bill when it leaves the committee.

I was glad to hear the minister talk about drug driving laws and roadside assessments being in place, but he talked about a consultative document. We want assurances that those things will be in place, not just a consultative document that may be in place at some point.

In addition, we want to talk to the Americans on this issue in committee. We do not need any particular approval from the Americans to do this, but we have to understand that this is a touchy issue at the borders. We want some assurances in committee that a dialogue will happen. We will be inviting the Americans to talk to us because we want to hear their point of view.

There is little point in developing a process in this country if we are going to offend everybody south of us. I live in a border community and I see the traffic every day and the harm that is done by the inequity of the drug laws in our country.

There is a problem with the fine schedule in terms of charging youth less for possession. That is the wrong message to be sending to our youth. We must be consistent with the kind of fines we are going to assess.

There is work to do. My colleagues will support five grams, but the conditions have to be met. We will vigorously discuss this in committee. Members should not look for the committee to rush this through because we have no intention of doing that. We have lots of witnesses to hear from in committee. We have many amendments already prepared for the committee.

We do not intend to stall the process of the committee, but the Canadian Alliance will thoroughly analyze and discuss this with young people and others. We will thoroughly review the whole process before we give our consent to go ahead.

• (1655)

[*Translation*]

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, I thank you for this opportunity to speak to Bill C-38, which has just been introduced by the Minister of Justice. I will say right off the bat that we are in favour of supporting this bill. We are confident and we truly believe the minister when he says that in committee he will listen to members and make the necessary changes to better define the bill and make it more effective.

Our reality reflects the distinct character of Quebec and we want to share it with the minister and the members of the committee. We are sure that, as was the case with the Young Offenders Act to a degree, after hearing about those differences and the success we have had in Quebec, together we will be able to improve the bill before us.

I will talk about our reservations, but on the face of it, the very idea of decriminalizing simple possession is, in our view, the best solution for the short term because it deals with the most important issue by ensuring that people found in possession of cannabis will no longer have a criminal record.

In our opinion, this option is also one that best balances the need to reduce the harm due to consumption and the need to reduce the costs and problems associated with enforcement. Because Bill C-38 is aimed at decriminalizing the simple possession of cannabis, the Bloc Québécois, as I said, will vote in favour of the bill.

This option presents many advantages. First, such a reform will inevitably result in huge savings in legal costs and other criminal justice system expenses. According to various studies, it is estimated that the fact that the simple possession of marijuana is still a criminal offence costs about \$500 million a year in legal proceedings. It costs \$500 million a year to process arrest cases and follow-ups to cases of simple possession of marijuana. Decriminalization could result in a substantial reduction in this cost of \$500 million.

If the House will permit, I shall try to explain what decriminalization is. Some people, like the Canadian Alliance just now, are very much aware of this issue and so are we. Too often, the general public thinks that this bill means that young people, everyone, will be walking around with a joint, and there will be no more problems; life will be wonderful. But that is not it.

The difference between decriminalization and legalization is simple to demonstrate. Let us take an example that is easily understood by everyone listening: the highway safety code. If you are going 130, 140 or 150 km per hour on highway 417, sometimes there are police around; if they have you pull over, you are not a criminal, but you have done something illegal and you get a ticket; you pay the fine and that is the end of the matter.

If, each time a person did something illegal like not stopping for a red light or speeding, he or she were charged with a criminal offence, and had to appear in court—each time—our courtrooms would be even more clogged than they are.

What the minister is saying with this bill is that simple possession of a certain amount of marijuana is not permitted, it is still illegal. I will discuss quantities and sorts at greater length later. A person who speeds receives a fine, but not a criminal record.

I am certain that many parents who are listening to us today have children who have had bad experiences. In Quebec, I think that close to 50% of youth under 18 have had an experience with marijuana or soft drugs. Are they future criminals? Yet they get arrested and they get a record.

What happens when they get a record for making a mistake in their youth and getting caught with a joint? What if, one day, they wanted to go to the United States? They would have to get a pardon, which is a big hassle. If one day they became truck drivers and had to cross the border, they would have serious difficulties. If they wanted to become lawyers or police officers, with a police record they would be considered criminals.

● (1700)

Members of all parties have seen it all too often in their offices. This is not a political issue. Young adults come and tell us, "I got arrested 12 years ago, but never thought there would still be a record of that today. It is causing me all sorts of problems in my professional life. Am I a criminal?" No, these are not criminals, just young people who made a foolish mistake.

Our population has to deal not only with soft drugs but also with alcohol. Every year, alcohol kills 3.5 million individuals around the world, while tobacco kills approximately 750,000.

Even if there are no known cases of cannabis related deaths, this substance remains prohibited. How much is spent on alcohol awareness campaigns? I think it will not come as a surprise to anyone if I say that young persons under the age of 18 use it occasionally. The same is true of tobacco. Both these drugs are legal in our societies, and the social costs associated with them are much higher than those associated with cannabis.

That is why we think that this Parliament and this society must keep up with the times and ask themselves questions. Do we want to continue penalizing our adolescents and young adults by burdening them with a criminal record they do not really deserve? Will we keep overloading our courts with crimes which are not really crimes? Should possession continue to be prohibited? Yes, but under the Contraventions Act, by giving a ticket. Simple possession remains illegal, but is no longer criminal.

That is important to us. It is also important that the savings of \$500 million a year from the tracking of criminal cases be reallocated to a good awareness campaign. The minister announced, earlier, plans for a \$245 million campaign on Canada's drug strategy.

We believe, and this belief is based on blatant and tangible examples, that this \$245 million should go to those who are knowledgeable, at the provincial and territorial level, where they deal directly with the people affected by drug use.

The \$245 million is fine, but should be redistributed to the provinces to fund more effective awareness campaigns. Why give \$245 million to the provinces? The firearms program was originally supposed to cost \$2 million. We are now at \$1 billion plus and the government still has no control over costs.

With regard to national awareness campaigns against smoking, we still do not know exactly how the federal government is spending the money. We only have to look at the results. We think that, given these disastrous results, the money must be given to the provinces.

Consequently, it is worth reminding members that, with this bill, the possession and production of cannabis are still illegal under the Controlled Drugs and Substances Act. The approach to enforcing the

Government Orders

law will be changed. It will now be governed by the Contraventions Act. A minor contravention will therefore be given to the offenders.

In what circumstances will these people get a contravention? The possession of 15 grams or less of marijuana would be liable to a \$150 fine for an adult and \$100 for a youth. For a youth, a \$100 fine is already high enough that he or she would think twice before doing the same thing again.

I will provide some facts, since I am almost at the end of my presentation. One in 10 Canadians uses cannabis. Over 30,000 Canadians are accused each year of possession of cannabis. In Quebec, 80% of the accused are adults, not youth.

● (1705)

There is one very interesting bit of information. Currently, 84% of the population would be in favour of the legalization of marijuana for therapeutic and medical uses, for example. In May 2001, the Canadian Medical Association said in its review that arresting people for the possession of marijuana has more serious social consequences than the moderate use of the drug itself. Thus, arrest is more serious than use.

Consequently, we will support this bill. We hope that some corrections will be made, and we think that this is a step in the right direction.

[*English*]

Mr. Inky Mark (Dauphin—Swan River, PC): Madam Speaker, it is a pleasure to debate Bill C-38 on behalf of the Progressive Conservative Party.

