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OFFICIAL REPORT
(HANSARD)

Tuesday, May 4, 2004

—
Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Tuesday, May 4, 2004

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

• (1000)

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

Hon. Roger Gallaway (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8) I am pleased to table, in both official languages, the government's response to three petitions.

* * *

• (1005)

PETITIONS

CANADIAN FORCES HOUSING AGENCY

Mr. Jay Hill (Prince George—Peace River, CPC): Mr. Speaker, it is indeed a pleasure for me to rise once again to present yet another petition concerning the deplorable living conditions that some of our men and women who serve in our military face on a daily basis. These petitions, as I noted a few days ago, are coming in increasingly to my office from bases and communities all across Canada. Even where some of the military personnel are reluctant to sign, individuals in the neighbouring communities who are supportive of their cause are signing the petitions and sending them in.

They note that the Canadian Forces Housing Agency on base serves a valuable purpose by allowing families to live in a military community and have access to services to address their specific needs. They further note that housing accommodation provided by the Canadian Forces Housing Agency is in too many instances substandard to acceptable living conditions. Therefore, they call upon Parliament to immediately suspend any future rent increases for accommodation provided by the Canadian Forces Housing Agency until such time as the Government of Canada makes substantive improvements to the living conditions in housing provided for military families. These petitioners are from Manitoba and from all across Ontario.

QUESTIONS ON THE ORDER PAPER

Hon. Roger Gallaway (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the following questions will be answered today: Nos. 74 and 77.

[*Text*]

Question No. 74—**Ms. Judy Wasylcia-Leis:**

As of March 1, 2004, how many recipients of the Canada pension plan disability pension were subject to garnishment arrangements under the Family Orders and Agreements Enforcement Assistance Act?

Hon. Liza Frulla (Minister of Social Development, Lib.): Mr. Speaker, the Family Orders and Agreements Enforcement Assistance Act garnishment amount is established each month by Justice Canada and applied at “month end” when the old age security and Canada pension plan payments are issued. It is not a recurring withhold.

As a result, on March 1 there were no Canada pension plan disability accounts subject to Family Orders and Agreements Enforcement Assistance Act garnishment as the Family Orders and Agreements Enforcement Assistance Act withheld amount had not yet been determined for the March 2004 old age security and Canada pension plan payments.

However, when the February 2004 Canada pension plan disability accounts were distributed to clients on February 25, the payment due date for the February payments, we have confirmed 1,220 Canada pension plan disability benefit clients were subject to garnishment due to the Family Orders and Agreements Enforcement Assistance Act.

Question No. 77—**Mr. Loyola Hearn:**

With regard to the Iltis military vehicle, if it is the government's intention to keep this open-topped military vehicle in operation in Afghanistan: (a) why and in what capacity will it do so; and (b) if not, what plans does the government have for this vehicle?

Hon. David Pratt (Minister of National Defence, Lib.): Mr. Speaker, the government has not made a decision on the future of the Iltis vehicles currently in Afghanistan. While National Defence does not intend to operationally employ the Iltis in theatre after Roto 1, scheduled to end in August 2004, the final decision with regard to their disposition will be based upon operational considerations.

Several options are being considered, including donating the Iltis fleet to the national Afghanistan Government, returning the Iltis fleet to Canada for disposal, and scrapping the Iltis fleet in theatre.

Speaker's Ruling

[English]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Hon. Roger Gallaway (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if Question No. 75 could be made an order for return, the return would be tabled immediately.

The Speaker: Is that agreed?

Some hon. members: Agreed.

[Text]

Question No. 75—**Right Hon. Joe Clark:**

What public opinion polling has been commissioned by the Canada Deposit Insurance Corporation since December 31, 2000, and, in each case, specify: (a) the purpose of the poll; (b) the date of the poll; (c) the public opinion polling company involved; and (d) any other crown corporations involved?

(Return tabled).

[English]

Hon. Roger Gallaway: Mr. Speaker, I ask that all remaining questions be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

[Translation]

PRIVILEGE

STANDING COMMITTEE ON PUBLIC ACCOUNTS—SPEAKER'S RULING

The Speaker: Before moving to government orders, I am now prepared to rule on the question of privilege raised on April 1, 2004 by the hon. member for Roberval concerning the release by the hon. member for Toronto—Danforth of in camera testimony given before the Standing Committee on Public Accounts.

I would like to thank the hon. member for Roberval for having raised this issue. I would also like to thank the hon. Deputy Leader of the Government in the House and the hon. members for West Vancouver—Sunshine Coast, Provencher, Winnipeg North Centre and Scarborough—Rouge River and Toronto—Danforth for their contributions to the discussion.

In raising his question of privilege, the hon. member for Roberval charged that the hon. member for Toronto—Danforth had released to the media in camera testimony given before the public accounts committee during the 1st Session of the Thirty-Seventh Parliament. He also charged that the hon. member for Toronto—Danforth had done this deliberately, in full knowledge of the fact that the committee had not yet taken the decision to make this testimony public.

He claimed further that permitting this action to go unchallenged would represent a de facto recognition that committee rules, particularly with respect to in camera proceedings, apply only to opposition members.

● (1010)

[English]

His concerns in this regard were echoed by the hon. members for West Vancouver—Sunshine Coast and Winnipeg North Centre.

[Translation]

The hon. Deputy Leader of the Government pointed out that the committee had in fact decided to make the testimony public, so that the point raised by the hon. member for Roberval was of only theoretical interest.

The hon. member for Provencher drew to the attention of the House that a draft report had been prepared for the committee concerning the actions of the hon. member for Toronto—Danforth, but that the draft report had been rejected by a majority of the members of the public accounts committee.

The hon. member for Scarborough—Rouge River indicated that the question of the hon. member for Toronto—Danforth's actions had been raised in the committee, as was proper, and that the committee had disposed of the matter as it saw fit. He maintained that the rejection of the draft report by majority vote in the public accounts committee settled the matter.

[English]

In his presentation, the member for Toronto—Danforth stated that the committee had received written acknowledgement from Mr. Guité's counsel that the testimony could be made public. He also noted that the remarks in which he had revealed parts of the testimony had been made during a media scrum. He concluded his presentation by apologizing to the House and the committee for any breach of privilege which might have occurred.

[Translation]

Before dealing with the procedural aspects of this question, I feel that it is my duty to share with the House the extent to which I have found this matter troubling. As members will recall, I had given a ruling concerning another complaint about proceedings in the public accounts committee earlier on the same day that the hon. member for Roberval raised this issue. It is of deep concern to me that, in conducting this inquiry, committee members found it necessary to raise procedural matters on the floor of the House. As hon. members know, the procedure for dealing with possible breaches of privilege in committee is clear.

House of Commons Procedure and Practice states, p. 128:

Since the House has not given its committees the power to punish any misconduct, breach of privilege, or contempt directly, committees cannot decide such matters; they can only report them to the House. Only the House can decide if an offence has been committed. Speakers have consistently ruled that, except in the most extreme situations, they will only hear questions of privilege arising from committee proceedings upon presentation of a report from the committee which directly deals with the matter and not as a question of privilege raised by an individual member.

In discussing consideration of a report related to a privilege matter in committee, *House of Commons Procedure and Practice*, p. 130 states:

If the committee decides that the matter should be reported to the House, it will adopt the report which will be presented to the House at the appropriate time during the Daily Routine of Business.

It is clear from this passage that a committee may choose to report a possible breach of privilege to the House or it may decide not to. In the case raised by the hon. member for Roberval, the public accounts committee has decided not to refer the conduct of the hon. member for Toronto—Danforth to the House. As Speaker, I can see no procedural grounds on which to overturn the committee's decision, or indeed, to interfere in its proceedings on this matter in any way.

While previous Speakers, and I myself in earlier rulings, have indicated that a Speaker might, in extreme circumstances, take action with respect to irregularities in a committee's proceedings, there has always been considerable reluctance to intervene in any matter which the committee itself ought to decide.

●(1015)

[English]

Speaker Fraser put the point at issue quite clearly, and I refer to the debates of April 2, 1990, page 1076:

It would place the Speaker in the untenable position of standing in appeal to any decision of standing, special and legislative committees, particularly in cases of high controversy and vigorous political debate, like this one. This is not foreseen in our rules nor does our practice anywhere provide such a role for the Speaker.

[Translation]

The hon. member for Roberval has raised the concern that, although the House has in place rules and practices which protect members from what is often referred to as “the tyranny of the majority”, no such safeguards exist in committee.

I would like to remind hon. members that, although committees are given considerable liberty to organize their work, they are not free to adopt whatever procedures they choose. *Marleau and Montpetit*, p. 804, states:

Committees, as creations of the House of Commons, only possess the authority, structure and mandates that have been delegated to them by the House. ...The House has specified that, in relationship to standing, special or legislative committees, “the Standing Orders shall apply so far as may be applicable, except the Standing Orders as to the election of a Speaker, seconding of motions, limiting the number of times of speaking and the length of speeches.”

With these exceptions, committees are bound to follow the procedures set out in the Standing Orders as well as any specific sessional or special orders that the House has issued to them.

While the House accords great latitude to committees, it is very far from simply turning a blind eye to how they conduct their business. As I mentioned in my earlier ruling on April 1, 2004, concerning proceedings in the public accounts committee, the House may, if it has concerns about how the committee is conducting its work, issue an instruction. This can be done by way of a motion of instruction moved during Private Members' Business or, if unanimous consent was sought and obtained, such motion could be moved without notice under the rubric “Motions” during Routine Proceedings.

The hon. member for Roberval, in his capacity as House Leader, has much experience in the negotiations of such proceedings.

[English]

Finally, another possibility is for the House to order the recommittal of a committee report if it finds it unsatisfactory in some respect.

Government Orders

[Translation]

It is to be expected that, very often, not every member will be in complete agreement with decisions taken in committee. All members understand that the confrontation of opposing views is a central feature of our parliamentary system of government. This is true in committee as it is in the House itself.

If, however, it is felt that the disagreements in the public accounts committee arise from some structural or systemic deficiency, that is something that might be raised before the procedure and House affairs committee, which has the mandate to review the procedures and practices in committee.

Just as committees remain bound by the rules established for them by the House, so too is the Speaker obliged to rule based on our rules and practices. The particular issue raised by the hon. member for Roberval has in the present instance been dealt with in the committee in a procedurally acceptable manner.

I remind the House that it is incumbent on all members to ensure that committees, in carrying out the work delegated to them, function within the rules and procedures that are set down for them.

GOVERNMENT ORDERS

●(1020)

[English]

BUDGET IMPLEMENTATION ACT, 2004

Hon. Claudette Bradshaw (for the Minister of Finance) moved that Bill C-30, an act to implement certain provisions of the budget tabled in Parliament on March 23, 2004, be read the third time and passed.

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, it is an honour and a privilege to speak to the bill and hopefully try to persuade hon. members that this bill is worthy of their support.

I thought that I might start off my conversation about Bill C-30 with an incident from my pre-political life. When I was a lawyer practising law in the east end of Toronto and the Durham region area, from time to time I used to do some real estate work, particularly for companies that were moving executives from place to place but also for a variety of other real estate clients.

Government Orders

One of the persons who was recruited by the Canadian Cancer Society was a physician from I believe Denver. We went through our usual real estate transaction and then I fell into a conversation with him about what he was going to be doing in Toronto, what research he was going to be conducting, and things of that nature. He was specifically hired as a physician researcher to track demographic and other patterns with respect to cancer. The question I asked him at the time was what the greatest indicator of health was. His comment was "The size of your pocketbook will directly relate to how healthy you are". I thought it was kind of a crude comment, to be perfectly honest, but he went on to indicate that, by and large, wealthier people live longer, live healthier lifestyles, are more satisfied, have better access to medical services and are more up on trends that would enhance and lengthen their lives. That story sort of stayed with me.

I would put it to members that a government that creates wealth, in absolute and in relative terms, will also have the happy coincidence of creating health in its population. Over the course of the last number of years, that is exactly what the government has done. In fact, the wealth of this nation has been enhanced and increased, and we are, as a result, a healthier population.

It is not merely the \$37 billion that the government has infused into the health care system. That is important money and significant money and if the Prime Minister gets an opportunity to meet with the premiers in the next few months, we are committed to putting that on a fiscally sustainable path. Similarly, the \$2 billion that was allocated in this budget for additional funds into health is important money but I do not know if it actually tells the full story.

My argument will be that over the term of the government, indeed going back to 1993 when the prime minister and the then minister of finance started the arduous task of turning this nation away from a precipitous decline into third world status to now running seven surplus budgets in a row, the wealth of this nation has, in absolute and relative terms, grown, and therefore the wealth and the health of Canadians has increased, especially over the last seven years where we have run surpluses.

In all candour, the record is not uniformly good but in my view the good outweighs the bad. Strangely enough, there is an almost exact parallel between when the government started to run surpluses and the indices of wealth actually beginning to turn around.

There are essentially two ways to create wealth: people either work harder or work smarter. The way in which we have done it lately has been in improved labour participation. One of the interesting facts, when we start to parcel out the employment numbers, is that Canadians have actually been participating in the labour force in record numbers. We have actually increased our participation in the labour force and as a consequence we have improved our productivity numbers. Productivity numbers can also be improved by actually getting more involved with technology and improving the way in which goods and services are produced.

• (1025)

It is a gross generalization, but by and large our increases in standard of living have come because of the former, namely labour participation rather than the latter, which is increases in productivity due to investments in machinery and equipment. We have started to

work harder with more labour participation and more numbers of people working rather than necessarily working smarter.

From 1980 to 1996, which is a 16 year period in which this government had the last three years of that period of time but the Conservative government had the bulk of that period of time, we ranked dead last in productivity in the G-7. Then from 1997 to 2003 we shot up to third. We are essentially in a dead heat with France and Japan. Going from dead last to third, is it any coincidence that simultaneously the government is running budget surpluses?

I will not argue that the standard of living tells us everything. Neither will I argue that it says nothing. What charts do say, however, is that ever since the government started to run surpluses our standard of living has in factual terms increased. We are wealthier and therefore we are healthier.

When we break it out by labour force participation, that is, working harder, during the period of 1960 through to 1996 we were fourth in labour participation. However, from 1997 through to 2003 we exceeded everyone, the U.S. included, and now we rank first. The joke is that Americans live to work and Canadians work to live. In fact, we are number one in the last five or six years in the labour participation rates of all of the G-7 nations.

That is both good news and bad. It is great that our labour participation rate has been good, but it is not sustainable. Demographics tell us that our labour force is aging and therefore people will be withdrawing and not contributing to the GDP as they have in the past. Our growth in productivity, which has been largely sustained by a participation in the labour force, is not a sustainable pattern over time.

From 1980 through 1996 our standard of living growth was second last. In other words, from 1980 to 1996, again a similar period of time of 16 years, we were second last in the G-7 in terms of standard of living growth. However, from 1997 through to 2003 we were first with an annualized rate of 2.7%. Is it simply a coincidence that those years were the same years that the Government of Canada ran surpluses and introduced the largest tax reductions in the history of the nation?