I will begin by asking a question. What is the motive behind the government bringing this bill in at this late stage? As most of us in the House know, there are probably another four weeks left before the House rises, at least that is the rumour we hear. Is this part of the Prime Minister's legacy? We are not sure. This is serious business we are dealing with right now.

Another point that needs to be brought out is that we cannot legislate or create legislation based upon popularity or trends, especially when we are dealing with a topic as serious as this one. We need to spend a lot of time debating and doing research because something like this will have an effect on future generations, beyond the time that members in this House spend on it in this session.

The Supreme Court has three cases right now on which it will render decisions in terms of answering the question as to whether Parliament has the power to control such substances as marijuana. There is no reason that this topic cannot wait until after the next election. I also heard that the crown prince in waiting has a different attitude toward marijuana than the current government.

As far as we are concerned, the Progressive Conservative Party would like to see this topic put to rest. We can deal with it in the next Parliament.

Government Orders

Bill C-38 sends the wrong message to current users today. I think people need to be concerned that, yes, there are a lot of adolescents and young adults using marijuana, if not on a daily basis certainly recreationally. What it would do is reduce the severity of the activity from a Criminal Code breach to that of a parking ticket, actually less than a speeding ticket.

We call it decriminalization but in essence it is the first step to legalization. We are decriminalizing it because we are taking one part of an action out of the Criminal Code and saying that under such conditions it is all right to go ahead and do it. In other words, it sends the wrong message.

We need to deal with this subject from a broad perspective. We need to look at the whole realm of drug use, with marijuana being one of them. We need to decide whether we want to legalize marijuana. It is like the problem we are dealing with now of solicitation and prostitution. Little chunks here, little bits there, a little band-aid here does not really work. Maybe in the short term it will make some people happy, the ones who are toking up, but in the long term, when we look at the benefits to society, it probably is not the way to go.

In fact, some basic questions need to be raised. Will Bill C-38 decrease the prevalence of harmful drug use? Will Bill C-38 decrease the number of young Canadians who experiment with drugs? Will Bill C-38 decrease the incidence of communicable diseases related to substance abuse? Will Bill C-38 increase the use of alternative justice measures, such as drug treatment courts? Will Bill C-38 decrease the illicit drug supply and address new and emerging drug trends? Will Bill C-38 decrease avoidable health and socio-economic costs?

The reality is that if the use of marijuana is treated like a parking ticket, there is no doubt that the marketplace will still exist. We must remember that use is driven by market. Where there is demand there will be a supply.

• (1710)

Bill C-38 really does not deal with the big picture. We cannot deal with just the user and forget about the supplier of the marijuana. We know that in recent times the Americans have criticized Canada for being a little too liberal regarding the use of marijuana, especially in comparison with their zero tolerance drug policy across the line.

The fact of the matter is it does affect the trade movement, the movement of goods and services, as well as the movement of people between our two countries. The Americans certainly do not perceive us in a positive way knowing that the drugs laws in Canada are very liberal and easy. I think we need to assess the impact it has on the country as a whole.

The legislation creates a series of fines, as I indicated. The fines are for possession of thirty grams or less of cannabis or one gram of cannabis resin. However the fines for each offence are not being uniformly applied. Adult fines are higher than those for use, which does not make any sense. As well, if the fines are not high, there is hardly a deterrent.

A concern also exists for reducing fines applicable to youth, especially as the federal government is actively trying to educate young people not to smoke cigarettes or marijuana. That is the irony

here. Even with the use of cigarettes and tobacco today, retailers have to hide their supply behind a curtain so kids who go into the store cannot see them. If a retailer sells cigarettes to a minor, the fines are monstrous. With alcohol we have the same kind of controls that have been mentioned.

In terms of the system of fines being the same as a parking ticket, what happens if people do not pay their parking tickets? Obviously the tickets pile up. How the system collects will be a huge challenge, not only locally but across provincial boundaries.

It is easy to say we will write tickets and hopefully they will be paid. What if they cannot pay it? What if a youth is caught and cannot afford to pay the ticket? Is that ticket just thrown in the garbage?

There are no provisions for repeat offenders and no increasing fine scale. Each time offenders are fined they simply pay the set amount. If the fine is not paid, then it is turned over to a collection agency. That is a joke. This is hardly an awe inspiring deterrent. Imagine breaching the Criminal Code, receiving a fine and then the fine has to be sent over to a collection agency.

Some U.S. states that have decriminalized simple possession seize an offender's driving licence for failure to pay fines. That makes a lot more sense. As well, some states have increased penalties for repeat offenders.

The aggravated provisions are a maximum penalty of \$1,000 or six months imprisonment. However, there are only three aggravated provisions: possession while operating a vehicle, not driving while drug impaired but simply having marijuana in a car; possession while committing an indictable offence; and possession in or near a school. More aggravated provisions could have been added such as possession in or near a sports or community centre.

The MADD organization has serious concerns about Bill C-38, as well as the police organizations in the country. There is a lot more than just saying a person has smoked, he has been caught but we will not make him a criminal. Canada expects more from the House of Commons. We need to put more time into the bill, rather than rushing it through the House at this time.

• (1715)

Ms. Libby Davies (Vancouver East, NDP): Madam Speaker, I am pleased to rise in the House today to speak in the debate about Bill C-38. It has been a long time in coming. We have had this sort of strange situation where on the one hand it appeared that there was a lot of emphasis to get this bill moving, yet we are only today now debating it and sending it off to committee.

Government Orders

I would concur with the comments of the member from the Conservative Party who questioned what the government's real intention was with the bill and whether it would ever see the light of day in terms of something being acted upon, given the time frame in which we are operating. It is sort of politics in the twilight zone.

That aside, decriminalization as a measure to recognize the failure of our prohibitionist policies is something that many people now accept. For sure it is better to have a fine than to end up being in jail and having a criminal record. However there are a number of problems with the bill.

While decriminalization is something that we could see as a progressive step forward in dealing with the failure of prohibitionist policies, the bill as it is presents a very contradictory and confused approach. On one hand it offers a measure of decriminalization. On the other hand the political rhetoric that has been surrounding the bill, and we heard from the minister today, and the system of penalties outlined in the bill actually point to a tougher and a wider enforcement stance.

I want to put forward the remarks made by Eugene Oscapella from the Canadian Foundation for Drug Policy. He has said that the bill really perpetuates the myth that the criminal law can resolve problems related to drugs. That is one concern we have. The bill relies upon the premise that somehow if we end up even with a system of fines and it is still within the criminal law that marijuana is still an illegal substance, then we are controlling the drug and controlling the use of it.

As was shown in the special committee report on the non-medical use of drugs, of which I was a member, it became very clear in the evidence that we had that whether a substance was legal or illegal had virtually no impact on its use. In fact we would be far better off providing real education for Canadians about drug issues, about the potential health issues related to drug use and focusing our financial and educational priorities on that.

As we know with smoking, for example, it is not illegal. The decrease in smoking has not come about because smoking is illegal. It has come about because it has been highly regulated and because we have spelt out what can and cannot be done. A vast amount of education has been given to people individually and within society as a whole to make them aware of the dangers of smoking. That is with a legal substance.

The argument of prohibition as a tool for dealing with drug use and the harms that can flow from drug use has been shown to be a failure.

The Senate report on marijuana came out in September 2002 and it was a very wide-ranging and excellent report. The report pointed out that 30% of the population has used cannabis at least once. That is approximately 100,000 Canadians daily. In fact of the over 90,000 drug related incidents that are reported annually by police, more than three-quarters of those incidents relate to cannabis, and over 50% of all drug related incidents involve possession of cannabis. That is from the Senate report.

Given the magnitude of that problem and the use, we have to ask ourselves whether the regime as presented in this bill will respond to the reality of what Canadians are actually doing. Certainly one

concern we have with the bill is that it does not contain any provision for personal cultivation. The special committee on the non-medical use of drugs recommended that there should be some provision not only for possession for personal use but also for cultivation.

• (1720)

Unfortunately the government chose not to do that so we have this contradictory position where the government is saying that people will get a fine for possession of marijuana if it is 15 grams or less, but they cannot go out and buy it anywhere because it is an illegal act.

In fact, as Dan Gardner, a critically acclaimed journalist from the *Ottawa Citizen*, pointed that out in a series of articles he did on the drug issue. In his article on May 28, he said:

Criminologists have often found that lowering, but not eliminating, a punishment results in more punishment. It's called the "net-widening effect."

Replace charges with fines, and people the police would have let off with a warning and a wave under the old system will instead be hit with a fine. In other words, decriminalization could lead to more people being punished, not fewer.

Then I have an image in my head of the Prime Minister in one hand holding a joint and in the other hand holding his fine. What is this actually saying? Are we saying that somehow by having a fine we are trying to give people the illusion that we will be preventing them from using marijuana? We have the Prime Minister saying, "Oh well, this is the way you do it. You smoke a joint, you pay your fine and away you go pretty happy".

What is the purpose of the fine? If it is there as a deterrent, then again the evidence will show that as a deterrent it simply has no use. All it becomes is a source of revenue and a widening of police enforcement on the basis that municipalities will now see a way to collect more money.

I did want to respond to the question put forward by the Canadian Alliance that we had to be very careful about this bill and that we would have to talk to the Americans because it had to do with the borders. I know that some Liberal members have been off courting the drug czar and getting all the arguments from the drug czar about why this is so bad.

I truly believe the objection of the Americans to this bill has nothing to do with border crossings. It has everything to do with their political war on drugs, which in effect is a war on poor people, and the fact that they do not want to see Canada take a different kind of approach, an approach that has been successful in Europe in terms of decriminalization. That is what their objection is truly about. I really do not think it has anything to do with the border. It has to do with them not wanting to see another approach that will show the gaping holes and their own failure on the war on drugs.

We very much look forward to the debate at the committee. There obviously will be a whole variety of amendments. The NDP members will be introducing amendments because we have questions about the lack of provisions around cultivation. We have questions about the fines system. We have questions about the enforcement that underlies this, the fact that it continues this prohibitionist policy and that somehow the criminal law will deal with this issue.

Government Orders

We certainly look forward to what goes on in the committee and hearing from the witnesses. Hopefully the bill can be improved to better reflect the reality of what Canadians want to see, given that the use of marijuana is very prevalent in our society. I think there is a very common understanding that we do not want to see Canadians criminalized.

One other issue we will be bring forward is why there is not an amnesty provision for the approximately 600,000 Canadians who have a criminal record for simple possession. There is nothing in the bill that would give relief to people who live under the negative effects of a criminal record, for example, who cannot go across the border.

I know constituents in my own riding have faced terrible situations because they have a record from simple possession. We want to see some of these issues addressed, and we look forward to the debate in the committee.

* * *

• (1725)

[Translation]

BUSINESS OF THE HOUSE

Mr. Jacques Saada (Brossard—La Prairie, Lib.): Madam Speaker, I rise on a point of order. Discussions have taken place among all parties and the member for Churchill concerning division on Motion No. 400, scheduled for later today at the conclusion of private members' business. I think that you would find unanimous consent that if a recorded division is demanded at the conclusion of the debate on Motion No. 400 today, it be deferred until Tuesday, October 28, at the beginning of private members' business.

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

Some hon. members: Agreed.

Mr. Jacques Saada (Brossard—La Prairie, Lib.): Madam Speaker, discussions have taken place among all parties and I believe that you would find consent to re-defer the recorded division demanded on Motion No. 197 until Tuesday, October 28, at the beginning of private members' business.

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

Some hon. members: Agreed.

* * *

[English]

CONTRAVENTIONS ACT

The House resumed consideration of the motion.

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Madam Speaker, I am sorry that I only have three minutes to debate such a substantive issue but such is the case when one tries to rush debates and provide select committees to put important legislation before the Canadian public without proper knowledge of what is occurring.

I just heard the member and her concern about poor people. I think we are all concerned. However the hon. member, like many in the House, is completely oblivious and ignorant to the fact that in one

out of four marijuana grow ops in this country, of the estimated 50,000, children live in those homes.

We understand the implications of those who are farmers and those who are forced to cultivate this product, people who come from other parts of the world and have to pay off the money they owe to the people who brought them to this country, many of whom are of Asian descent and who are kept in a position of enslavement.

I am willing to talk about this issue, but I think it is important that we understand some of the very important implications.

In its most recent document Criminal Intelligence Service Ontario states that there are some 15,000 grow ops in the province of Ontario and 50,000 across Canada. They produce approximately three million to six million kilograms of marketable marijuana. The price tag is about \$12 billion a year. If that is the case it would appear to be the largest single cultivation of agriculture product in this country.

Who controls it? Organized crime.

Clearly, when we consider that for a \$25,000 investment we can have a return of \$600,000 on a given home, is there any wonder there is a proliferation?

The legislation is deficient. It does not provide minimum sentences. It is one of the reasons that the Criminal Intelligence Service of Canada, just a few weeks ago, as the same the *Globe and Mail* and others were deriding us because we happened to meet with the American officials to talk about a cross-border problem, pointed out that organized crime was leaving the United States in favour of Canada because we want to have some kind of, relatively speaking, easy legislation as it relates to marijuana.

It is nice to give people a fine for possession. My concern is about the infrastructure of this industry.

While I am on that subject, the fact that there is in this country today, and in this legislation, no provision to provide the equivalent of a breathalyzer test is, in my view, unacceptable. It sends the wrong message to individuals. It does not protect motorists. It does not protect people.

Studies have pointed out very clearly, and I am reading here from several sources, that research has indicated that 5% to 12% of drivers may now drive under the influence of cannabis and this may increase as much as 25% as a result of this legislation. It is clear to us that if we want to prevent the carnage we need to do something to address the issue of no protocol as it relates to people who drive cannabis impaired.

The cross-border issue is a serious one but I am more concerned with the issue of organized crime. These people do not have fanciful discussions about benign products, about the utilization of marijuana. They are in fact there to make money. That money winds up in various other forms of exploitation of the poor, of people who are down and out, of individuals who have no choice but to follow the dictates of organized crime. When one considers \$12 billion—

The Acting Speaker (Ms. Bakopanos): I am sorry to interrupt but the hon. member will have seven minutes when we resume debate on this motion.

It being 5:30 p.m. the House will now proceed to the consideration of private members' business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

• (1730)

[English]

BANKRUPTCY LEGISLATION

The House resumed from June 5 consideration of the motion.

Mr. Gary Schellenberger (Perth—Middlesex, PC): Madam Speaker, I would like to commend the hon. member for Churchill for bringing this very important issue before the House.

I expect all hon. members are interested in better protection for the wages and pensions of Canadian workers. Employees play a vital role in growing and sustaining a company's operations. They put their hearts and souls, often during the best years of their lives, into making the business viable. Through their faith in their employers, workers often invest significant portions of their paycheques into company pension plans.

I believe that all sides of the House can agree that it is unacceptable for a company to shirk its moral obligation by neglecting to pay employee wages and pension benefits.