The effect of that has moved us from seventh in the OECD in 1996 to fifth in the year 2003 and second in the G-7. We still lag behind the U.S. by a substantial margin. However, we have started to close the gap. We are still about 14.5% behind the Americans in terms of standard of living, but we have substantially improved that from 18%, which is where it was in 1996.

A standard of living is not a measure of everything, that is, quality of life and other things that people consider to be very important, but it does measure something. The something that it does measure is of considerable importance to most Canadians.

The real question is, can we sustain this growth? The short answer is that our increases in productivity need to be less focused in labour participation and refocused on increases in working smarter.

Government Orders

How do we get smarter? The most obvious way is to get an education or to improve the educational attainment of the nation. Education is what unlocks the productivity chain. Adding just one year to the average education attainment in our country will add 5% to the GDP per capita.

• (1030)

Canadians are a fairly well educated lot. We have the second highest post-secondary attainment of any G-7 nation. However, it is not just any education. It has to be specific education. Not to put too fine a point on it, we need more degrees in science and fewer in law.

Mr. Peter Adams: Good idea.

Mr. John McKay: I knew I would get the endorsement from the hon. member for Peterborough.

Scientists grow the wealth pie; lawyers carve it up. We need more people to grow that pie, and I am the lawyer. The Government of Canada has invested billions in post-secondary research and put Canada's universities back in the game. It has a strategic focus. We can talk to any university president and they will talk about the exciting research going on in their campuses.

I had a conversation a few months back with Robert Birgeneau, president of the University of Toronto. He was telling me how his university along with Queen's, McGill and UBC. and others are really back in the game. They can now say to a young graduate with a Ph.D. in biometrics or something of that nature that the University of Toronto is the place to be. This is leading edge research.

The reason has to do with the foundation moneys and the research chairs that are available. Young researchers can pursue what they want to pursue and have a comparable situation to any other university in the world. I think that is a significant accomplishment on the part of the government.

The second way to unlock the productivity genie is in the investment of machinery and equipment. Here we are dead last. However, the good news is that in the late nineties our investment in machinery and equipment actually rose quite briskly.

The budget addressed a tax competitiveness issue implementing an accelerated depreciation of certain categories of high tech equipment to more realistically reflect their useful life. We heard this time and time again as the minister made his way across the country listening to representations of Canadians that the depreciation schedule, the capital cost allowance schedule in the Income Tax Act of Canada, made no sense vis-à-vis the actual useful life of, say, a computer or something of that nature. That issue was addressed in the budget.

The other cause for concern is that the government is doing its bit for research and development but business is not. There are all kinds of excuses why Canadian business does not proportionately share more in the research and development cost, but the simple statistical fact is that it does not. That is why, aside from all of the other Nortel disappointments, the Nortel story is really worse than merely just shareholders' losses and dubious accounting.

Nortel accounted for a very significant portion of Canada's research and development, in my recollection, somewhere in the

order of about 25%. Research is what got Nortel through its lofty status as a world class company. Then the money boys, if you will, put it into a death spiral. The phrase is, I believe, unlocking shareholder value. We certainly did that.

The bad news is that a lot of the private research and development that was happening through Nortel is at least at risk. I do not know whether it will cease to happen, but it is certainly at risk and that is of concern to us all because that in turn leads to greater productivity, and the kind of productivity that we as a nation need in order to sustain our way of life.

The bad news is that the private sector is the laggard and the public sector is the leader in the G-7. We need a better mix if our productivity is to be maintained. If we were to get the right mix, then productivity gains would flow. There are limitations, however, on what a government can do, but it can be responsible for sound macro-economic policy.

• (1035)

I am assuming that the goal of any government of any political persuasion is to increase the health and wealth of its citizens. The major way in which it does that is by setting a macro-economic framework which will enable businesses and people to flourish within the larger nation. In financespeak it is called the fisc.

What does all this mean? When we talk about the fiscal framework, it is just fancy talk for what we expect in inflation, debt to GDP ratio, interest rates and so on. Sometimes this is a lot more alchemy than chemistry. Everything any government does has to fit within that fiscal framework or else the government descends into chaos and the nation with it.

Let us take a look at the fiscal framework, or the fisc, and see how we are doing. On inflation, the band has been extended for another couple of years of a 1% to 3% inflation target. If it were to get out of control and the government ends up printing too much money, then we would have bubble wealth. It is an illusion that we have money, but it is really paper money. Deflation can be equally worrisome.

Therefore, when a government is setting its budget target it has to be concerned about what is going to happen with inflation. For instance, a 1% decrease in inflation will cost the government \$1.9 billion in lost revenues. That \$1.9 billion is 1% of the government's revenue. That is a lot of money. However, expenses would be down by \$500,000 million, for a net shrinkage of government resources of \$1.4 billion. That is simply on a 1% mistake on inflation. The range expectation is somewhere between 1% and 3%, and as long as we stay within that range, the assumptions of the budget will work.

The other assumption is loan interest rates. Currently, the Bank of Canada's overnight rate is around 2%, which is in the realm of historical lows and it has a huge economic multiplier for those Canadians wishing to purchase homes, cars or things of that nature because they are within the ability of a lot more Canadians to purchase.

Government Orders

For instance, in my own community, I have a number of impoverished Canadians who live in low income housing, yet I noticed signs outside those places advertising space for rent. That is because a number of the people have left and bought homes, which they could only dream about before. This is a result of low interest rates. The vacancy rate in Toronto, and particularly in my riding, has shot up. It used to be that one could not get an apartment for love nor money. Now we are around a 3% vacancy rate.

A 100 basis point reduction in interest rates improves the government's revenues by \$1.1 billion. Revenues go down by \$400 million, but expenses also get reduced by \$1.4 billion. So effectively, it works out to about a \$1 billion or \$1.1 billion increase in revenues, just on the basis of a 1% reduction in interest rates.

There is a logic in the government's approach to fiscal framework. The budget contains support for learning with the Canada learning bond, enhanced RRSPs, and the new \$3,000 grant for low income families. The budget encourages research and development. There is another \$900 million for the three granting councils. There is \$60 million for Genome Canada. There is also the depreciation rate that I was mentioning that is more in line with the actual useful life of computer equipment.

We are in the final year of our \$31 billion tax cut package. This year will be the year in which our corporate taxes actually dip below the American rates. Our efficient financial markets are quite critical and I encourage members to read the Wise Persons' report, which hopefully will set the framework for a national securities regulation. Our support for cities in the amount of \$700 million this year and \$7 billion over 10 years on the GST is again significant support on the part of the Government of Canada.

• (1040)

In closing, I want to recommend the budget to all members present. It is a sensible and logical budget and one which hopefully will increase the productivity of our nation, therefore, the wealth of our nation and health of our nation.

Mr. Jay Hill (Prince George—Peace River, CPC): Madam Speaker, I have had the opportunity to do a couple of things here today. I have been writing cards of thanks to the volunteers who assisted me at a trade show in my riding for a couple of weekends in April. I also listened to the remarks of my hon. colleague from across about the budget. I thought about some of the remarks made to me by quite a number of constituents as they went by the trade show booth during those two weekends in Fort St. John and Dawson Creek.

One question was posed to me by my constituents, and I can truthfully say it was couched in considerable disappointment and anger, particularly as they were looking at sending in their tax returns and given the news concerning the waste of tax dollars by the government.

I note the member said that there were basically two ways to improve wealth: work harder or work smarter. Obviously, the Prime Minister, the hon. member's leader, has found a third way to improve wealth other than work harder or work smarter, and that is to avoid tax. This was brought home to me by a number of constituents who were struggling to pay their taxes, especially if they owed additional taxes. They posed this question to me. "Why should I pay my taxes

when the Prime Minister's company, now turned over to his family, Canada Steamship Lines is registered offshore in order to avoid paying taxes?"

It put it to the member as a serious question posed to me in all seriousness by a number of people in my riding. In many cases they are considering their options. Why should they look at re-electing and trusting an individual who is doing everything he can and has in the past to avoid paying taxes but expects them to pay theirs?

Hon. John McKay: Madam Speaker, I hope in the conversations with his constituents, the hon. member mentioned that tax brackets were reduced and thresholds were increased. Canadians are paying, in absolute terms, fewer taxes than they have in the past. I am not absolutely persuaded that the hon. member would have tried to put that forward to his constituents. However, I hope he at least mentioned that the brackets were reduced to 22% and the threshold was increased to \$35,000 for low income Canadians, which is 26%. Also, the threshold has been increased to \$70,000 for middle income Canadians. The upper bracket is at 29% and the threshold is up to \$113,000. However, I do not really have a huge expectation that he did that.

With respect to his specific question, there is no doubt that all governments of the G-7, in fact all governments of OECD, are concerned with the siting of corporations in jurisdictions that have tax advantages. Frankly, Canadian corporations are no different than American, Australian or British corporations, all which have to site themselves according to the tax jurisdiction that makes them the most competitive. If they do not, frankly they literally go underwater. There is no ability to do that.

Literally, hundreds if not thousands of Canadian corporations site themselves in jurisdictions where the tax treatment is somewhat more favourable. That is simply a survival tactic. There is not a government in the western world that is not concerned about this. In fact a commission has recently been struck among the Australians, the Americans, the British and ourselves to review this problem.

The problem is one cannot do anything by oneself. If Canada has a sudden attack of virginity, frankly all the corporations in Canada, which currently site themselves offshore, will simply remove themselves. We will lose head offices, those businesses and everything that corporations bring to the wealth of this nation.

I would like to have the problem solved so everybody pays a share of the tax that is appropriate. However, as long as those jurisdictions exist, a corporation does what it has to do to survive. If it does not take advantage of those kinds of tax jurisdictions, it will simply not survive.

If the hon. member has a realistic solution to this worldwide problem in which Canada can participate along with other nations at an exactly equal level, then I am in favour of listening to it.

Government Orders

●(1045)

Mrs. Bev Desjarlais (Churchill, NDP): Madam Speaker, I thought I had heard just about everything in the House. I thought the government and the Liberals had reached an all time low on a number of issues. However, with all due respect to my colleague from Scarborough East, to stand before us today and tell Canadians that somehow it is okay for corporations not to pay taxes and support the country providing them the resources or the business opportunities and to say that it is somehow okay that they go somewhere else because they will not survive and that the government cannot do anything about it is absolutely a crock of you know what, Madam Speaker.

The state of California has taken a position that it will not allow that any more. It is going to put in place legislation that will not allow those corporations to get state business if they go offshore and find tax loopholes, because they will not be supporting their local economies. Where would our country be if all Canadians took the position that they were not going to pay their fair share?

The government has said that it cannot do anything because the corporations will not survive. What it should say is that the corporations have a responsibility, that they are accountable to the Canadian people and have to pay their fair share. That is what should happen. The statement by that member proves that there is no way the government should be in for a day longer, let alone another week or month.

Hon. John McKay: Madam Speaker, I commend the hon. member on her charming naivety. The truth of the matter is that with the globalization of capital, literally hundreds of millions of dollars can leave any jurisdiction in a flash and site itself somewhere else.

The hon. member stands and says that we should not do that. Convince literally all those business in Canada that have to compete on a worldwide basis. Convince those corporations, which are world leaders and leading edge companies, that they should somehow or another pay a disproportionate tax burden to what their competition does. She is welcome to her charming naivety, but the reality is all those corporations and all that wealth will disappear in an instant.

Mr. Myron Thompson (Wild Rose, CPC): Madam Speaker, since 1993, when we first arrived here, one of the biggest complaints from constituents has been that they are being penalized for staying at home with my children.

There is a dual system of taxing. If both parents work and have equal income, they receive tax breaks. However, if a family earns a single income because one parent chooses to stay at home, they pay a whole lot more. Over the 10 year period I have been here, they have questioned this unfair tax plot. They want to know when it will change. They want to know why it is never mentioned. They want to know if the government objects to people staying home to take care of their children. They want to know what the problem is.

●(1050)

Hon. John McKay: Madam Speaker, probably the largest social initiative on the part of this government has been the Canada child tax benefit which gives money to people below certain income thresholds. Whether they are below certain income thresholds because of two people in the family working or one person in the family working, the Government of Canada does not inquire. The

Government of Canada is not interested in whether Canadians arrange their affairs so there are two people working in the house or one person working and another person staying home. It is an inquiry that the Government of Canada does not make. Upon filing of the income tax return, though, if one hits certain thresholds, then one would be entitled to a Canada tax benefit.

In addition, one gets the spousal exemption which brings one's threshold down as well. That has been deemed to be the better way in which to respond to the member's inquiry.

Mr. Rahim Jaffer (Edmonton—Strathcona, CPC): Madam Speaker, it always gives me pleasure to rise in the House and speak to various legislation.

I listened to the hon. parliamentary secretary with some concern about some of the things he was saying. I know he tried to paint as positive a picture as he could about the government's financial record and its ability over the last decade, because the Liberals have to take responsibility for everything that we are seeing today.

One thing I took exception to and which I have seen over the years that I have been here is the way the Liberals forecast numbers. One of my hon. colleagues tried to address the case of the tax rate and the Prime Minister having his company registered overseas, but especially with regard to the surplus. The parliamentary secretary talked a lot about the surplus and how there have been repeated surpluses and how it has been good for the country.

I take exception to the fact that the surplus has never been reported to Canadians in an open and honest way. That is of a great deal of concern for me. When we look at the first 10 months of the fiscal year the surplus was pegged at about \$5.5 billion. Then, all of a sudden, as the budget promises started to be put in place over the last few months leading up to the introduction of the budget, that surplus was whittled down to about \$1.9 billion. This tells me that the type of government the Liberals try to portray themselves as, as a prudent, fiscal government, is far from that fact.

The fact that the Liberals have not been honest with the surplus numbers really begs the question that there are some huge missed opportunities in this particular budget, especially when it comes to tax relief and investing in certain areas that I think are priorities for Canadians. That is something the parliamentary secretary failed to address.

I have talked specifically about missed opportunities and about trying to trust the government's numbers. This is a huge problem in this place, but also for all Canadians. I can give examples of some of the numbers that we have seen.

I will start with when this Parliament began not too long ago and the Prime Minister was answering questions for the first time in the House. We had asked over and over again in the House how much money had been given to the Prime Minister's shipping companies over the course of his being in this place when it came to government grants from different departments.

Government Orders

The initial number from the government was \$137,000 in answer to a question by my colleague from Edmonton Southwest. We had to do a further study on that. We had to put a question on the Order Paper. We had to look in other ways to try to access information because the numbers were not right when they came from the government. We learned later that the number in fact was \$161 million.

How can the federal government put out numbers like that? How can we trust any of the numbers the government puts out when it comes to the budget or the surplus? That is an incredible gaping hole when it comes to accountability.