I have had the misfortune of being on the losing end of deals before and I can assure the House that it is no fun. As parliamentarians, if we are in a position to protect workers from suffering this hardship, then it is my opinion and the opinion of my esteemed colleagues in the Progressive Conservative Party of Canada that we should make sure to take the steps necessary to offer Canadian workers that protection.

This speaks to a sense of fairness that I believe can be found in virtually all Canadians, and that transcends party lines. All too often employees are left in a vulnerable position, both leading up to and during bankruptcy proceedings. Business owners often make the decisions that ultimately lead to bankruptcy. This fate is often as a result of circumstances beyond the control of the business owner, to be sure. However, as individuals charged with carrying out rather than directing company policy, many employees are not in a position where they can adequately assess the risks associated with their continued employment. When a business finally does declare bankruptcy, those same employees are equally at a disadvantage when it comes to assuming those risks through lost wages and pensions.

In my home town a number of years ago a particular furniture company went into bankruptcy. Some of the people who stayed on, employees of 30 and 40 years, to see the receiver through the bankruptcy portion of that company were deprived of their pensions when they finished. Some of those who had quit or retired four and six months earlier received their pensions. It just seemed totally unfair to me.

In this debate the House is being reminded that secured creditors are first in line to claim a company's assets during bankruptcy proceedings. Next in line are the preferred creditors, a group that is

Private Members' Business

further subdivided into categories of preferred creditors. Employees currently stand fourth in line as preferred creditors when it comes to claiming that which they are rightfully owed. Employees also face strict limitations when it comes to exactly how much they can claim.

Current laws in Canada allow for the scenario where an employee has worked his or her entire life for a single company that then declares bankruptcy, leaving that employee with nothing. Now all of a sudden the employee has lost not only whatever wages remain outstanding, but also a lifetime worth of contributions to the company's pension plan.

Clearly, improvements in this area can and should be made. However, in making such improvements, we must be conscious of the unintended consequences of our actions. An unintended consequence of this very motion is that it may make it more difficult for start-up businesses and expanding businesses to obtain credit. We all know that entrepreneurs need capital in order to enter the market and grow their business. Most often this capital is obtained through a combination of equity and credit.

In making the necessary loans, creditors assess the risks associated with the business owner's ability to pay back the loan. If we were to change the Bankruptcy and Insolvency Act by downgrading a secured creditor's ability to recover the loan, creditors may react by further restricting the availability of loans by increasing the rate of interest that would apply. This could potentially lead to very serious and negative repercussions on our economy.

• (1735)

Canadians rely on businesses to drive our economy and provide us with new jobs. Without available credit, businesses risk losing the opportunity to expand their operations and hire new employees.

While it is clearly the intention of the motion to protect employees, it is quite possible that Motion No. 400 could actually have a profoundly negative impact on workers across Canada by indirectly limiting their opportunities to secure employment.

The House would be well advised to consider this motion carefully. In seeking to help workers, we want to make sure we do not do more harm than good, a very real concern.

The House had a similar debate in the spring of 2001 when the hon. member for Winnipeg Centre introduced a private member's bill that would have amended the Bankruptcy and Insolvency Act so that unpaid wages were ranked first in the order of distribution. In that debate, my colleague from Kings—Hants, who at that time was our party's industry critic, encouraged the House to consider the Australian model of employee protection during bankruptcies. I believe that suggestion is just as constructive and relevant today as it was then.

In Australia, various levels of government work together to provide workers with coverage during bankruptcies in an employment insurance type system. Given the current size of the EI surplus in Canada, it might make sense for us to consider extending employment insurance coverage to include a portion of back wages owed to employees during a bankruptcy. There are clearly other options available to us that would enable us to move forward in guaranteeing better protection to Canadians.

Private Members' Business

Progressive Conservatives recognize the need to better protect stakeholders during bankruptcies. As we move forward, we owe it to Canadians to carefully consider programs that are available in other jurisdictions. We must work to achieve a better balance between protecting access to capital in order to grow a stronger economy and protecting the ability of employees to secure wages and pension benefits that they have worked so hard to earn.

[*Translation*]

Ms. Monique Guay (Laurentides, BQ): Madam Speaker, it is always a pleasure for me to try to find solutions to improve the situation of workers, and I congratulate my colleague from Churchill on her motion.

For some years now, ever since they started to cut employment insurance, it has become increasingly inaccessible. We know that only four people out of ten are now eligible. Things are also getting difficult for workers whose employer goes bankrupt.

When there is a bankruptcy—and I know what I am talking about, because I worked in this field in the past—the workers are lowest on the list of creditors who might benefit in some way from the proceeds of the sale of the company or its assets.

Very often suppliers are first to be paid, and the employees are pushed aside. We also know that the two-week EI waiting period still in effect also penalizes these people.

When workers lose their jobs suddenly because of a bankruptcy, they are penalized and at risk of losing a lot of money and having to give up possessions. Their well-being suffers greatly as well.

It would therefore be very important for us to pass the motion of my colleague in order to stop employees from being penalized and to allow them to at least be the first to benefit from these two weeks, to be paid from the proceeds of the sale of the company or its assets. The first thing that should be done with those proceeds is to pay the employees their two weeks and then let them apply for EI.

Workers are not in any way responsible for what happened to the company. Bankruptcies are often the result of bad administration, and workers in a plant do not necessarily have anything to do with administration. Very often they have no idea of how the company is run.

We must be clear and we must be honest. I believe this motion readjusts the situation in favour of the workers. If there is no money left after the company or anything else is sold, then let them at least give as much help as possible to each employee to get them through this period in no man's land. They must be compensated as much as possible during those two weeks of the waiting period.

Private members' motions in support of workers do not seem to be very popular these days in this Canadian Parliament. I would like special attention to be paid to this one, as well as to all others relating to workers that will be coming before this House.

We have been trying for a long time to make things better through parts I, II and III of the Canada Labour Code. As my hon. colleague knows full well, we have often worked together to look for ways to improve the situation, on the basis of what is already in place in the provinces.

Some provinces like Quebec are well ahead of their time. In Quebec, the legislation and opportunities are much more rewarding, as well as fair and equitable to workers.

The Canada Labour Code needs to be modernized. This would promote fairness for all workers. When people who have given 20 years of their lives to a company find themselves without work following a bankruptcy, this is not funny. When you are laid off temporarily while the company tries to get back on its feet, at least there is hope of being called back to work.

● (1740)

But once the company has gone bankrupt, that is it. It is the end. This often means having to find work elsewhere, and getting special training. Those affected really do not need to be further penalized by not giving them their two weeks, which, when you think of it, should be mandatory.

I think that turning to the EI program is not necessarily the answer either. It may not be the one that should pay the two weeks following a bankruptcy. Employers always get some money for the equipment or from the last contracts or what not. I think that an analysis could reveal some possibilities there.

Bear in mind also that it is increasingly difficult to qualify for employment insurance. These people are doubly penalized, and unnecessarily so. We must ensure that they can regain their dignity and re-enter the labour market without losing what they had because their employers were unable to run their businesses properly.

These are often not very well paid workers. Most of them are plant workers earning between \$15,000 and \$25,000. And \$25,000 a year is often considered good money in some plants.

These are not people who can afford to put money aside in case the company goes bankrupt. It is just not possible. They have to live, they have children, it costs money. Often they do put money aside in a pension fund, but they do not want to use it before the time has come. However, sometimes they have to because they cannot get those two weeks, and quite often it hurts a lot.

I strongly support the bill put forward by my colleague from Churchill. I hope she will find enough support in the House to allow for this modernization. The laws and the Canada Labour Code must be modernized. The legislation dealing with workers must be modernized. We must strive for fairness and also for a balance between employers and employees.

Several years ago I introduced an anti-scab bill at the federal level that will soon come back to the House. We must restore some balance in employer-employee relations, so that negotiations are more peaceful and healthy. My colleague's bill would help lessen employees' stress. Should the company go bankrupt, they would no longer have to worry about what is going to happen to them. They would have some reassurance. I believe that if there is money, they should be the first ones to get it. That way, they would have enough money to survive until their employment insurance benefits kick in. One hopes they would have accumulated enough hours to be eligible.

I will support this motion. I hope other members in this House will do the same. As we know, it would not cost the government anything. It would be the responsibility of the company using the money left after a bankruptcy, the proceeds from the sale of the company.

When motions or bills in favour of workers come to the House, I would like to see my colleagues support them, so that workers in Quebec and Canada are dealt with fairly and appropriately.

I will support the motion, therefore.

• (1745)

[English]

Ms. Libby Davies (Vancouver East, NDP): Madam Speaker, I am pleased to rise in the House today to support Motion No. 400 put forward by the member for Churchill. I want to thank the member for Churchill for her initiative because this really is an excellent motion. It is very straightforward. It states:

That...the government should amend bankruptcy legislation to ensure that wages and pensions owed to employees are the first debts repaid when a bankruptcy occurs.

I say, "Hear, hear". It is about time.

It is really quite astounding to actually look at the current legislation and see that everybody else lines up ahead of the people who actually put their labour into whatever company or business fails.

First up is the government. The government is the first creditor to be paid, through CPP, income tax and employment insurance.

Next on the list are the secured creditors, of course, which could include institutions such as the banks. Of course the banks will make money off bankruptcy, having carried loans secured by company assets.

Third in the current legislation are the preferred creditors, who are placed on a prioritized list.

Then, of course, the employees are at the end, at number four, behind the legal costs and the levy that goes to the Superintendent of Bankruptcy. This really has to be one of the most unfair provisions. Not only have people lost their jobs, they then get slapped in the face and really stuck with it when a bankruptcy occurs. They do not get anything in terms of wages they might be owed or, most importantly, their pensions.

I think this motion for a change in the bankruptcy legislation is needed today more than ever before. We live in a world of globalized capital, of deregulation and, unfortunately, now a world of

Private Members' Business

privatization. Not a day goes by on which we cannot open a major newspaper and see colossal failures of the bastions of capitalism, whether it is Enron, Air Canada or other major corporations going into a tailspin and going into failure.

In this economic climate, where there is an emphasis on corporate concentration, where the bigger fish eat the smaller fish, where there are buyouts, bankruptcies and all the rest of it, I think we really have to look at the question of who the winners and losers are. And in every single case, the losers are the people who work for those businesses and those corporations.

The Alliance may smirk at that, but it purports to represent those workers and yet it is those workers who are being absolutely skewered by the kind of legislation we have in Canada today, which sees them at the bottom of the line, not the top.

I say hats off to the member for Churchill for identifying this as an issue that needs to be corrected and for having the initiative to bring it forward. It will be beyond me if members of the House cannot find it in themselves to support the motion and to say of course employees should be the people who get their wages and their pensions covered.

We only have to look at what has taken place with Air Canada. When Air Canada filed for bankruptcy, I do not know about anybody else, but I got loads and loads of e-mail from people who were terrified that they were going to lose their pension in Air Canada because they knew what the legislation was and they knew they would be at the end of the line and out of luck.

I even had children of Air Canada retirees writing to me because they were so terrified for their mothers or fathers who had worked for Air Canada for 25 or 30 years, who had paid into their pensions, and who had grown up in the company believing that their pensions were secure. They were terrified that suddenly, through the stroke of a pen and proceedings through the bankruptcy laws and so on, their parents would find that their pensions and sense of security were in jeopardy and were threatened as a result of Air Canada filing for bankruptcy.

• (1750)

Surely that one example alone should serve to remind us that the law on bankruptcy as it currently exists is terribly discriminatory toward workers. It puts them at the end of the line.

A couple of weeks ago in east Vancouver I met a constituent who had gone through the most incredible runaround in trying to collect \$4,000 that he was owed by a small company that had gone into bankruptcy. He had gone through employment standards, which in B.C. under Gordon Campbell do not really exist any more; there really is no protection for workers. This guy was a hardworking person. He had helped his employer. He had been a diligent worker. All he wanted was his \$4,000. He could not get any help from anyone. It was not available.

What caused most of the distress for this constituent was not so much the \$4,000. I think he had kind of given up on that at some point. It was the fact that there was nothing there in a legal framework that could actually protect his interests as a worker.

Private Members' Business

It demonstrated to me the need to have this motion that is before us today. I note that the Canadian Labour Congress has been advocating a package of measures that would ensure that workers' interests are protected in the event of a bankruptcy or an insolvency. It advocated the idea of a federal wage protection fund.

The member from the Bloc pointed out very eloquently that on every side workers are now completely skewed. Workers are not able to claim for EI, which is money that has actually been paid in. There is no government money in EI; it comes from the employer and the employee. Not only can they not get EI but now there is no protection under the bankruptcy legislation.

A federal wage protection fund that would provide employees with some measure of certainty of payment when they are faced with uncertainty in this world is a very good idea.

There is the idea of pension insurance arrangements. The whole scandal around what is happening to pension funds is something that should be sounding off alarm bells in this place.

Here again under the bankruptcy legislation the current situation would mean that someone who has paid into their pension does not have the most basic protection when it comes to bankruptcy. They do not even have protection for where those pension funds end up or who manages them. The administration of the Canada pension fund has been contracted out by the Liberal government, which is costing us billions of dollars. What a scam that is going on. Yet it is employees who are on the receiving end.

In conclusion, this is a very fine motion. It is so easy to shoot something down and to say it does not do this or it does not do that. The member has worked very hard to give responses to members who have raised questions or issues in the House and she will do so again today.

The basic principle of this motion before us which is to say that workers should come first in terms of the wages and pensions they are owed when a bankruptcy occurs is the correct principle. It is where we should start from. If the motion needs fixing when it is implemented and legislation is changed, there is time enough to do that for sure. Let us vote affirmatively on the principle that is being advanced by the member for Churchill.

I encourage all members of the House to support the motion for the very important principle that it advances. It is worthy of support.

• (1755)

Mr. Larry Bagnell (Yukon, Lib.): Madam Speaker, I am happy to rise on this motion today. I would first like to make a couple of comments on the previous commentary.

In relation to the Canadian Labour Congress, it put forward an initiative in the last few weeks. I would like to commend several items in its initiative. One goal is to work toward parity between men and women in insurance benefits. That is an admirable goal and I look forward to seeing what can be done in that respect. I am also quite supportive of its work on behalf of older workers, because older workers have a harder time finding new employment. What our government has been promoting for a few years now is the whole concept of lifelong learning and that people need training not only to

get back into the employment field but while they are at work to continue in the employment field.