There is another example of mismanagement by the government when it comes to numbers. I think everyone now knows the frustration level is at an all-time high when it comes to the gun registry. We must remember what the government said that program would cost Canadians. The Liberals said it would cost \$2 million.

The Auditor General has said that it is actually well over \$1 billion in the management of that program. In fact, it is even going higher and by the end of this year it could be up to \$1.5 billion and approaching close to \$2 billion.

How can Canadians trust the government in any of its numbers when we continue to see this sort of abuse in the way that the Liberals report numbers and the way they manage Canadians' money? Those are two examples.

The final example that we know of is the one that has been in the news and which we are trying to get to the bottom of, if the government decides to allow us to get to the bottom of it because we are all expecting an election. We do not know whether we will find who in fact was responsible when it came to the sponsorship program and the money that was lost there.

The Auditor General again appeared in front of the public accounts committee yesterday saying that there is \$250 million for which there is no accountability. Some of it was spent on things that really were very questionable in the way those contracts were awarded, and that \$100 million of that money just disappeared when it came to ad companies, especially in Quebec. It is astounding.

On that particular problem we have heard so many different numbers from the government. It was not so long ago that the minister in charge of the public accounts said that in fact the Auditor General was wrong, and that the amount was only about \$13 million. Where did he get that number from? He pulled that number right out of the air. He did not know what he was talking about.

•(1055)

That is another example of things we have seen where it makes it difficult for Canadians and especially for us on this side of the House to take the government seriously when it comes to its numbers. What sort of respect do the Liberals have for Canadians when they think they can abuse them in that way, especially with regard to their hard-earned tax dollars?

The hon. member talked so greatly about the budget implementation act and encouraged all members to support it, but how can he expect us to support it? I have news for him. Many of us on this side of the House have difficulty supporting the government in any way,

including the implementation of the budget, given the fact that we have seen such abuse when it comes to the way the Liberals deal with taxpayers.

I want to talk specifically about a few areas that were huge missed opportunities in the budget specifically as they pertain to my riding of Edmonton—Strathcona, but also some bigger themes that have been of real concern to Canadians from coast to coast.

As the Conservative Party critic for revenue, I have been very active in trying to push for fairness and equality for taxpayers in this country. I have put forward some policy in my party and some legislation in the House to try to create the office of taxpayer protection.

I have seen countless abuses when it comes to the Canada revenue agency and its dealings with honest, hardworking taxpayers. Many times when it decides to audit people, it usually goes after hardworking Canadians who really pose no risk when it comes to paying their taxes. It is amazing. About 40% of Canadians are maybe trying to avoid paying their taxes and are left out of the mix and CRA does not go after them.

We have been trying to put forward some legislation that will increase accountability when it comes to how the tax department deals with Canadians and how the government spends their money.

I mentioned briefly a missed opportunity in the budget. There is another number that I failed to mention initially. The Liberals talked about the tax package that they introduced of about \$100 million that was to be given to Canadians over five years. The parliamentary secretary said that we are in the last year of that package. Again those numbers are not accurate.

If we asked average Canadians if they had seen some of those tax reductions on their paycheques, if they had actually saved more money at the end of the day, most of them would say that they have been paying more. If the government did reduce some level of taxes, we would find increases in many other areas. In the end, Canadians unfortunately are worse off than they were before.

Over the time that the government has been in office, taxes have actually risen. We have seen about 38 variations of taxes. Some would call them user fees. These have been increased over the years that the government has been in power.

One of the ones that comes to mind is the air security tax. That tax has been a direct hit to our travel and transportation industry. The government could have reduced that tax completely. We and others have encouraged the government to reduce that tax, and it has been reduced slightly over the last couple of budgets. When that is factored in, it sure hits Canadians at the end of the day.

We have talked endlessly about fuel taxes. We had a motion in the House last year and the current Prime Minister voted for it. The current Prime Minister endorsed the plan to give a portion of the fuel taxes back to municipalities, back to Canadians. The government collects quite a significant amount of money when it comes to fuel taxes.

Government Orders

In the budget we see marginal investments for infrastructure, yet the Liberals are touting it as a huge plan for the cities. If we look at how much the current government collects in fuel taxes and the fact that the Prime Minister and his government endorsed a plan to give a portion of the fuel taxes back to the municipalities, it is a complete failure. This issue has not been addressed in the budget.

When it comes to infrastructure we know that the government has reduced the municipal GST rebate. The parliamentary secretary spoke about that. Of course the municipalities will say that is a good start and a move in the right direction because it will give a portion of the money that the cities need to invest in their infrastructure.

When I am in Edmonton I see some of the challenges in infrastructure and think of the many more investments that could have been made with the money collected from the fuel taxes. I know that Canadians are really not happy when it comes to the government on that particular front.

• (1100)

There was another area that unfortunately was completely absent in the budget. I hear about it from people in Edmonton—Strathcona, a large group of Canadians. The parliamentary secretary talked about labour participation and the challenges we are going to have when it comes to the aging population. That is a particular group that was completely left out of the budget.

I am distraught when I hear the seniors in my riding who call me on a regular basis to say it is so difficult for them to make ends meet. They are on fixed incomes but all their costs are going up when it comes to medication, transportation, health costs obviously, and rent in some their housing arrangements. Their pensions are not even indexed to inflation. They have huge challenges when it comes to trying to maintain their own standard of living. The government has continuously ignored seniors, and if not, we have seen at times the government attempting to claw back some of the benefits for seniors which is incredible. It is one of the most vulnerable groups in society. Seniors are the ones we owe the most to when it comes to thanking them for building the great country we have, yet it is that type of disrespect they receive from the government.

It is a huge concern for me in looking at the surplus numbers and what the government could have done to address some of the concerns for seniors. The fact that I am hearing from many seniors on a regular basis is something we should be concerned about. We should be doing something more for them. We on this side of the House have proposed policy to address some of the concerns for seniors. We just do not understand why the government has chosen to ignore them.

The parliamentary secretary also spoke about education. There were some efforts in the budget to increase the ability for students to access more money through the student loans program. There are still some fundamental problems with the loans program in the way that we approach education. I am very concerned about that.

The University of Alberta is in my riding. I hear from a lot of students as well as the administration in that university on some of the challenges they have. I get many calls from students who are being forced into default because of the lack of flexibility in the student loans program.

I also get calls from students, even in the case of the budget, where the government has increased potential limits under the student loans program but it still has not addressed the issue of the parental contribution amounts. Some students unfortunately do not get support from their parents when they go to school. They do it on their own and I admire and respect that.

Unfortunately, in trying to adjust the amounts of loans one can actually apply for, the government still has not addressed the issue of parental contribution. That leaves some students in the same place they were before and they cannot access the funds they need for their education. I would encourage the government to review that.

Our party has put forward a policy. We would like to see that particular element of the Canada student loans program eliminated so that students could be judged on what sort of program they want to take and not have it based on the portion of contribution their parents should make to their education. I hope that is something the government will address.

We have not dealt with the biggest problem that students are facing and that is being able to pay down and manage their debt. We are seeing tuition fees across the country rise at incredible rates, especially in professional designations.

Even though the government has addressed the issue of trying to access funds, it still has not addressed the issue of trying to reduce the overall debt for students when it comes to their education. They are graduating nowadays with some of the largest amounts of debt in the western world. That is something we need to address. We must work with the provinces to try to reduce that overall cost so that students can have a fair start once they get through their education.

There is nothing in the budget or any commitment from the government on that. If anything, we saw over the last number of years, especially when the current Prime Minister was finance minister, a \$25 billion cut from the health and education transfers. This made it very difficult for the provinces to make up that difference in spending and unfortunately health care and education suffered. Now the Liberals are trying to say they are the great saviours of health care and education but when we look at the transfers, they are barely at the level they were at when the Liberals first took office.

Health care is a top priority for many Canadians. They would like to see effective commitments when it comes to funding but also the ability to work with the provinces to ensure that no one is left out of the public system, that no one is left out of the universal system. All Canadians must have good and equal access to a system that should work efficiently.

• (1105)

In the messages we have heard from the government over the last week, I would say that there is in fact a hidden agenda when it comes to health care. On the one hand, we heard that the minister is in favour of private services and that he is going to work with the provinces to allow that evolution of private services. Then, in the next couple of days after that, we heard another mixed message that in fact the government would never allow private services.

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I would argue that under this Liberal government's watch we have seen the evolution of that two tier system becoming quite a bit more significant because of the government's lack of commitment in health care. We have seen more private services evolving all across the country. The government has not been able to stop this on its watch, if that is its goal, as in some of the messages we have heard.

I would say that we do not know clearly what the Liberals' position is. They have stated two distinct and separate messages over the last couple of weeks. It only begs the question: there must be some sort of hidden agenda. They are trying to pull the wool over the eyes of Canadians before an election and then right after the election put forward a whole new set of policies when it comes to health care. I would argue that this is completely unacceptable. Canadians want to have a public system that works, is well funded and universal and gives accessibility to all Canadians regardless of their ability to pay.

That is what we on this side of the House stand for. We are going to continue to fight for that and to hold the Liberal government accountable. As much as the government has increased some of the funding, which was not even new money but the \$2 billion promised prior to the tabling of the budget in the House, there really is not a commitment when it comes to a long term vision.

Again, concerning the 10 year plan the Prime Minister has spoken about, it would be nice to see what some of the arrangements under that 10 year plan are so that Canadians can actually see that and know what is coming down the pike, but I think it is not in the interests of the government to show that.

Prior to the change in this budget on the security side, I had been in charge of the portfolio of Canada Customs and Revenue Agency. As the House knows, customs has been moved out of revenue and put under the new department in charge of public security. This is a change that we had encouraged the government to pursue. We applaud that change. It was really unfortunate that our front line customs agents, who worked so hard and did such a great job, were never given the tools they needed to protect Canadians when it came to border security. It was only after September 11, 2001, that we saw a real effort to try to address some of the security concerns due the lack of attention from the government over the last number of years. Prior to 9/11, in the government's philosophy, the primary role of customs was that of tax collector, not border security. We in our party had a huge problem with that.

The government has now moved that under the public security banner. Now we have to address how well some of the security measures are working. I know the government was moving very slowly when it came to making sure that the resources were given to our customs agents in getting computer access to names of potentially high risk people trying to get into the country. When it comes to resources to actually protect agents and to deal with high risk situations at the border, we still have not see those sorts of commitments from the government. The government talks about \$500 million for beefing up border security, yet in many of the ports of entry there still is not the proper type of equipment to make sure that Canadians are protected and, as I said, that our customs agents have the tools to do the job.

There is still a lot that needs to be addressed. The House has heard this theme from our side of the House over and over since we have

had the chance to debate the budget implementation: This budget was a budget of missed opportunities. There were some great opportunities given the size of the surplus, as I have said, to address areas of tax relief and areas of debt reduction, but also to make investments in areas that Canadians feel are very important.

I did not have the opportunity to address the area of the military. Some of my colleagues will mostly likely do that in the future. I know that this is an area for which Canadians have said that even with the investment under this budget we have seen only enough money put forward to cover our operations in Afghanistan and now in Haiti. We have not seen the real long term funding that is required for the personnel of the armed forces to do their peacekeeping jobs or the jobs they are called on to do in a way so as to be able to protect themselves and deal with the challenges they face in some of the tougher areas of the world.

● (1110)

I appreciate the opportunity to speak to this today, but I think it will be very difficult for the official opposition to support the budget implementation bill at this stage.

Mr. Roy Cullen (Etobicoke North, Lib.): Madam Speaker, I listened to the remarks of the member for Edmonton—Strathcona about the budget. I have a couple of comments.

My first comment is with respect to the surpluses that this government was able to accomplish after three years in office and then continuously since. In fact, I think this budget is the seventh consecutive surplus. It seems to me that predicting a surplus and then meeting or beating it is a better policy than setting certain deficit reduction targets or surplus targets, as it was under the previous Conservative government, and never meeting them. That was the case, of course, under the Progressive Conservative Party before we took power in 1993. It set various targets but never met them, whereas our government set targets and met them or beat them. Psychologically that was an important item for Canadians, I think, because part of the challenge was to engage Canadians in the whole fight against the deficit. The Canadian public rallied around that mission and we accomplished it.

The member talked about the lack of investment in infrastructure. While I would agree with him that we need to do more in terms of investing in infrastructure, in the last five years, if I remember correctly, our government has put up something like \$12 billion for infrastructure spending. That of course leverages money from the provinces and the municipalities, so I think his facts on that are somewhat erroneous.

With respect to health care and seniors, first of all, our government has been very clear that we are committed to the principles of the Canada Health Act that talk about universal access and accessibility for people at a reasonable cost. Those commitments are very much enshrined in the policy of this government.

Government Orders

I want to ask the member for Edmonton—Strathcona what his view is of the role of private health care in Canada in terms of the national health care system. Before I do that, I should also comment that there were some specific things in this budget for seniors, and especially the huge investments our government has made in health care, such as the Canada health and social transfer of \$37 billion. Another \$2 billion was announced recently and the \$37 billion was from the 2003 health accord. Those investments in our health care system of course are going to be a benefit not only to seniors but to all Canadians.

I share a concern similar to the member's. There are a number of seniors in my riding who are on fixed incomes. Their property taxes are going up and they do struggle. Over time when we have the fiscal capacity I would like to see us do more in terms of the old age pension, but that is a very expensive item to tinker with and we do not have the resources now.

I will come back to my question. What is the member's view of the role of private health care in our health care system in Canada?

Mr. Rahim Jaffer: Madam Speaker, I am happy to address the question, but I would like to make a couple of quick comments on some of the things the hon. member spoke about, especially when it comes to the numbers and being able to be above numbers so at least they are there on a positive level when it comes to surplus. Liberals have continuously lowered expectations for Canadians, saying that the surplus will be much lower than it is. By doing so, they are playing around with the numbers to their advantage.

That was my big point about how we need greater accountability. That money belongs to Canadians, and unless the government is going to make the investments to show that it is using the surplus in an open and honest way for Canadians, the government should be returning it. There have been ideas about it, such as some of that surplus being legislated into paying down the debt or into tax relief. That is something that I would like to see coming from the government. There has been no movement on that front.

The member also mentioned infrastructure and the \$12 billion over the course of the Liberals being in office. Let us compare this to the amount collected on fuel taxes, especially if it were a dedicated tax where the money collected from fuel taxes was supposed to go back into our highways and roads and into infrastructure across the country. The numbers do not add up for the amount of revenue from fuel taxes and the amount that has actually been spent on infrastructure. That is why I had to criticize the Liberals, because they are still really far off the mark when it comes to acceptable levels.

On the question of private health care, all Canadians have had to accept the idea of private health care because under the watch of this government we have seen a proliferation of health care services going private across the country, whether we like it or not and whether Canadians support it or not. This is because of the fact that the government has not shown leadership, first, when it comes to investments in transfers into the provinces and when it comes to stable funding for health care and education, but also because there has been no leadership in coordinating stable policy with the provinces. If anything, the government has had a very antagonistic approach when it comes to the provinces.