I also want to add my support for the Air Canada workers and their pensions. When we discussed this at the transport committee meeting, I strongly put forward the position, as did the whole transport committee, that this was something we definitely had to look at and make sure that those pensions were not in jeopardy. They are handled separately from the rest of the bankruptcy. Unfortunately a lot of pensions, including Air Canada's pension, had a lot of reduction because of the investments of the pension plan. The point was, for the part that did not cause the decrease in moneys, the secretariat that looked after pensions had to make sure that Air Canada's payments in that pension plan were up to date so that people will continue to get their pensions.

I congratulate the mover for bringing forward this important topic. I also congratulate her for her recent courage in other major developments in her constituency. Everyone is in agreement with the goal and with the principle. Pensions are so important to people. People work hard all their lives. They certainly depend upon their pensions and we certainly would not want anything to get in their way. I am sure everyone agrees with that and it is just the mechanisms on how best to do it that we are discussing in this debate, as well as other debates.

Parliamentarians have always recognized that pensions are so important. That is why they have put in special mechanisms to protect them so that pensions are not at the bottom of the list but in a separate part where they are protected.

I welcome the opportunity to participate in today's debate on Motion No. 400 which proposes to amend the current bankruptcy legislation to ensure that wages and pensions owed to employees are the first debts repaid when a bankruptcy occurs. I would also like to note that my remarks today especially address the pension issues that were raised during a debate that took place on Motion No. 400 in June.

I would first like to put this issue into context beginning with a general overview of the existing pension plan system in Canada.

The purpose of pension plans in our country is to provide retirement benefits for plan beneficiaries. As hon. members know, our system includes both public pension plans and private pension plans. Public pension plans include the Canada pension plan, the Quebec pension plan and old age security. Private pension plans consist of occupational pension plans, otherwise known as registered pension plans or RPPs. They cover both defined benefit and defined contribution plans which are provided as part of an employment contract. I also want to mention that private pension plans are voluntary but must be registered either federally or provincially.

In addition, the federal and provincial governments provide tax assistance for savings in RPPs and retirement savings plans, or RRSPs, to encourage and assist income replacement in retirement.

Private Members' Business

As I indicated, today's motion proposes to amend the Bankruptcy and Insolvency Act to ensure that wages and pension moneys owed to employees would be the first debts paid when a bankruptcy occurs. We discussed the issue of protecting wages here in the House on June 5, 2003. Today my remarks will focus on the issue of securing pension benefits in bankruptcy proceedings.

The main federal statute that regulates private pension plans of companies that fall under federal jurisdiction, such as banking, interprovincial transportation and telecommunications, is the Pension Benefits Standards Act, 1985, or the PBSA as it is commonly called. While some 1,200 pension plans fall under the purview of this act, close to 90% of all registered plans in Canada are provincially registered.

• (1800)

The PBSA sets out the rules for administration and funding of federally regulated private pension plans. It imposes minimum funding requirements on pension plans to support the solvency and security of the pension fund and its ability to pay out promised benefits.

The Office of the Superintendent of Financial Institutions, otherwise known as OSFI, administers the PBSA. OSFI's role is to protect the rights and interests of plan beneficiaries, having due regard to the fact that administrators of pension plans are responsible for the management of the plans and that pension plans can experience financial and funding difficulties that can result in the reduction of those benefits.

OSFI has a variety of means at its disposal to protect the rights and interests of plan beneficiaries of federal pension plans. Intervention activities can range from meeting with the plan administrator, to asking that a special actuarial report be conducted, to, in extreme cases, replacing the plan administrator with one appointed by OSFI.

In the current environment, OSFI's priority is to identify risks faced by federally regulated pension plans, promote sound management of those risks, and see that corrective actions are taken where appropriate.

The regulatory framework provided by the PBSA, supported by the supervision of OSFI, provides an appropriate framework for protecting the interests of pension plan members, even my comrades in the Alliance.

Federal statutes such as the Income Tax Act also impact on private pension plans. It should be noted that most private pension plans are governed by provincial pension legislation.

As hon. members may know, the PBSA provides protection for pension plan members by requiring the employer to keep the pension fund separate and apart from its own and by deeming the pension funds to be held in trust. In addition, any amounts owed to the pension fund are subject to a deemed trust.

This deemed trust provision protects members of a federally registered pension plan from a scenario where the employer is in financial difficulty and may have to resort to the Companies' Creditors Arrangement Act, the CCAA, or Bankruptcy and Insolvency Act, the BIA. In the event of bankruptcy, moneys owed

under the deemed trust provision of a federally registered pension plan would be given priority status.

I would like to remind the House that the Senate Standing Committee on Banking, Trade and Commerce has been reviewing the issue of bankruptcy protection. It is giving the matter full consideration in its review of the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act. To assist the committee, Industry Canada prepared a report describing the wage and pension protection issue, proposing possible solutions and setting out the views expressed by stakeholders about the options proposed.

I agree that ensuring the promised benefits of pension plan members and beneficiaries is a key priority. That is why I have outlined several measures in our current system that ensure that this goal is met. Let me outline some additional measures that are currently in place.

As I noted previously, the Pension Benefits Standards Act, 1985 requires that amounts of a pension plan be held in trust or otherwise kept separate and apart from the assets of the employer. In addition, the pension plan administrators must reference all factors that may affect the funding, solvency and ability of the plan to meet its financial obligations. These rules are already on the books.

It is clear that the current status already largely meets the admirable intent of the motion. The government believes that the Pension Benefit Standards Act, 1985 and accompanying regulations have established the right climate to ensure that pension plan administrators are responsive to the concerns and objectives of plan members and employers.

Most certainly, ensuring sound, secure pension systems remains a priority for the government. Recent reforms to the Canada pension plan, together with recent PBSA amendments and regulations, demonstrate this commitment. I can assure hon. members that the government will continue to make changes to the Pension Benefits Standards Act, 1985 when and if required.

Given the built-in checks and balances and the existing duties and responsibilities of pension plan administrators under the PBSA, today's proposal to amend the Bankruptcy and Insolvency Act does not appear warranted.

However, I am always looking for mechanisms that will ensure that employees receive the hard-earned benefits that are so important to them in their retirement certainly before less important payouts. I look forward to such other amendments or proposals in the future.

• (1805)

Mrs. Bev Desjarlais (Churchill, NDP): Madam Speaker, I thank all my colleagues who have taken the time to speak on this motion. I recognize that everyone has wonderful accolades for workers and feels that they should be looked after, but somehow they are not willing to take that extra step and actually put them first, in front of banks, in front of the government and in front of other creditors.

Adjournment Debate

Somehow in this country workers are still at the bottom and, quite frankly, still underground a lot of the time, a lot of them dead because of their toil. Somehow most of the members in the House are still putting them at the bottom. I will tell the House that very few company executives or people in business offices end up dying from their work, unlike the workers who are most gravely affected by this type of legislation.

The government representative who spoke on the motion tonight, much like the one who spoke on my motion yesterday, used the argument that “if something's not broken, don't fix it”. But the reality is that the system is broken. We do not have a good pension plan and safety net in place. That is extremely apparent to anyone who has seen the media over the last two years or has read about the risks to pension funds. Everyone knows there is a problem and we need to fix it.

What we are asking is to put workers first. I know that the Office of the Superintendent of Financial Institutions is supposed to ensure that enough money is in the pension fund deposit to ensure that it can be paid out. But the reality is that only a percentage of the amount has to be there and, in a good many cases, just like the Air Canada case, the pension fund has been shorted. In my view, this is legalized theft.

Employees paid into that fund. Their employers paid into that fund as well. That was their agreement: “I will work for you if you do this for me”. In essence, what has happened is legalized theft. Money that belonged to employees was used for something else. We are saying that this needs to be corrected. That is what I am asking for. There is a problem. Anyone who does not think there is a problem has had their head in the sand for the last two or three years.