I know that in my province of Alberta, where the premier and the government have tried to look at innovative ways to provide health care for citizens, the government has penalized them in the past and has held back transfers, and that was when it had the gall to cut the transfers to begin with. It is outrageous that the government would accuse anyone else of privatizing our health care system when, I would argue, it is the Liberals who have put us in the situation we are in, where a private system is inevitable unless we change this government.

Again, I want to reiterate that we have had mixed messages from the health minister. On one day he says he is in favour of working with the provinces to allow for privatized services. On the next day, because of the backlash from many of his caucus colleagues, he says they are only in favour of a public system. I would say that for once we are finally seeing before the election what we have seen in the past. They have a hidden agenda on health care, they are not going to be up front with Canadians until after the election, and then it will be too late.

• (1115)

Mr. Richard Harris (Prince George—Bulkley Valley, CPC): Madam Speaker, I listened to the member for Etobicoke North. He is like all other Liberal members. They make an attempt to trumpet their interest in the infrastructure problem we have in this country. He talks about the \$12 billion that his government has put in since 1993. As my colleague from Edmonton mentioned earlier, that is simply a fraction of the billions of dollars in fuel taxes that the Liberals have scooped for other programs when in fact, as my colleague pointed out, fuel taxes were first implemented to be directed to new infrastructure programs and the maintenance of existing programs.

What the member for Etobicoke North failed to mention—and no Liberal will mention this—is that under the 10 year reign of the Liberal government, under the former finance minister who is now the Prime Minister, this government drove the national infrastructure deficit up to an astounding \$53 billion. Liberals allowed it because they took money out of fuel taxes and directed it to politically friendly programs through their program increase in spending every year. That infrastructure deficit went up to \$53 billion. They cannot deny that fact. To stand up and trumpet the \$12 billion they put into it is really smoke and mirrors.

I am sure that my colleague from Edmonton has seen the infrastructure deficit in his neck of the woods. I would like him to comment on these smoke and mirrors comments the Liberals are so quick to put forward.

• (1120)

Mr. Rahim Jaffer: Madam Speaker, I would like to thank my hon. colleague from Prince George for his question and his comments. I think he is absolutely right.

Government Orders

Earlier, one of my other colleagues from Prince George talked about the idea of Canadians being so frustrated when it comes to sending so much money to Ottawa. We are in the tax season where people are filing their taxes. People are sending so much money to Ottawa in so many different ways, whether it is personal income taxes, GST payments or fuel taxes, but seeing very little value come out of those investments.

I think that is the level of frustration we are seeing. I have looked at Edmonton and other cities while driving around and seen the needs when it comes to infrastructure. There are pot holes, bridge repairs and a number of other problems right across this country. Edmonton is not the only city that is suffering from that.

Then we look at the amounts of money that have been collected, when it comes to the fuel taxes levied in this country and the amount that is coming back to our cities and rural areas across the country. It is theft. That is all I can call it. This was supposed to be a dedicated tax to allow for these sorts of investments, but we are not even seeing a fraction of that come back.

When this particular government, over the time it has been in office, starts to gloat about the idea of putting as much money as it has into infrastructure, especially when the amounts that are collected are much higher, it is a real shame. We can imagine the types of things that the local municipalities and provinces could do with that sort of money if it was coming back into their communities because they are the ones paying the fuel tax.

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Madam Speaker, 20 minutes to comment on Bill C-30 is quite a lot. On the other hand, 20 minutes to comment on the budget and this government's financial management is not much.

In Bill C-30 we find elements related to equalization, and I shall look at those in particular. We also find elements related to the Canada Pension Plan, with which we agree, and elements related to the GST rebate for municipalities, with which we also agree.

However, we are worried about the fact that the health and education sectors were not included in the Liberal government's new approach. And in fact, we know the reason well. It is simply an election strategy; they are seeking to create an alliance above the provinces, above Quebec, in order to be able to get around provincial jurisdictions.

The final element is one which relates to extended deadlines, permitting the Canada Customs and Revenue Agency to recover unpaid taxes over a 10-year period, and we agree with this as well, with the exception of the air security tax. We are opposed to this tax, whose need has not yet been demonstrated, unless it is to increase the already large, indeed amazing, surpluses of the federal government.

Looking at equalization in particular, it clearly illustrates the approach of this government. Whether headed by former Prime Minister Chrétien, or the new PM and former finance minister, when it comes down to it, their approach to real problems involves only cosmetic measures that do not solve the underlying problem. Instead, they increase it by giving the impression to Quebeckers, and to

Canadians, that they are trying to respond to their concerns, yet this is totally false.

As far as the overall budget and the overall policy of this government is concerned, their approach is to increase Ottawa's power over the provinces, and particularly over the Government of Quebec.

Looking at the equalization formula proposed in Bill C-30, we see first of all that the new formula does not in any way respond to the concerns and needs that have been made clear on a number of occasions by the provinces, Quebec in particular.

Then, as far as the overall transfer of funds from the federal government to the provinces is concerned, we can see that it resolves nothing whatsoever. These continue to decrease year after year.

Finally, and this makes no useful contribution to the debate on fiscal imbalance, we see that there is too much money in Ottawa for the responsibilities the federal level has under the Constitution, and not enough in the provinces, and in Quebec in particular, particularly for health, but also for education and social housing.

Not only does this equalization formula resolve nothing, it also takes away, for the next five years, money from those who are institutionalized. Through the Minister of Finance and the Prime Minister, the federal government has made a unilateral decision to impose this equalization formula on the provinces.

There is something totally aberrant about our having had to vote on Bill C-18 only a few weeks ago, to extend the present equalization formula for one year, supposedly to maintain payments during the negotiations with the provinces. So we voted on that bill—Bill C-18 if I recall correctly—and then, on March 24, along they came with a budget including a unilaterally imposed formula.

This is another example of the government's incompetence, of the fact that the Prime Minister, the Minister of Finance and this House cannot make a decision. A few weeks ago, they probably really thought that they could reach an agreement with the provinces and Quebec before the election. They saw that the provinces were standing up and that Quebec had demands that it wanted the federal government to meet. Mr. Séguin, Quebec's Minister of Finance, repeated it when he tabled his budget, shortly after the federal government had done the same thing; if memory serves, this was on March 30. When the federal government realized that it could not easily impose its views on the provinces during negotiations and that an election was coming, it decided to unilaterally impose its formula for the next five years.

This decision alone is totally unacceptable. The Prime Minister talks about the democratic deficit. This is a perfect example. The federal government did not care at all about the provinces and it did not negotiate seriously. It did not take into consideration the provinces' needs and demands; instead, it unilaterally imposed its own vision. As I said, this alone makes Bill C-30 unacceptable to the Bloc Québécois.

Government Orders

•(1125)

The federal government did not at all take into consideration the concerns of the provinces. Most of the changes made by the Minister of Finance, the Prime Minister and the Liberal government of Canada are cosmetic.

The government also did not take into consideration the unanimous proposal made by the provinces, whereby the equalization formula should be based on the performances of the ten provinces, as opposed to those of five provinces, as is currently the case, since this formula excludes one rich province, with the result that Quebec is losing several hundred millions, if not a few billion dollars.

This should have been taken into account, as was the case in the past. This is not something new. For several years, the federal government's equalization formula was based on all ten provinces. It is probably when this formula began to benefit the provinces and Quebec, as it should, that the federal government changed the rules of the game to ensure that it would not have to pay too much money in these areas of responsibility.

Property tax was not considered an element of the tax base as it should have been. In the budget, it was suggested that property value would be taken into account when determining the wealth of the various provinces. In British Columbia, property value is extremely high. So, that would have a huge impact on Quebec. It would mean somewhere around \$400 million in equalization.

Therefore, it was suggested that property value would be taken into account. That would be the case, for instance, in British Columbia. However, public servants who appeared before the Standing Committee on Finance told us that it would not really be done that way since experts—probably friends of the government—had argued that the value market could not be factored in, as it would lead to bias, distortions, and things like that. So, a halfway compromise was reached, but, in reality, absolutely nothing was solved.

I hope B.C. residents are shocked to realize they were used in that way. In Quebec, we are shocked because our demands and requirements were not met. Whichever way you look at it, Quebec stands to lose over \$1 billion. Not only have we lost \$1 billion, but we will continue to lose money through transfers.

Let me give the House some figures to illustrate what is really going on. In 2001-02, Quebec's equalization payments totalled \$4.690 billion. In 2002-03, they decreased to \$3.985 billion, as seen in the budget plan, a \$705 million drop. In 2003-04, we are down to \$3.802 billion, after another drop of \$183 million. In 2004-05, we will get \$3.761 billion, and that includes the \$150 million in fiscal rebalancing the government has announced in the budget, which is the only real increase. In fact, it is not an increase at all, but a reduction of the decrease Quebec feared. So, for these three years, we are expecting a reduction of close to but not quite \$1 billion in equalization payments from the federal government to the Government of Quebec.

Compared to the October 2003 estimates, however, these figures tell the whole sorry tale. In October 2003, transfers to Quebec were

estimated at \$4.662 billion, as I said, but now they are estimated at \$3.985 billion, a \$677 million decrease in one year.

In 2003-04, in October 2003 to be more specific—less than five or six months ago—Quebec expected to get \$4.525 billion in transfers. Now, according to the budget plan, we are down to \$3.802 billion, a \$723 million drop.

We should accept this? That is impossible. For people who defend Quebec's interests, it is impossible to accept this. This year, with the shenanigans that the government has announced—the cosmetic part—there is a slight increase of \$70 million, but, once again, this is compared to a decrease of \$41 million. Thus, the government simply alleviated the decrease, thinking it would distribute a goodie to the provinces, and to Quebec in particular. In total, from 2002 to 2005, the decrease will be \$1.330 billion. This is totally unacceptable.

The parliamentary secretary tells us that equalization increases and decreases, depending on economic times. The problem is, this is the only existing formula that takes the needs of the provinces into account.

•(1130)

In the past, the federal transfer was mostly based on the needs and investments of the provinces. For example, the Canada assistance plan ensured that, for every dollar put in by Quebec, the federal government would put in a dollar. Since we had—and still have—poverty problems that were slightly higher than the Canadian average, Quebec would be imaginative and invest based to its people's need. The federal government had to follow; it was the rule.

The federal government changed the rules of the game with the Canada social transfer. Now, it is not based on the needs, but on the percentage of the population. Consequently, whatever amount is transferred to the provinces, Quebec is always receiving a little less than 25%.

Within the Canadian federation, equalization is the only way to take the needs of the provinces into account. However, we told you that the formula is inadequate. The provinces, particularly Quebec and the Minister of Finance of Quebec, said this several times. The federal government cannot deny it. Even recently, I believe that Minister Couillard said that the fiscal imbalance problem was a parasite in the relations between Quebec and Ottawa. This is the reality. Liberals can turn a blind eye and put their heads in the sand, but Quebecers are not fooled by this situation.

If equalization does not meet the provinces' needs, the formula will have to be reviewed. At present, the transfers for health and social programs are not in keeping with the needs. They are calculated on a per capita basis, and that is that. That is the greatest injustice in the year we have just completed.

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On one hand, the federal government makes a lot of fuss about announcements it has already made three times. It is like the case of highway 175—and they think we are fooled. The Prime Minister is holding off the election call so he can make announcements that have already been made. We have heard that they will be going to the Chicoutimi region, probably, I suppose, to help the hon. member for Chicoutimi—Le Fjord, who must be in serious difficulties. They will announce again, for the third time, the investment in highway 175. It has already been announced by Mr. Chrétien and by Mr. Landry. They think that people will not see it is all a flimsy fabrication. Probably they will do the same thing for highway 30. I am just waiting for that. The election call has been delayed so they can announce again the things that have already been announced three or four times.

That \$2 billion in transfer payments to the provinces promised by Mr. Chrétien, which the former minister of finance pretended not to be able to give, just like the new Minister of Finance, in order to set the scene economically and financially to enable the new Prime Minister to announce it, has finally been announced. It has even been passed in the House, finally. Thus, \$2 billion in transfer payments will go to the provinces, on a per capita basis. Quebec will receive a little under 25% of that, around \$460 or \$470 million.

At the same time, we are told that, for the same period, there will be \$2 billion less in equalization. They would have us believe that they have taken \$2 billion away but that the same amount will be given back in transfers. Now look: Quebec receives half of the equalization budget. We therefore have lost half of the \$2 billion amount, while we get \$470 million through the Canada health and social transfer.

No one is fooled. The Atlantic provinces and Quebec have been the big losers in this Liberal shell game. People know it.

Overall, transfers are decreasing in amount. To give one example, a figure that came out last week in the committee chaired by Jacques Léonard, who was president of Quebec's treasury board. He is very familiar with the public finances of Quebec but also has a very clear picture of federal public finances. It was found that, between 1994-95 and 2002-03, the revenues of this government—with the present PM as Minister of Finance—rose 45%. That is nothing to be sneezed at when there is so much talk of belt-tightening.

Obviously, they used part of this money to increase their bureaucracy. Operating expenditures increased by 39%. I would remind hon. members that, at the time, inflation was around 16% and the population of Canada increased by a little less than 4%. If memory serves, the figure was 3.9%. So the increase was not because of increased needs.

In fact, the needs did increase in the provinces, but not the needs for federal bureaucracy. It was merely a Liberal strategy, of Pierre Elliott Trudeau and all those who followed him, to keep on building up the power of the central state in order to create a unitary state, by strangling the provinces financially.

The proof of this is that, while revenues increased by 45%, while bureaucratic expenses increased by 39%, government transfer payments to Quebec decreased by 7.6%. That is the truth. That is the reality. The rest is just smoke and mirrors.

The machine was beefed up, they made themselves indispensable, and they strangled Quebec financially. They will pay for that at the next election, if only they get their act together and call one.

• (1135)

They are wondering, “Will one week be enough to try and convince Quebecers and the rest of Canada that we are a good government?” Well, of course not! They have been there 10 years. Taking stock of those 10 years, we realize that in the absence of a strong opposition, they are simply all over the map.

Therefore, in terms of overall transfers to Quebec, we are looking at a net loss of 7.6%. And just to give you some idea, with regard to health, when our present Prime Minister became Minister of Finance, for every tax dollar taken from our pockets, in Quebec as in the rest of Canada, he would transfer 4.5¢ to the provinces. Today however, for every tax dollar he gets, he transfers a mere 2.7¢. Which means that he takes in more and more money, while giving out proportionately less and less to the provinces and to Quebec.

What this means is that, ever since the Liberals have come to power, ever since the former finance minister and now Prime Minister has held the reins in finance, Quebec has been cut by a total of \$10 billion. This represents a drop of \$1,300. Small wonder then that the provinces and Quebec have been hard pressed to make ends meet. The sheer fact of having been able to eliminate the deficit is a miracle in itself under such circumstances.