I brought this motion to the floor of the House of Commons as a result of workers in my riding who right now are working for companies that have not gone bankrupt but who know that their pension fund is short. They know it is short a fair bit. When it should be at about 70% or 80%, it is at about 20% less. Employees have been trying to make sure that money gets put into the fund. If their companies go bankrupt today, they are at the bottom of the pit thanks to everyone in this House who does not make an effort to change this legislation and put workers first. It is bad enough that employees do not get their wages if there is no money, but they will also not get their pensions, which were supposed to keep them secure in their later years for retirement.

My colleague from Perth—Middlesex commented that he has experienced this and that it could have ramifications on both employers and banks. In most cases, banks make up a good amount of the money on the interest anyway and they are in a far better position to be able to survive after a bankruptcy than employees in the workplace.

There are others who suffer as result of this problem. Whole communities suffer. If a business goes bankrupt in a small community and the pension funds and wages are not there, every business in that community suffers. By ensuring that this legislation is in place we are actually stabilizing some of those communities in a good many instances, as far as I am concerned. Most important, we are telling workers in this country that they count, that they are first,

that they are number one. We are telling them that we know they have worked and they should be taken into account.

This is the House of Commons. This is not the house of employers. This is not the house for the corporate elite. This is the house of commoners. I know that some people in here get a little high on the hog sometimes and see themselves as a bit better than the carpenter or the miner or the truck driver, but the bottom line is that we are supposed to be representing those people, all those airline workers who are going to lose their pensions. We are supposed to be here representing them, and it is time we did.

• (1810)

The Acting Speaker (Ms. Bakopanos): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Ms. Bakopanos): The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Ms. Bakopanos): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Ms. Bakopanos): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Ms. Bakopanos): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Ms. Bakopanos): Pursuant to order made earlier today, the recorded division on Motion No. 400 is deferred until Tuesday, October 28, at the beginning of private members' business.

Do I have agreement to see the clock as 6:30 p.m.?

Some hon. members: Agreed.

ADJOURNMENT PROCEEDINGS

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

[*English*]

FIREARMS REGISTRY

Mr. Garry Breitkreuz (Yorkton—Melville, Canadian Alliance): Madam Speaker, on May 8, 2003, I asked the Prime Minister if he regretted saying that some of the bureaucrats in charge of the billion dollar sinkhole known as the gun registry had been demoted and fired when it is now known that the statement is not true.

Adjournment Debate

In fact, no one was fired and no one was demoted. In fact, some of the bureaucrats in charge of this mess were promoted and many of them got bonuses.

The Prime Minister did not answer the question and neither did the fourth minister in charge of this mess. His predecessors said repeatedly that they were fully accountable and responsible for the gun registry screws-ups, but to date no one has been held the least bit accountable and responsible.

What good are words if they are not followed up by actions? Why has no one paid for this billion dollar mistake? When will someone, anyone, be held fully accountable and responsible for this billion dollar mistake?

It has been 10 months since the Auditor General blew the whistle on the biggest error in accounting estimates ever made in the history of this country, and Parliament is still being kept in the dark. In the last 10 months, the government has repeatedly failed to answer our questions: How much will it cost to fully implement the gun registry and how much will it cost to maintain?

In my supplementary question, I asked the Solicitor General why his billion dollar gun registry fails to track the addresses of 131,000 convicted criminals who have been prohibited from owning firearms. These 131,000 most dangerous individuals get to roam Canada free while two million licensed gun owners have to report their change of address within 30 days or they could go to jail for up to two years. Where is the logic in that?

Last weekend the *Toronto Star* reported how absurd the Liberal logic is. The *Star* reported that Daniel Greig, who was on parole and prohibited from owning guns, illegally acquired the following weapons: a six shot .44 calibre Smith & Wesson; a .45 calibre Glock semi-automatic; a .45 calibre Heckler and Koch semi-automatic; a 12 gauge Franchi pump action shotgun with a pistol grip; an M-16, a .223 calibre Colt semi-automatic assault rifle; and several rounds of ammunition. The *Star* reported, "Why the police are sad: Greig was able to buy all these guns...with no trouble at all".

Why would the Solicitor General insist on keeping a billion dollar gun registry whose only purpose is to monitor the activities of millions of law-abiding citizens and not monitor at all the activities and whereabouts of 131,000 dangerous criminals like Daniel Greig? Why does the Privacy Act protect the privacy rights of 131,000 convicted criminals but not the privacy rights of millions of law-abiding gun owners?

Last May 8, the Solicitor General failed to answer this question about the highly questionable target for the failed Firearms Act. Instead, he chose to obscure this fact with more bogus numbers. He told the House that the gun registry had assisted in 325 actual police investigations. However, an Access to Information Act request revealed that the minister's department was unable to produce the documents to back up his claim.

My questions: Why do MPs have to file Access to Information Act requests, why is most of the information blacked out when we get it, and why is Parliament still being kept in the dark?

•(1815)

Mrs. Marlene Jennings (Parliamentary Secretary to the Solicitor General of Canada, Lib.): Madam Speaker, I want to thank the hon. member for Yorkton—Melville for the opportunity to rise in this House and to speak about some of the important changes that are taking place to streamline the firearms program and make it more efficient.

As the hon. member is aware, over the past several months the government announced several key initiatives to improve the program and provide better services to Canadians across the country. On February 21 the Minister of Justice, joined by the Solicitor General, tabled an action plan to deliver a firearms control program that provides significant public safety benefits while setting the program on a path to lower costs.

[*Translation*]

The action plan responds to the Auditor General's recommendations contained in her report of last December.

[*English*]

In fact, the government has already begun to implement these actions which are based on the recommendations of the Auditor General.

On April 14 the Canada Firearms Centre was transferred from the Department of Justice to the Department of the Solicitor General. I think everyone, the key players and partners, agrees that this is a natural fit for the Solicitor General portfolio, as enhancing public safety is one of its main focuses.

The action plan states the government's intention to consolidate the headquarters function for the firearms program in Ottawa. This has already occurred.

In addition, on May 30, a firearms commissioner was appointed. Reporting to the Solicitor General, the commissioner has full authority and accountability for all federally administered elements of the Canadian firearms program.

[*Translation*]

Moreover, according to the action plan, the position of financial controller has been filled. This individual is responsible for risk analysis and for data and report integrity. And he must ensure that resources are used in accordance with the program's financial plan. The controller must also report the results.

[*English*]

On May 14 Bill C-10A received royal assent. The amendments to the Criminal Code and the Firearms Act are administrative in nature and their goal is to streamline the Canada firearms program. Several of these amendments require regulations or amendments to existing regulations before they can take effect.

Accordingly, on June 13, 15 proposed regulations were tabled in Parliament by the Solicitor General. All but one of those amend existing regulations. The tabling of those proposed regulations is another important step in the continuous improvement of the firearms program.

Adjournment Debate

[*Translation*]

There is also, first, public consultation through the official gazette on regulations and, second, consultation with Parliament. Canadians are invited to share their ideas and their comments on the Canadian firearms program and on the proposed regulations on the Web site of the Canada Firearms Center.

[*English*]

The simple facts that I have given, and that is not the whole story obviously, show that the government has put into practice or is putting into practice the recommendations of the Auditor General. The government is consulting Canadians and its goal is to ensure that this program is efficient and practical.