This cannot go on forever, though. It is already no longer the case in a number of provinces. Ontario is in a deficit position, B.C. as well. Most of the Atlantic provinces have deficits. As for Quebec, it is experiencing—to use the finance minister's expression—some difficulties with its budget. This year, with sales of some assets, it has managed to balance the budget, but assets cannot keep on being sold.

The responsibility for this lies with the federal government. In this case, neither Mr. Charest nor Mr. Séguin are responsible. They have been strangled financially by this government, as the previous Quebec government was, and as the provincial governments currently are. We have a strike in Newfoundland, and a strike in the B.C. health system. There is not a single politician who would be in favour of a strike in the health sector, knowing what public opinion is on this. Yet they have to make hard decisions.

Having been involved with unions, I can tell you that I have seen governments forced to make hard choices. Sometimes they have to stir up confrontations, as was the case in Newfoundland and British Columbia. They are, however, not the ones responsible for the situation; the federal government is. There is nothing whatsoever in this budget to suggest that any corrections will be forthcoming in the next few years. In my opinion, the people of Quebec are going to have a very clear understanding of just how much it will be in their interests to send as many Bloc Québécois members to Ottawa as possible in the upcoming election.

Government Orders

So that is what there is in Bill C-30. What is not in the bill, and in the budget, is equally deplorable. As far as employment insurance is concerned, \$45 billion has been diverted, while people on the North Shore and in other areas are starving. For months, forestry workers in the northern part of Lanaudière have not seen a cheque. The sawmills have suffered because of the softwood lumber crisis, which is not settled even though we won. The Americans have still not opened their borders to us, and we have not got back the \$2 billion they collected illegally.

Employment insurance reform is necessary, and the money is there. Now, on the eve of the election, the Liberals say it is coming. Let them table the legislation, since they are taking their time to call the election. We will vote in favour of a substantial improvement in employment insurance. If the Liberals do not do this, people will remember that, in 2000, the President of the Privy Council went to the Saguenay and told the construction workers, “We are going to improve the employment insurance system”, and then nothing was done.

I could go on and on. I have examples concerning families, the guaranteed income supplement, the sponsorship scandal, and gun control. And as for the sales of Petro-Canada stock, we cannot foresee exactly what will happen with that. Commissions will be paid out. That is worth about \$3 billion. What brokerage firm will be hired to sell this stock? Probably some friends of the government. And so it will be exactly the same thing that happened in the sponsorship scandal.

Not only are the federal Liberals—the Liberal Party of Canada—more interested in defending the interests of the Liberal Party than defending federalism, but worse yet, they defend the private interests of certain friends of the government. Regarding the sale of Petro-Canada stock, we want to know who is going to sell the stock and how the brokerage firms will be chosen.

I did not have time to address the issue of tax havens and CSL International. I do not know if members had an opportunity to watch the program, *Enjeux*. The headquarters in Barbados is just an empty shell, and that is close to the line of illegality, in my opinion. But we will dig into that at another time. With all of this, I simply want to say that the real democratic deficit is the fact that Quebec is being strangled. The only answer for that is the sovereignty of Quebec, and the coming election will be a step toward that sovereignty.

● (1140)

[*English*]

Mr. Roy Cullen (Etobicoke North, Lib.): Madam Speaker, we have heard the speech of the member for Joliette many times before with some variation, but I find it strangely ironic that a member from a party, whose mission is to separate Quebec from Canada, would stand up to whine and moan about the transfers from the federal government.

What he forgets in his remarks are the huge increases that the government has made to the Canada health and social transfer. In fact, in the health accord 2003 it was \$37 billion and that was topped up with another \$2 billion. Our Prime Minister has talked about meeting with the premiers this summer to put more money in, but more money with more accountability in a sustainable health care system moving forward.

The member talks about the former system, which was the CAP program and established programs financing. Of course, everybody will acknowledge that the CAP program was an abused program because it was 50¢ dollars for the provinces, so the government moved to the Canada health and social transfer. This system is working quite well.

The member talked about how the officials came to the finance committee on the equalization program and they talked glibly about how they could use property values. In fairness, I think the officials spoke quite clearly about the need to look at not just property values but the mill rate because property values could be going up while the mill rate is going down. Therefore, looking at property values alone as a proxy for revenue generating ability is erroneous, and that is well acknowledged.

He talked about the fact that the CHST does not reflect needs, but reflects per capita transfers. Of course, he conveniently forgets about the fact that equalization is there to help the provinces so they can provide the same level of services. In fact, I find it amazing that this member would stand here when the Province of Quebec, because of the failed economic policies of the Parti Québécois, is now a have not province. Until recently the Province of Quebec claimed about half of the equalization moneys from the federal government, some \$5 billion. I think that has shrunk somewhat in the last couple of years because of certain economic events in the Province of Quebec.

I wonder if the Liberal government in Quebec has helped with the equalization and looked at the economy. I am hoping and I am quite confident that the voters in the upcoming will do the same to the members from the Bloc Québécois here in the House.

I wonder if the member could perhaps clarify for the House the Bloc's position with respect to CHST and the linkage to equalization. Does he not understand that equalization is meant to compensate for the fact that the CHST is a per capita based transfer and equalization is meant to compensate for that? Could the member elaborate on that for the House?

[*Translation*]

Mr. Pierre Paquette: Madam Speaker, I think we are talking about the exact same thing. First, let me clarify one point. I support sovereignty for Quebec and I think that, if we managed our own taxes, we would do a much better job.

Here is an example. As regards the GST, Mr. Séguin, who headed the commission on fiscal imbalance, proposed that the taxation field be transferred to Quebec. This would mean \$5 billion annually, an amount that would very adequately make up for the fact that Quebec is no longer getting equalization payments from the federal government.

However, the rules of the game remain unchanged. We have to live with the existing rules. The Canada social transfer only takes into consideration the number of people that make up the population. It does not take into account the fact that there may be greater or fewer socio-economic problems. Quebec has greater problems than Ontario in this area. The equalization program does not meet this need to take into consideration the socio-economic reality of a province.

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As evidence of this, and the chair of the Standing Committee on Finance was present, we saw that the line for public servants is going up. The more this trend continues, the closer the Canadian average and the average for the Canadian provinces are getting. This means that, in a few years, the equalization program will no longer provide any money to the Atlantic provinces and Quebec.

Some might argue that needs will then be taken into consideration. The formula is not adequate. It must be reviewed, based on a number of criteria. Quebec and the provinces have proposed changes. I alluded to those changes in my speech.

There is one thing that I want to emphasize: 60% of the taxes paid by Quebecers is grabbed by Ottawa. We want our money back, our "booty" as Mr. Duplessis used to call it. I am convinced that, if this had not been the federal government's strategy, then as now, we would have been able to get along.

It is very clear that there are no federalists now who want to renew the Canadian federation. During the election campaign, we will explain to Quebecers the choice that they have: either they agree to fit in a unitary state, with a single government that is responsible and has the means to implement its policies—and this is not even the federal government, but the government in Ottawa—or they opt for Quebec's sovereignty. I clearly believe that this is where we are headed, and the next election will be a step toward that destiny.

• (1145)

[*English*]

Mr. Jay Hill (Prince George—Peace River, CPC): Madam Speaker, I guess I will leave the debate for another day as to whether Quebec actually receives more in services and other transfers from the federal government than it contributes.

I think the one thing on which we can all agree, as we in the opposition, on behalf of our constituents, sit and listen to member after member on the government side talk about surpluses, is that it is very frustrating and maddening to hear them talk the way they do about surpluses. What I think we need to do is ask what a surplus is.

I hear all the time from my constituents, and I think it is the same in all the provinces, that a surplus to the federal government is overtaxation out in the real world, especially for the so-called middle class. The middle class people are overtaxed to the point where, in frustration, they try to look ahead and see how they will raise their young children, how they will make ends meet and how they will provide not only a decent standard of living for their children, but hopefully set aside a bit of money for their children's post-secondary education. They are looking down the road and what the Liberal government sees as surplus, they simply see as overtaxation.

The Liberal government has the unmitigated gall to say that it has offered billions of dollars in tax relief, but when the parents, who are struggling to make ends meet, look at their paycheques and see a declining disposable income, they do not believe the government. When young parents see someone on social assistance living down the street who has the same standard of living as they do even though they work outside the home and are struggling to make ends meet, they know something is drastically wrong with our tax system and with the cut the federal government takes and then blows on scandal after scandal.

I wonder if my hon. colleague from Joliette in the province of Quebec has heard similar growing frustration and anger from his constituents as he travels around his riding.

[*Translation*]

Mr. Pierre Paquette: Madam Speaker, the hon. member is absolutely right. People are in no doubt that the federal government is overtaxing them, considering its responsibilities.

From 1994-95 to 2002-03, the federal government's revenues increased by 45%, while operating expenditures increased by 39%. Meanwhile, in Quebec and Ontario, operating expenditures increased by about 20%, even though it is the provinces that are responsible for health, education and other pressing needs and priorities.

Where did that money go? It was used to expand bureaucracy, buy capital assets, replace computers time and again, and so on.

It is not only about surpluses. A \$50 billion surplus has been generated since 1997-98 and has been used to reduce the debt, without a debate when there should have been one. Based on our estimates, at least \$13 billion too much was spent on bureaucracy. Then there are the foundations. Seven billion dollars is lying dormant in foundations and this Parliament no longer has any say about it. This is totally undemocratic.

The federal government has money. It has enough money to reduce taxes, particularly for families—and this should be a priority—and to transfer either the taxation fields or the money directly to the provinces, and to Quebec in particular, so that we can fulfill our responsibilities in health and education.

There is no financial or political obstacle other than the government's bad faith.

• (1150)

Mr. Claude Duplain (Portneuf, Lib.): Madam Speaker, I would just like to make a few comments.

I find it a bit strange to hear all these speeches on the eve of an election: they claim that this government is undemocratic, that it is delaying the election, that they are asking for changes to the legislation.

When the hon. member talks about being undemocratic, I wonder if he thinks it was democratic for their head office—as you know, their head office was the PQ in Quebec—to have accumulated an additional \$12 billion in debt, but claim to have a balanced budget. During the last referendum, Quebecers were not told that some of their assets would have been frozen if the referendum question had passed. This was hidden from Quebecers during the last referendum. No one ever talked about this; it recently came out in a book.

It is incredible. When they talk—

The Acting Speaker (Mrs. Hinton): The hon. member for Joliette.

Mr. Pierre Paquette: Madam Speaker, I cannot even respond to that. Everything he says is completely wrong.

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It is true that Quebec's debt has increased, but that is because of the accounting methods used for the assets of Hydro-Québec and crown corporations, and because of real financial problems the federal government has created by maintaining the fiscal imbalance. It is not new; I am not just saying this on the eve of the election. Moreover, the Chair of the Standing Committee on Finance said so. What I am saying this morning I have said many times in recent years, since I have been finance critic anyway.

As to what he said about the referendum, the entire financial community agreed that Mr. Parizeau was right to have a plan to support the Canadian dollar in order to avoid a financial crisis had the yes side won, or if the no side had won in much more difficult circumstances. Nothing was frozen; there was an agreement among a number of decision-makers, including federalists, who, of course, have common sense.

Mr. Duplain: That was not said beforehand. It was only said afterward.

Mr. Paquette: You bought all the billboards. When did we find out about the \$8 million?

Mr. Duplain: And what about the \$17 billion?

Mr. Paquette: You broke the rules.

[*English*]

The Acting Speaker (Mrs. Hinton): Order, please. We will have order in the House. Please take your disagreement outside the chamber.

Resuming debate, the hon. member for Palliser.

Mr. Dick Proctor (Palliser, NDP): Madam Speaker, I will be sharing my time with the member for Halifax.

In this budget speech I will focus a good deal of my remarks on child poverty, a subject I campaigned on in 1997 and spoke about in my initial speech in the House in the fall of that year. It is something I know Canadians feel very strongly about, as I do.

Last week, in response to a question by the member for Winnipeg—Transcona, the Minister of National Defence talked about star wars being a 1980s concept just like Ed Broadbent. I want to say, through you, Madam Speaker, to the Minister of National Defence that child poverty was also a 1980s concept. In fact, Ed Broadbent moved a motion in 1989, which the House unanimously supported, that we would eliminate child poverty in Canada by the year 2000. We did not make that deadline and we are not even close to making that deadline. I think that is one of the reasons that Ed Broadbent is running again to come back to active politics. I think one of the reasons he will be elected in Ottawa Centre is that too many Canadians are appalled at what has not happened in the area of child poverty since that motion was passed unanimously by all parties in November 1989.

How is it, after all the hand wringing, the outpouring about child poverty that has been expressed and the lip service by probably all parties in the House, that we have seen so little in the past decade and a half? How is it that countries like Sweden, Norway and Finland have found ways to reduce poverty rates well below 5%, while English speaking countries, like Canada, the United Kingdom,

Australia and the United States, have poverty rates in excess of 15% and as high as 22.3%?

The answer from the experts is two-fold. First, a lack of a government investment, depending on our perspective, high investment by a government to reduce child poverty. Second, minimum wage. Low minimum wages almost certainly guarantee child poverty and Canada has a terrible track record, second only to the United States when it comes to low minimum wages.

Those are the main differences in child poverty levels when we look at it across the world.

In this country, low income families with children remained far below the poverty line throughout the 1980s and the 1990s. There are different categories of low income families, and lone parent families headed by a female is one category. The average gap between the median income and the poverty line is \$9,000 per year, and 46% of families headed by a lone female parent live in poverty.

Children with disabilities is another crucial area because of financial stresses, first, due to the disability, and second, probably having one of the parents needing to quit his or her job, more often her job, in order to look after the disabled child.

The third category is immigrant families. Members will be interested to know that in 1980, less than one-quarter of immigrant families were living in poverty. The number has risen to nearly 36% in the intervening 20 years. It used to take 10 years for a newly arrived immigrant family to have a median income with their Canadian counterparts. That has now grown by 50% to 15 years. Forty per cent of immigrant children, where both parents are recent immigrants, are living in poverty, and the pressures are most profound in our largest cities, such as Toronto and Vancouver.

•(1155)

The fourth category is our aboriginals. They have one of the highest rates of child poverty. Of aboriginals living off reserve in 2001, 41% of those children live in poverty.

In my home city of Regina, aboriginal people are more than three times as likely to be in low income in the general population, as in the census of the metropolitan area of Regina. The census data showed that almost 6 of every 10 aboriginal people in Regina were living in low income in 2000.

In metropolitan areas the low income rate included three groups: the lone parent headed by a female, immigrants and aboriginals. In the 1980s most metropolitan area residents, regardless of their income, shared in economic growth to a certain extent. It is true that higher income families increased greater, but everybody got a larger piece of the economic pie. Contrary to what the parliamentary secretary said in his speech this morning, in the 1990s the growth was concentrated among high income families.