Mr. Garry Breitkreuz: Madam Speaker, in the reply just given to my question the member has emphasized that the Auditor General's recommendations are being taken into account. That is not true at all.

The Auditor General said that the full costs of the program had been hidden from Parliament. My question specifically asked, what are the total costs and what will it cost to maintain this program?

That answer was not forthcoming and that was the key thing that the Auditor General said should be revealed to Parliament. What are the total costs? We have been waiting for almost 10 months and that has not happened yet.

The second part of my question was not even addressed. Why is the criminal not targeted rather than the law-abiding citizen? It is absolutely clear that this is simply a bureaucratic paper-pushing

exercise that is not gun control. It is government out of control. It is government spending a billion dollars, probably much more than that, on something that will not improve public safety.

• (1820)

Mrs. Marlene Jennings: Madam Speaker, the Canadian Alliance, true to its colours, wildly exaggerates.

Canadians support the firearms program and gun control. The government is committed to ensuring that we have proper gun control and to make it more efficient. The government is also committed to implementing all the recommendations of the Auditor General.

The member talks about how not all the costs have been revealed. He knows very well that in committee today that same question that he is asking now was asked of the Solicitor General by one of his colleagues. It was made very clear by the director general of the Canada Firearms Centre that some of those costs will be revealed by the Department of Justice when it tables its report.

Some of the costs can only be revealed and determined accurately when the Canada Firearms Centre, which became an agency this year, is able to—

The Acting Speaker (Ms. Bakopanos): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6:22 p.m.)

CONTENTS

Thursday, October 9, 2003

Privilege		Mr. Wilfert	8355
Bill C-13—Speaker's Ruling		Mr. Kenney	8357
The Acting Speaker (Mr. Bélair)	8353	Mr. Cardin	8357
Mr. Szabo	8353	Mr. Comartin	8358
ROUTINE PROCEEDINGS			
Committees of the House		Mr. Kenney	8358
National Defence and Veteran Affairs		Mr. Szabo	8359
Mr. Pratt	8353	Mr. Paquette	8360
Procedure and House Affairs		Mr. Masse	8360
Mr. Adams	8353	Mr. Paquette	8360
Overseas Memorial Sites Student Visits Act		Mr. St-Julien	8363
Mr. Stoffer	8353	Mr. Masse	8364
Bill C-455. Introduction and first reading	8353	Mr. McTeague	8364
(Motions deemed adopted, bill read the first time and printed)	8354	Mr. Borotsik	8365
Excise Tax Act		Mr. Masse	8366
Ms. St-Hilaire	8354	Mr. Comartin	8366
Bill C-456. Introduction and first reading	8354	Mr. Masse	8368
(Motions deemed adopted, bill read the first time and printed)	8354	Mr. Kenney	8369
Committees of the House		Mr. Cullen	8370
Procedure and House Affairs		Mr. Masse	8371
Mr. Adams	8354	Mr. St-Julien	8372
Motion for concurrence	8354	Ms. Picard	8373
(Motion agreed to)	8354	Mr. Plamondon	8374
Petitions		Ms. Picard	8374
Health		Mr. Bigras	8376
Mr. Borotsik	8354	Mr. St-Julien	8377
Marriage		Mr. Caccia	8377
Mr. Adams	8354	Mr. Gagnon (Champlain)	8379
Stem Cell Research		Mr. Comartin	8379
Mr. Szabo	8354	Mr. Crête	8380
Marriage		Mr. Gagnon (Champlain)	8382
Mr. Szabo	8354	STATEMENTS BY MEMBERS	
Search and Rescue		Terry Painter	
Mr. Cummins	8354	Mr. McKay	8382
Foreign Affairs		Agriculture	
Ms. Karetak-Lindell	8355	Mr. Benoit	8382
Questions on the Order Paper		Organization for the Protection of Children's Rights	
Mr. Cuzner	8355	Mr. Pacetti	8382
Points of Order		National Co-Op Week	
Standing Committee on Procedure and House Affairs		Mr. Barrette	8383
Mr. Szabo	8355	Heritage Conservation Award	
GOVERNMENT ORDERS			
Income Tax Act		Mrs. Ur	8383
Hon. Denis Coderre (for the Deputy Prime Minister and Minister of Finance)	8355	National Family Week	
Bill C-48. Third reading	8355	Mr. Spencer	8383
		Women's Soccer	
		Mr. Tonks	8383
		Writers	
		Mr. Paquette	8383
		The Environment	
		Mr. Reed	8384

Hate Propaganda	
Mr. Kenney	8384
Mental Health Week	
Ms. Frulla	8384
Atlantic Canada	
Mr. Keddy	8384
Employment Insurance	
Ms. Guay	8384
Official Languages	
Ms. Thibeault	8385
Izzy Asper	
Mr. Blaikie	8385
World Sight Day	
Mr. Bagnell	8385
Canadian Wheat Board	
Mr. Anderson (Cypress Hills—Grasslands)	8385
Climate Change	
Mr. Adams	8385

ORAL QUESTION PERIOD

Veterans Affairs	
Mrs. Skelton	8386
Mr. Grose	8386
Mrs. Skelton	8386
Mr. Grose	8386
Mrs. Skelton	8386
Mr. Grose	8386
Member for LaSalle—Émard	
Mr. Solberg	8386
Mr. Manley	8386
Mr. Solberg	8386
Mr. Manley	8386
CINAR	
Mr. Duceppe	8387
Mr. Boudria	8387
Mr. Duceppe	8387
Mr. Boudria	8387
Mr. Marceau	8387
Mr. Boudria	8387
Mr. Marceau	8387
Mr. Boudria	8387
Equalization Payments	
Mr. MacKay	8387
Mr. Manley	8387
Mr. MacKay	8388
Mr. Manley	8388
Government Contracts	
Mr. Blaikie	8388
Mr. Rock	8388
Mr. Blaikie	8388
Mr. Rock	8388

Member for LaSalle—Émard	
Mr. Rajotte	8388
Mr. Manley	8388
Mr. Rajotte	8388
Mr. Manley	8388
Business Development Bank of Canada	
Mr. Crête	8389
Mr. Rock	8389
Mr. Crête	8389
Mr. Rock	8389
Government Loans	
Mr. Kenney	8389
Mr. Rock	8389
Mr. Kenney	8389
Mr. Rock	8389
Foreign Affairs	
Mr. Bergeron	8389
Mr. Easter	8389
Mr. Bergeron	8390
Mr. Easter	8390
Government Loans	
Mr. White (Langley—Abbotsford)	8390
Mr. Rock	8390
Mr. White (Langley—Abbotsford)	8390
Mr. Rock	8390
Employment Insurance	
Mr. Binet	8390
Mrs. Stewart	8390
Foreign Affairs	
Mr. Casey	8390
Mr. Graham (Toronto Centre—Rosedale)	8391
Mr. Casey	8391
Mr. Graham (Toronto Centre—Rosedale)	8391
Government Contracts	
Mr. Blaikie	8391
Mr. Rock	8391
Foreign Affairs	
Mr. Nystrom	8391
Mr. Easter	8391
Government Contracts	
Mr. Hill (Macleod)	8391
Mr. Manley	8391
Mr. Hill (Macleod)	8391
Mr. Manley	8391
Immigration	
Mr. Cardin	8392
Mr. Coderre	8392
Mr. Cardin	8392
Mr. Coderre	8392
Agriculture	
Mr. Hilstrom	8392
Mr. Duplain	8392
Mr. Hilstrom	8392

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