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This is not NDP group think. This is from the Statistic Canada report of April 7, 2004. The two areas that are singled out are Toronto and Vancouver. It directly counters the parliamentary secretary's feel happy argument that wealth and health have both been enhanced in the country since the miracle of October 1993 when his party came to power.

The solution to child and family poverty is a structural systemic reality, and it has to be dealt with in that way. The problems are caused by a low wage economy on the one hand and inadequate income security on the other. Neither provides assurances in our country or lifts families out of poverty, nor establishes a solid income floor to ensure that they stay out of poverty. Unless and until structural sources of child poverty are addressed, there will always be new vulnerable groups that will fall into that trap, such as the immigrant parents and families, which I referenced a moment ago.

Economic growth by itself is not enough. We need instead a comprehensive package that includes labour market income security, early learning and child care and a housing program that concentrates on social programs. We know that the Canadian Mortgage and Housing Corporation has not built a stick of social housing in the past decade.

The second area is the fact that Canada is, whether we like it or not and I do not, a low wage country, second only to the United States. Therefore, we need a significant increase in our minimum wage. People who have looked at child poverty say that we need a \$10 an hour minimum wage. I realize that will result in cardiac arrest for the Canadian Federation of Independent Business and the Canadian Taxpayers Federation. However, if we are to do something about child poverty, we have to put our money where our mouth is. These experts are saying that we have to come up with not 10¢ an hour or 25¢ an hour, but a significant increase in our minimum wage laws.

I realize my time is winding down, but I want to make a brief comment or two about the phoney debate that continues to take place in the House by members of the official opposition and the government about who is scarier and who will do what to whom. The reality has been that tax rates have been flattened over several years because the official opposition proposed them. The government opposed them but then introduced those flattened tax rates and reduced taxes.

If we recall the debate prior to the 2000 election, the then Canadian Alliance was going to reduce taxes by \$65 billion. The government trumped it and made it \$100 billion. That is the reality. We just introduced on January 1, \$4 billion in corporate tax reductions.

• (1200)

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Madam Speaker, I listened carefully to the hon. member's speech concerning the issues around child poverty. Would he care to comment on some of the material that was contained in a graph in the finance committee report, which states effectively that there has been a general improvement since 1996 in the income of low income situations? The incidence of low income families with children went from 15.8% in 1996 down to 11.4% in year 2000. The

absolute number of children on the low income threshold went from 1.1 million to 867,000.

The member and I would probably agree that one is too many, but would he not say that there is significant progress? Would he not agree that in 1996, 14% of everyone was below the low income cut-off line, where in the year 2001 it was 10.4%? In other words that is a 25% improvement. With children it is a 31% improvement over the same period of time, 1996 to 2001. In Ontario there was a 30.9% improvement, from 12.3% down to 8.5% of people below the cut-off line.

One of the more disturbing issues, however, is with respect to a single female parent. There was a significant improvement of 31% decline over that same period of time, but still a fairly significant and persistent problem with poverty and single parenthood.

I put it to the hon. member that over this period of time, coincidentally a period of time in which the government ran surpluses, there was a significant improvement in the lives of some of Canada's most vulnerable people.

• (1205)

Mr. Dick Proctor: Madam Speaker, I guess we can each look at our statistics and challenge one another. I am looking at child poverty rates in Canada between 1973 and 2001. The source is the Social Planning Council of Metropolitan Toronto and data taken from StatsCanada, Income Trends in Canada 2001.

Let me just reference 1989 because that was the year that Mr. Broadbent's resolution received unanimous support of the House. According to this graph, the child poverty rate was exactly 15%. Then it went up in the next four years to reach a high point of about 20.3% in 1993. Then there was some slight reduction, but not nearly as dramatic as the parliamentary secretary would suggest. There was a gradual reduction until 2001, where it sits miraculously as 15.2%.

In other words, over the 12 years, between 1989 and 2001, it went up 0.2%, which is hardly anything to get very excited about. Obviously it got worse, not better.

Ms. Alexa McDonough (Halifax, NDP): Madam Speaker, I am very pleased to have the opportunity today to briefly speak on Bill C-30, an implementation bill with respect to the government's most recently introduced budget. Sometimes the debate can seem to be somewhat ritualistic.

However, I am very pleased and I want to congratulate the member for Palliser for zeroing in on the issue of child poverty. If the current Parliamentary Secretary to the Minister of Finance, a supposedly Liberal member, is satisfied with this government's record in terms of reducing child poverty, then it illustrates, better than almost any other public policy issue that one could use, how little difference there is today between the Liberal government opposite, the no longer Liberal government opposite and the no longer Progressive Conservative opposition party.

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I listened carefully to the words that were uttered by the member for Scarborough East. In itself it is telling that we have now within this so-called Liberal government a parliamentary secretary specifically assigned to advance, and I would presume accelerate, the rate of privatization taking place under this so-called Liberal government.

I listened to his speech on Bill C-30. I then listened a few moments later to the speech by the member for Prince George—Peace River. If we went back 10 years ago, his party was significantly different in terms of its policies and priorities than the Liberal government was at the time. However, when we listened to those two speeches side by side in juxtaposition in the House this morning, I would defy anyone to see any fundamental difference between those two political parties.

Canadians need a serious progressive alternative. That progressive government in power would have brought in a very different set of priorities in the budget we are now debating, and the implementation bill that is now before us.

I just about fell off my chair when I heard the prescriptions that were offered up by the parliamentary secretary for privatization to genuinely improve the well-being of Canadians. No wonder we are making so little progress in tackling child poverty. We heard the member for Scarborough East say that we needed to grow the pie. When did we last hear that as a banner headline all over this country? It came from one of the contestants for the leadership of the no longer Progressive Conservative Party.

The contention that Canadians are better off today because this Liberal government has pursued vigorously and conscientiously the policies advanced by the Conservative Party is exactly what is wrong with what is happening.

We heard that there were two ways to increase productivity. One is to have people working harder and the other is to have people working smarter. I want to take those two prescriptions and relate them right down on the ground at the grassroots level in my riding of Halifax as to what is happening in the lives of a good many Canadians. They are supposed to be better off as a result of this government's pursuit of those ultra-conservative prescriptions to supposedly to do something to ensure that we eliminate child poverty, as this Parliament unanimously resolved to do in 1989.

Let me take first the example of child care. Child care workers in Halifax are working their guts out for terrible pay, and they cannot work any harder, despite the fact that they have taken the training that has allowed them to work smarter.

• (1210)

Child care centres are closing because governments have not increased the per diem funding for those child care centres serving low income families that are also working their guts out, harder and harder, for poor pay. It has not been possible to increase their operating budgets because per diems have not increased. The result is that we have child care centres closing all over the place. How that works to support working people in being able to better support their families and work harder and work smarter, I do not know.

I want to speak about the medical residents, just one example of health care workers in my riding who are working their guts out.

They are often working 36 hour and 40 hour shifts to try to meet the needs of patients because hospitals are under-resourced and short-staffed, because the government has taken tens of billions of dollars out of our health care system. Yet the parliamentary secretary talks about people needing to work smarter and harder. Those medical residents with whom I met in the QE II Hospital in my riding on Sunday during a medical residents awareness week initiative could not work any smarter or any harder.

And do we know what? Their families are paying a terrible penalty for how hard the residents are working and they themselves are paying a terrible penalty in massive debt loads. In one case, a husband and wife team of medical doctors has a debt load of \$212,000 before they even begin to earn the kind of pay that people imagine medical doctors earning.

I want to speak about disabled persons in my riding. I met with a disabled man in my riding who has been absolutely breaking his back trying to get employment. He has been trying to generate employment with supposed support from programs that have been so shrunken down he cannot even get a foot in the door to get a job to work harder and work smarter.

I am going to finish with a reference to what is happening to our senior citizens. Last Friday I had the privilege of attending a tribute dinner to Dr. F. R. MacKinnon, Fred MacKinnon, who served the Province of Nova Scotia and the people of Canada as one of the most senior long-serving deputy ministers in this country. For 55 years he served the people of my province of Nova Scotia and the people of Canada, driving progressive social policy. He had a lot to say about what is happening to seniors today, particularly as they reach their pension years.

He says they have been robbed of adequate pensions because of the policies corporations have been allowed to pursue due to inadequate government regulations, because of privatization, and because of policies pursued by government itself. Because of privatization, because of contracting out, because of shipping out the risk and shrinking down the benefits, people do not have the kinds of pensions that allow them to deal with the everyday demands of life.

The fact that the parliamentary secretary, presumably speaking on behalf of the government, can be proud of the results of the government's implementation of these ultra-conservative policies is very instructive to the people of Canada as we go to the polls in the next few days or weeks, as we surely will.

• (1215)

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I find the speech given by the member for Halifax utterly bizarre. For goodness' sake, over the past five years, from 1996 to 2001, the low income rate for all Canadians has dropped by 25%. I would have thought that the hon. member would celebrate that. It will hardly be the end-all, but for goodness' sake, when rates are dropping 25% for all persons, 31% for children, and even 31% for single parents, then surely to goodness this is something to be celebrated rather than criticized.

Government Orders

Is there more to be done? Of course there is more to be done. There will always be more to be done, but for goodness' sake, when the rates are actually moving in the right direction then surely to goodness the hon. member will admit that things are moving in the right direction.

With respect to the so-called issue of privatization—and the NDP improperly characterizes triple-Ps as privatization—I put it to the hon. member that other jurisdictions such as Australia, Great Britain and other European countries do not have the juvenile dialogue the hon. member's party represents. They have actually gone to positions where they have put up a PFI and they evaluate a particular project as to whether it is more appropriately done through government-only financing or through P3s. In virtually all instances where it has been decided to do P3s, 88% of the time they come in on budget and on time, whereas the government-only initiatives come in on time and on budget only 30% of the time.

Ms. Alexa McDonough: Mr. Speaker, I would like to respond directly to a couple of matters the parliamentary secretary spoke about.

The child poverty rate in this country is higher today than it was in 1989 when this Parliament resolved to eliminate child poverty in Canada. The child poverty rate at the time was 15%. Today it is 16%.

Maybe we need to have a debate on that alone, because the reality is denied by members opposite, not just by the parliamentary secretary—I do not want to pick on him—but by other members as well. The reality is that they deny the fact that we have a deepening of child poverty, that we have a racialization of child poverty in this country and that we have a feminization of child poverty. But however it is described, child poverty is at a higher rate today in the country than it was in 1989 when the Broadbent resolution was adopted unanimously by Parliament.

The government in power for the last 11 years has been the Liberal government, and the more it has implemented the Conservative policies of the Alliance, the more we have seen a deepening of that child poverty.

I want to speak briefly about the privatization that the parliamentary secretary applauds and lauds. He spoke about privatization in Great Britain. I have just received a report on the disastrous effect of privatization of the British railways. It is a disastrous report; they are in such trouble with that railway that they are trying to figure out how to re-nationalize it.

Then we have the airlines. In New Zealand airlines were privatized and deregulated. The airlines turned into a total disaster, looking a lot like Air Canada looks today, and what did the new Labour government in New Zealand do? What was it forced to do when it got back in power? It was forced to re-nationalize the airline because no other way of turning around the situation could be found.

So that member may know of a lot of privatization successes in terms of the corporations making big money: it is public money for private gain. That is what privatization is. When it comes to health care privatization, this government keeps speaking out of both sides of its mouth on that issue. I have to say that if this government thinks it is going to run an election on the contention that it is the champion

of public and not for profit health in this country, I say bring on that election.

● (1220)

Mr. Dennis Mills (Toronto—Danforth, Lib.): Mr. Speaker, I appreciate the opportunity to speak on the budget implementation bill. In my remarks today, I want to deal with accountability of budget dollars and the whole issue of value for taxpayers' money. I think that when Canadians hear about our budget process and the large numbers that go through for various government programs and services, as important as all those program dollars are, it is really important for Canadians to understand that we have a system of accountability for those budget dollars, a system of verifying value for taxpayers' money.

I want to refer to something I said in the House about a year ago:

Mr. Speaker, I want to begin by acknowledging the work done by the member for St. Albert as the chair of the Standing Committee on Public Accounts. I have watched his work over the last few years and it is an extraordinary piece of government accountability that he organizes through his committee experience.

Over the last 10 weeks I have had the great privilege of sitting on the public accounts committee, where we are in the process of responding to the Auditor General's report on the whole issue of government-wide audit of sponsorship, advertising and public opinion research.

I believe that most Canadians, and in fact 90% of Canadians, have an understanding, because of misinformed or improperly written journalistic stories, that \$100 million of taxpayer money was stolen. In fact, a few weeks ago in our committee, one of the members said repeatedly that Canadians want to know who stole the \$100 million. When Canadians hear that on a repeated basis through radio talk shows, through television, and when they see it in print articles, it immediately fractures the trust in the House of Commons. It immediately fractures and breaks the trust in all of us who have been dedicated to public service.

Part of my remarks this morning will be an attempt to try to put on the record during the budget implementation speech some facts that are extremely relevant for Canadians to know in terms of value for money. It is so important, because if we do not have a system of trust with Canadians, then in future times when we decide we need to use government advertising and government communication systems to educate Canadians on the very things we are passing in the House of Commons, we are going to end up creating such a gap between what is going on in the House and where the public is.

I want to first of all clear up something, because it is in fairness to the Auditor General. Again, a few years ago in the House I stood and asked that the Auditor General's budget be quadrupled, because I did not think that \$1 million a year per department for audit fees was really sufficient. If we do not have sufficient resources to really do a job thoroughly, in the end we all suffer.

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• (1225)

I do not want anyone to take my remarks in any way, shape or form as being critical of the Auditor General because I have always supported Ms. Fraser. However, I want to illustrate where misperception can cause great frustration for all of us as parliamentarians.

I want to begin by reading into the record that Ms. Fraser said yesterday that she had never, ever said that \$100 million was stolen. I think most Canadians saw that on television last night and it was reported in some press this morning. The point I want to illustrate in my remarks today is that the system of doing the audit on the whole sponsorship file is something that I personally believe needs review.

We all know that over the last five years, for the period that the Auditor General did her analysis, there were 1,986 special events or projects all across Canada. I stress across Canada because initially the press reports were that \$100 million went to Quebec Liberal-friendly ad agencies. That is a dangerous thing when it is factually not correct. The reality is that about \$65 million went into projects in Quebec over the five years but the balance, approximately \$30 million, went to agencies outside of Quebec, to agencies in Atlantic Canada, British Columbia and Ontario.

This is a key point for all Canadians to realize. I have been very concerned about the fact that this was becoming a Quebec-centred mistake. The reality is that the program was to serve all of Canada. It was to serve every region of our country.

The second point is very important for Canadians to understand. This goes back to the work in public accounts on accountability and value for taxpayers' money. I refer to a letter that was delivered to the committee on April 26, signed by Sheila Fraser, Auditor General, wherein she identified the 53 special events that formed the basis of her formulation or judgment on the entire 1,986 events.

Paragraph 3.60 of her report states:

Most of the 53 files in our audit sample contained no assessment of the project's merits or even any criteria for assessing merit. No file contained the rationale supporting the decision to sponsor the event. Furthermore, in 64% of the files we reviewed, there was no information about the event organizers, no description of the project, and no discussion of the visibility the Government of Canada would achieve by sponsoring the event.

The Auditor General, using that criteria, has judged certain events, and I am going to name a few of them, where there was no assessment of the projects' merits or no discussion of visibility. These are some samples: the Pan Am games; the *Bluenose*, which went to 38 cities in Atlantic Canada and even through the Great Lakes; the Molson Indy in Vancouver; the Montreal Canadiens hockey club; the Rimouski minor hockey tournament; the Nagano winter Olympics.

• (1230)

Just think, there was no assessment of the projects' merits or visibility of the Government of Canada. I say humbly that all of Canada saw all of those events. We all know those events happened. I personally question why in the audit process we would not double check and make sure that the Pan Am games happened, that the Olympic games happened. If one would check, it would be pretty obvious that these things happened.

I want to give a very specific example about Rimouski because I was the one responsible on that particular project. I was the chair of the House of Commons committee on sport at the time. The member from Rimouski approached me about a small minor league tournament in the member's riding. I appealed on behalf of the member for a \$10,000 sponsorship in the Bloc Quebecois member's riding. The event happened and it was widely reported.

Under paragraph 3.60 it says there was no assessment of the project's merits or no discussion of the visibility. With respect and humility, I have to ask myself, is this a fair analysis? I am not saying that there were not other projects where maybe we did not get that, but to extrapolate from 53 projects when all 1,986 were in the same category I think is something that needs to be reviewed.

Paragraph 3.69 of the Auditor General's report states:

There was little evidence that any communications agency had analyzed the results of sponsored events in our sample.... There was no post mortem report and therefore no evidence that the government had obtained the visibility that it paid for.

I have difficulty with this because one of the projects that was identified in the Auditor General's list of 53 was the team Canada China project.

Canadians should know that Vickers & Benson, an award winning agency from English Canada, received a little over \$9 million, almost 10% of the total fees and production costs, to produce 30 28-minute specials that went on television all over China. Those 30 28-minute shows talked about doing business with Canada, the cultural assets of Canada, tourism in Canada, and on and on. A third party did a post mortem. It was reported in committee two weeks ago by the chairman of the board of the agency, Mr. Hayter, again from Toronto, that the value added on that investment of \$9 million was \$51.5 million. However, it is one of the clouded programs; it is one of the stained programs.

Under paragraph 3.60 it was no in terms of assessment of the project's merits, but the auditor said yes in paragraph 3.69 that the post mortem was there. I would go one step further and say this is an example where the value plus, the net gain to Canadian taxpayers, was in excess of \$40 million on that one project.

I want to give an example of another project. I have the reports in my hand. They were listed as well. It is 17th on the Auditor General's list of the 53 out of 1,986 projects she reviewed. It is the post mortem and economic impact analysis and has to do with the Government of Canada and the Molson's Indy in Vancouver.

• (1235)

The report analyzes every bit of GST and PST. It is the most sophisticated breakdown of taxes: initial, direct, indirect, business, property, personal. Again, the value in excess of the investment is 10 to 1. When we are dealing with Canadian taxpayers' money and we are talking about budget implementation, I believe that when projects are being evaluated, if there is a value plus or a value added, especially if it is an incredible amount, it should not be put into a file where there is a cloud over it.

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For the Molson Indy in Vancouver, which is a car race, under paragraph 3.60, it says that no, there was no assessment of the project's merits. It says that there was no rationale supporting the decision to sponsor the event, no discussion of the visibility the Government of Canada achieved by sponsoring the event. On the Molson Indy in Montreal, Toronto and Vancouver, the Government of Canada's presence is not only national, it is international. It goes to literally hundreds of countries.

It was no on the assessment of the merits but it was yes, the auditors did in fact see the post mortem. Even though the auditors saw the post mortem and the value added was there, Canadians feel that the project was stained.

We have a very difficult challenge here on a good day of building trust with Canadians. It is really important that when things take off in the media that are not factually correct, even if it is unpopular, even if it means we have to go against the wind in terms of public opinion, it is our responsibility to get to the facts and the truth and not just piggyback on a whole tirade of factually incorrect statements.

In the books and records on some of these files, 53 files in fact, the Auditor General said that in 49% of our files, there was no post mortem. I am not suggesting for a second that we cannot keep better books and records on this file, but it is the idea that we leave with Canadians. And thank God for the Auditor General who came in yesterday and corrected statements that were being made and articles that were being written that \$100 million was stolen. It is the duty of all members when they are working on value for taxpayers' money that they do not just go with the lemmings, but that they stand up and get to the facts, that they get to the truth.

Therefore, I move:

That the question be now put.

I want to end my remarks by saying that in no way, shape or form am I questioning that those files were not up to speed, but we also have a duty to get to the bottom of this file, as we have been doing so well in the public accounts committee. Where there is value for money, we should also acknowledge that. Those files that are stained, that is the work for the RCMP.

● (1240)

Mr. Garry Breitzkreuz: Mr. Speaker, I rise on a point of order. Once a member has made a motion like that, he cannot continue to speak according to the rules of the House.

The Acting Speaker (Mr. Bélair): The hon. member is right. He should not have spoken, but the damage is done, so let us move on to questions or comments.

Mr. Randy White (Langley—Abbotsford, CPC): Mr. Speaker, in the budget the government has talked much about a lot of general issues, but I am concerned about the avian flu in my area and why such contingencies like this are not addressed in budgets.

In my area in particular, we have tried to draw out the government for commitments: a cheque for the chickens it is killing; a cheque in advance for the other costs related to neutralizing material; shipping material out; downtime on farms, which could be very extensive; and

also a deferral of income tax on the money that government provides to farmers.

In addition to that, we are looking for uniqueness in the way farmers are treated: specialty farmers in terms of their quail, ducks, pigeons and so on; and a national strategy on how to deal with such catastrophes.

I would like the member to address the House on why it is that we have so much money in this country—the Liberals seem to find ways of spending it, even blowing it out the door the wrong way—yet, hardworking farmers in our country have to go on hands and knees to the government rather than the government coming to our farmers and asking what they need, how soon they need it, and how can it get them back on their feet again.

I find it really discouraging that we have tried to wring out answers on this stuff from the government and we still cannot get them. Maybe this member, who is influential in the money area, can tell us why?

Mr. Dennis Mills: Mr. Speaker, I appreciate the member's comments. I used to be influential, but I have my own problems in Toronto and I am seemingly having challenges there too getting money out of the system. I understand that there has already been \$300 million committed for the influenza file.

We are coming to the end of the session. Some of us will come back and some of us will not. I want to say to the hon. member that the greatest frustration I have had in the 16 years in this town is getting things through the system after prime ministers and ministers have announced them.

My greatest fear with this whole new regime of whistleblowing and the way we have put the whole public service into an almost frozen mode is that the net losers are the very people the member was talking about. Rather than creating a public service where ingenuity is sponsored, celebrated and rewarded, we are creating a public service right now—and we have great talent in our public service—where we are putting our best and brightest public servants in leg chains because they are afraid to make a decision in processing something for fear they will get their heads chopped off.

All I can say to the member is to be persistent and keep reminding the people who write the cheques in this place about the pain of his constituents.

● (1245)

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I listened carefully to the speech by the member for Toronto—Danforth. I do not want to be unfair, but it was a combination of defend the indefensible and blame the messenger. By the time we heard about how it was the problem of news stories not properly written that people had a figure of \$100 million in their minds, I was left wondering if the member failed to understand the clarification provided by the Auditor General yesterday.

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As I understand, the \$100 million figure is not the right figure for people to have in their minds. In fact, the right figure for people to be concerned about is \$250 million because, as the Auditor General said, in fact \$250 million is unaccounted for. It is only, and I say “only”, \$100 million that appears as though it may actually have gone straight into the patronage pot and to line the pockets of Liberal friends, but all of the \$250 million needs to be accounted for.

I would like to ask the member something much more specific and something I hope he would be concerned about on the ground. I am sure he is aware that there is a vast range of charitable organizations—community based, non-profit organizations—providing various programs and services to Canadians who are absolutely nicked and dimed to death to account for every single solitary penny that they spend. So much so that sometimes it seems as though there is a make work project for hard pressed understaffed community agencies to have to account for every single cent.

Can the member indicate whether he shares the concern of a great many hard working citizens working through non-profit and volunteer organizations, that as a result of the whole ad scam—

The Acting Speaker (Mr. Bélair): Order, please. The hon. member for Toronto—Danforth.

Mr. Dennis Mills: Mr. Speaker, I will create a list of the cultural organizations, amateur sport organizations, and festivals that were supported by the government over five years. I will send that list to Jack Layton, the leader of the NDP. I will ask him to check off those cultural and sport organizations that the NDP does not want to support. I defy him to check off one because if he did, he would lose a tremendous number of votes.

On another specific example, I totally agree with the member. I think that the excessive paper burden that the Government of Canada is putting on social organizations, that do not have the resources or the equipment, is pathetic.

Let us remember how that all started. That was exacerbated by the 37 files that were part of Human Resources Development Canada that we now know, when it did a thorough analysis, that it was not a billion dollars that was missing. It was a very small amount. The fact that it was small is not unimportant. It is important.

However, the reality is that 99% of that money went for good social causes. Again, I would defy Jack Layton to strike off one of those social causes in my riding that were properly funded over the last 10 years.

• (1250)

Mr. Richard Harris (Prince George—Bulkley Valley, CPC): Mr. Speaker, I want to follow up on something that my colleague from Langley—Abbotsford said earlier. It concerns the government's failure to provide contingencies for disasters that may happen throughout the country such as the avian flu in the lower mainland of B.C.

I also want to talk about the disastrous pine beetle epidemic in the forests of British Columbia which has at this point devastated the interior of British Columbia which is far bigger than the entire area of Vancouver Island. That infestation has been going on for about seven, eight, nine or ten years now. While the government has been aware of it, it has sat back and offered zero help to fight that

infestation. In fact, it has denied it. That beetle is now on the western side of Jasper and Banff national parks and due to infect forests under the jurisdiction of the federal government.

Almost two years ago the Province of B.C. put forward to the federal government a six year beetle attack plan requiring about \$500 million in total to be successful. The province asked the federal government to come to the table with half of that money in consideration of the billions of dollars of taxes that have come from the forest industry of B.C. to the government's coffers. To this date nothing has happened.

Mr. Dennis Mills: Mr. Speaker, I have read Brian Fawcett's book on clear cutting where he talks extensively about this particular issue of the beetle.

Mr. Richard Harris: Brian Fawcett is not necessarily an expert on the beetle.

Mr. Dennis Mills: He is not an expert, but he has talked to a lot of experts. His book just won the Governor General's prize for the quality of his research.

I am trying to be constructive here in this exchange. I am with the member on this. I think this is a horrific problem and as he said, the industry has sent lots of tax dollars to this treasury. When the industry is in pain, as it is, we should figure out a way to respond.

Mr. Norman Doyle (St. John's East, CPC): Mr. Speaker, since coming to Parliament back in 1997, like most people, I have endeavoured to raise issues of concern to my riding and to the Province of Newfoundland and Labrador on a number of occasions. I have tried to raise these issues in the media and I have tried to raise them here on the floor of the House of Commons.

While some progress has been made, there are a number of matters that I find myself talking about today that I was talking about back in 1997 when I came here, which indicates of course the very little progress that has been made on these very important issues.

The issue, first and foremost, not only in the Province of Newfoundland and Labrador and not only in the riding of St. John's East, which plagues Canadians generally is health care.

There was much ado about a meeting that was held a few months ago by the Prime Minister with the various premiers right across Canada. It had to do with a payment. I will not say an additional payment because it certainly did not represent additional moneys into the health care system, but it was a payment of about \$2 billion which had been made to the various provinces. It was a promise that was made by the previous Prime Minister.

This money in no way represented or was in any way an indication of a new fit of generosity on the part of the federal government. We should make that perfectly clear right off the bat. This was not new money. The \$2 billion in question is only a very small part of the many billions of dollars that have been cut to the provinces in transfer payments over the last number of years.

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I never cease to be amazed, that given the fact that health care is the number one issue in the country, that the federal government still does not seem to be getting it. It does not seem to be getting the message that Canadians generally from coast to coast are concerned first and foremost with the health care system in their respective part of the country. The federal government just does not seem to get it.

Yes, the federal Liberals balanced the budget, but it was at a tremendous cost to the people of Canada. It was at a tremendous cost to the various provinces, including my own. It is easy to fix a problem if all one does with that problem is pass it along down the line to the next level of government.

Years ago Ottawa, as we are all aware, paid roughly 50% of a province's health care budget. Today it is down, I think I read it recently in an ad in one of the local papers, to 14% or 16% that the federal government is actually paying in to the health care system. That is one of the reasons that we have lineups at the various hospitals and health care institutions. That is why it is very difficult to recruit nurses, doctors and medical specialists generally. We have somehow lost sight of the fact that the health care system in the country actually needs more money and it desperately needs leadership at the federal level.

• (1255)

We often hear the Minister of Health and the Prime Minister say that the problem in health care cannot be fixed by throwing more money at it. Does it not stand to reason that if, over a 10 year period, we take vast sums of money out of the health care system when the federal government's contribution to health care was 50% and is now down to about 15%, that the health care system would need that money back in order to fix the problems that exist now?

Therefore, for the government to say that just throwing more money at the health care system will not solve the problem, is an absolute farce. Since the federal government has cut large sums of money out of the health care system, it is only reasonable to assume that it would at least put some money back, which would go a long way toward fixing it. To date the federal government has not put any money back into the health care system.

The government comes along every now and then and offers \$2 billion but it has cut so much out of it that we are not yet back to 1997 levels of spending. Still the federal government says that it is putting additional money into the health care system.

Health care needs more money and it desperately needs leadership at the federal level. One of the reasons why we have a bit of a patchwork of health care services across the country is that the federal government has lost its moral authority in setting national standards. Simply put, when we pay only a small fraction of the piper's wages, we cannot expect to call the tune. That is the real problem here.

Our health care system used to be one of the hallmarks of Canadian citizenship. Our nation is crying out for visionary leadership on health care, to put the system back on the rails. It has gone off the rails over the last five years in particular. People are looking to their government and to the Prime Minister to show some leadership and vision.

It is hard to know what the government will do. In this pre-writ period it seems to be satisfied to be all things to all people. We have the Prime Minister travelling around the country and if he hears something about education in one part of the country he is implementing or writing the policy on the fly to satisfy that particular group. He then moves to another part of the country and does the same thing. The problem we have with our leadership right now is that it has no vision.

The problem of mounting student debt was also in the recent throne speech. I have mentioned that issue on several occasions here on the floor of the House of Commons. The source of the problem is the cuts made by the government that we have in power right now to transfers to the provinces for post-secondary education. For example, in Newfoundland and Labrador the provincial student grant program was the first to go and was replaced with the provincial student loan. Less federal funding at the post-secondary education level also drove up tuition rates.

Today I was reading a story from last week in the *Globe and Mail* that said that student debt had risen 76% over the last few years. Students are in desperate shape. Many students come to my office on a daily basis telling me that they have a student debt load of \$40,000, \$50,000 and \$60,000. What that means is that students are graduating today with tens of thousands of dollars of debt while search for or starting a job, which presumably will be their first job and a low paying job.

• (1300)

One wonders how an individual with that kind of a debt load could possibly start a family, buy a new car, rent an apartment, get a mortgage on a house or whatever, when he or she has that kind of debt load. The federal government has not addressed the problems of students.

The Liberals, under the current Prime Minister's term as finance minister, have created a generation of impoverished students and debt-ridden graduates. However more than lip service is needed to fix that problem. It remains to be seen whether the Prime Minister is serious about dealing with the serious underfunding in post-secondary education.

I have a feeling, and I hope I am wrong, that the Prime Minister and the government are just making these promises pre-writ because they want to be all things to all people and, when the election is over, students and the health care system will find themselves in the same positions they are in today.

That is an awful commentary to make on the government but one has no choice but to make it when we see how the government has performed over the last number of years in not keeping its promises.

I want to speak for a moment to an issue that is very important to a lot of provinces, the equalization issue. The equalization program is another good example of where the government talks a very good line but it rarely does anything practical to assist the smaller provinces that want to see some meaningful changes made to the current equalization system.

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Instead of truly equalizing the have not provinces with the have provinces, the equalization program over the years has kept us stuck in a semi-impooverished state. The funding under that program prevents the poorer provinces from drowning but it also prevents them from learning to swim on their own. That is the chief problem with the current equalization system.

This sorry state of affairs arises because of the clawback provision in the equalization formula. When a resource rich province like Newfoundland and Labrador earns a dollar in resource revenues, roughly about 80% of that dollar is clawed back by Ottawa through reductions in the equalization payments to that province. It is very difficult for a small province to make any headway under the “earn a dollar, lose a dollar” formula.

We have not been successful in making the country fully aware of the drawbacks of that formula, especially the clawback provisions. I think if people in the country were truly aware of how unfair that formula really is they would insist that something be done about it to help the smaller provinces.

I want to give an example that outlines the problem in graphic detail. I would truly love for everyone who is within hearing of what I am saying to give a little bit of attention to this example.

I will only talk about my own province of Newfoundland and Labrador right now. In six years the revenues flowing to the Government of Newfoundland and Labrador from three oil fields, Hibernia, White Rose and Terra Nova, will be \$1.1 billion. The federal government, through its corporate tax structure and the clawback provisions in the equalization program, will claw back \$900 million out of that \$1.1 billion.

• (1305)

I am flabbergasted when I think about that. We are a resource rich province struggling with an \$827 million deficit and in six years, when we will have \$1.1 billion flowing from three oil wells, the federal government, through its corporate tax structure and the clawback in equalization payments, will take \$900 million out of that \$1.1 billion.

How can a province like Newfoundland and Labrador ever expect to make any progress under that kind of a system? What that means is that the provincial government, which has an \$827 million deficit, will get to keep \$200 million of the \$1.1 billion, which represents 18% of what is being generated. Something is wrong in how the country operates. Provinces do not have a chance to become equal or to get a foot up and try to swim on their own when the federal government makes those kinds of demands on poorer but, at the same time, resource rich provinces.

To compound that tragedy—

An hon. member: You mean it gets worse?

Mr. Norman Doyle: Yes, it can get worse.

To compound that tragedy, offshore oil—Voisey's Bay Nickel Company Limited is the largest nickel development in the world—is a non-renewable resource. An oil field can only be pumped dry once. A province has only one chance to get a project right in terms of jobs and in terms of economic rent that it might be able to generate from

it. When it is gone, it is gone. We cannot say that we will fix the problem tomorrow because the oil and the nickel will not be there tomorrow. It is a non-renewable resource.

In the case of the massive development that will get underway at Voisey's Bay Nickel, it is not only subject to clawback provisions but it is subject to clawback provisions at a rate of 90:10, meaning that 90% will go to the federal government and other sources, such as the company and so on, and 10% will go to the province. Oil is a non-renewable resource and once it is gone, it is gone and we can never hope to have made any progress in terms of economic rent from it. Yes, jobs will be created but we will not get the kind of economic rent that we should be getting from our natural resources.

When we talk about the oil part of the Atlantic accord, it said that the Atlantic provinces were supposed to be the primary beneficiary of their offshore oil and gas development. Under the Conservative Party policy we would ensure that those provinces under the Atlantic accord would become the principal and primary beneficiary of the money that is generated.

However the equalization program, through its clawback provisions, counters that commitment by making Ottawa the primary beneficiary. Ottawa gives with one hand and takes away with the other. Is it any wonder that the Atlantic provinces have been screaming for a change to the equalization system? The term equalization is supposed to make one province equal with the other. It is not supposed to make one any better off. It is supposed to give a province a chance, through its resource development, to become an equal province with the rest of Canada but that is not happening.

• (1310)

The Acting Speaker (Mr. Bélair): Before proceeding to questions and comments, I would like to clarify for members of the House that the House is debating the amendment to the motion for third reading of Bill C-30 proposed by the hon. member for Toronto—Danforth, seconded by the hon. member for Scarborough East, that the question be now put.

Questions or comments? The hon. member for Prince George—Peace River.

Mr. Jay Hill (Prince George—Peace River, CPC): Mr. Speaker, I have risen on questions and comments, but I do not really have a comment. My question is that I was so enthralled with the presentation being made by my hon. colleague from Newfoundland for the chamber and, by extension, for all Canadians viewing this on CPAC, that I would like to offer him more time. That is my purpose in posing this question, if he would care to continue, because I noticed that his thought was cut off almost in mid-sentence.

Mr. Norman Doyle: Mr. Speaker, that is a rare opportunity indeed. I thank my colleague for the opportunity to go on for a little longer until the Speaker raises his hand again.

Government Orders

The equalization formula is one thing, of course, and I think I have explained fully to the House the drawbacks and the disadvantages of it. Another item of concern that comes up every now and then has to do with the unemployment insurance system, and I notice that the government once again, this time around, is starting to talk about it. It seems to me that every time we get close to an election the government raises this whole issue of unemployment insurance. I still call it unemployment insurance, not employment insurance, because it was always meant to be an insurance against unemployment, not against employment.

After coming to power, the Liberals changed the unemployment insurance system to the employment insurance system, and their new employment insurance system made it harder for seasonal workers to qualify for employment insurance benefits.

Here is how it changed. When they do qualify, they now get fewer benefits if they happen to be seasonal workers, and those benefits that they are able to access are for a shorter period of time. That should be made perfectly clear. The net result of the changes is that now only a third of Canada's unemployed people, people who become unemployed, qualify for unemployment insurance, and that is not right.

An hon. member: What are they doing with all the money?

Mr. Norman Doyle: My colleague asks what the Liberals are doing with the money. They are amassing great surpluses. The money is not going back to the workers or the employers in this country.

The net result of the changes, as I said, is that one-third of Canada's unemployed now qualify for employment insurance benefits, compared to the two-thirds who qualified under the old system of unemployment insurance. It became employment insurance when they changed the name and only one-third of the people actually qualified, but under the unemployment insurance scheme, two-thirds of people who became unemployed qualified for it.

That left the EI fund with an annual surplus of several billion dollars. Was the money given back to the employers? Was it given back to the unemployed people? No, all of those extra funds went into general revenue. I do not know if it is accurate, but we are hearing now that there is no surplus in the unemployment insurance fund. I think they have spent it all in general revenue. None of it has gone back to the workers.

An hon. member: They bought Challenger jets.

Mr. Norman Doyle: Yes, that is a good point, Mr. Speaker. They bought Challenger jets.

The government balanced the budget, so not only did it balance the budget on the backs of the sick but it has balanced the budget on the backs of the unemployed as well.

A few minutes ago, the member for Toronto—Danforth talked about the sponsorship scandal and I would love to say a few words about that. I would be remiss if I did not mention that, because the member for Toronto—Danforth continues to spin that none of this money is missing and that the people of the country have been

misled by the Auditor General and *The Globe and Mail*, the *National Post*, the *Ottawa Citizen* and the national news generally.

● (1315)

The people of the country have not been misled by the media. They have been misled by this government. This is a scandal of unbelievable proportions. Of the \$250 million spent on the sponsorship program, a full 40% of that money, or \$100 million, was given in commissions to Liberal-friendly ad agencies. The member for Toronto—Danforth can spin it as long as he wants, but the fact of the matter is that this money is indeed gone, to their buddies and friends, and in one manner of speaking, the money is missing and has yet to be accounted for.

The Liberals can bad-mouth the Auditor General all they want. The fact remains that the people of this nation want to know what happened to that \$100 million. They want to know how it was spent by Liberal-friendly ad agencies that probably funnelled a great deal of that money right back into the federal Liberal Party coffers to run the next election.

I was minister of municipal affairs at one time. In my department, we signed contracts for tens of millions and billions of dollars over the three year to four year period that I was minister of that department. Contracts were signed for various things such as water and sewer projects and so on, but we always had engineering consultants who did a great deal of work on these projects before they were actually approved. They charged a commission fee of roughly 15%. Fifteen per cent is reasonable, I think, for an engineering firm that draws up the plans, supervises the project and does the work.

But a commission of 40% going to an ad firm for a telephone call saying “we have a cheque here for \$40,000 that we want you to deliver to this particular group under the sponsorship program”? An ad firm would get a 40% commission for delivering that cheque. It would get a 40% commission for not doing anything. There was no paper trail to indicate that any work had been done to justify that, and then the member for Toronto—Danforth has the gall to try to spin this as something that the Auditor General is confused about and should not be mentioning and says that the press has treated the government in an unfair manner. That is absolutely outlandish and is something that could only be conceived of by the federal Liberals.

Members opposite are treating the Auditor General quite unfairly. I think we have a great Auditor General, one who has done a tremendous job in uncovering these scandals of this government. The Auditor General stated that the invoices were paid for minimal service and sometimes no service at all. I commend the Auditor General for doing a great job in that regard.

We are supposed to believe that the current Prime Minister, the second in command of that administration, knew absolutely nothing about this sponsorship scandal. He was second in command when the health, education and EI programs were gutted in successive budgets. He knew all about that. He knows very well—and I will sit down because you are telling me to, Mr. Speaker—that he was there as finance minister writing the cheques under this sponsorship program that has led to the biggest scandal to ever plague this country.

Government Orders

•(1320)

Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I am delighted to rise today to talk about this budget that has proposed so much that is good for the country. It will be very delightful to see in the end which members of the opposition actually will vote against all these good provisions.

What is most exciting for me is that this really is—

Mr. Jay Hill: We don't know what you're going to do with the money.

Hon. Larry Bagnell: The member is right: it is a tremendous amount of money for the north. It is so exciting for the northern MPs. That is what I want to talk about today. I will talk about that and then go on to talk about volunteerism and, if I have time, about education and the exciting new concept of the social economy in this budget.

As for the north, this is a really exciting day for my colleagues from the Northwest Territories and Nunavut. It is the north's time to come of age. Of course the first thing is related to my portfolio: the \$90 million for an economic development strategy for the north. We have a lot of potential. I talk to people across the north and they are very excited about this provision in the budget.

Of course health care is important in the north, as it is everywhere else. Over and above the large increases in health care funding for the country, the north has a specific \$20 million a year for the next five years, starting this year, to take into account the added costs of doing business in the north.

There is \$75 million for oil and gas development. As members will know, that is a tremendous boon to the north's economy. This is on the verge of occurring and of course we need the environmental and regulatory funding to make sure it is done appropriately.

There is the extension of the 15% mineral exploration tax credit. Once again let me say that the north depends to a large extent on mining. There are some great mines right across the north, in Nunavut, the Northwest Territories and Yukon, and in fact in the northern parts of the provinces. This is a great boon to the Canadian economy and our resource development.

One of the most exciting things, which people are talking about right across the country and the north, is the largest environmental program in the history of Canada from any government or party: the \$3.5 billion to clean up contaminated sites. The fact that 60% of this is going to go to the north, to an area of just over 100,000 people, is so exciting for the people of the north. Already they are talking about this as not only a huge cleanup for our environment and the stewardship of the environment, but also a great economic opportunity in developing the procedures to do this, which Canada can then export to other northern nations.

Another particular item I am very excited about is the \$51 million for mapping of the Arctic continental shelf. As everyone knows, for years I have been championing our sovereignty in the north. With global warming as the polar ice caps melt, this is coming into question more and more. As members will know, we have four

international disputes right now in the north so this particular funding is very exciting for me.

We will be mapping the Arctic continental shelf. That will lead to a formal submission to the United Nations convention on the law of the sea. That allows Canada to extend its boundaries past the 200 mile limit in the north in the Arctic continental shelf. Our neighbours, such as Russia, for instance, have already done their mapping to protect Canadian sovereignty. This is very exciting.

Of course a couple of months ago we announced a whole new five year plan on protecting sovereignty in the north, with advanced patrols and unmanned planes and satellite control. There is a whole plan for sovereignty in the north. This is very exciting for Canada.

Of course as a former director of a municipal association, I am also very excited about the new cities agenda, particularly the 7% GST rebate, which was made retroactive to February 1. It has already gone back so the municipalities can start reaping their rewards right away. The municipalities I have talked to are very happy with this particular item in the budget.

Also, the infrastructure programs the Canadian government has established in recent years have been a tremendous boon, not only for my constituency, in which every single municipality has benefited, but for municipalities across the country. In particular in this budget, what is exciting for us is the rural infrastructure program. The \$15 million that we get in our constituency, which used to be over 10 years, is now over five years. This means we can spend that money twice as quickly to bring economic advantage to the north.

•(1325)

Most provisions in a national budget cover the whole country, so there is a lot of things that also will help the north in that way. However, I want to talk about specific things for the north about which we are very excited.

I want to talk about the voluntary sector. I am not too sure how well this has been covered in the debate. I have a lot of history in the voluntary sector. I have friends in the United Way, in the Skookum Jim Friendship Centre, which is for first nations people, in the Yukon Anti-Poverty Coalition and in the Yukon Learn for literacy. I want to congratulate Yukon Learn. It is having its AGM this Friday in Whitehorse. The volunteers there have done tremendous work.

There are hundreds of other volunteer agencies. Dawson City in Yukon is particularly held together with the true grit of volunteers. It is just amazing, pound for pound, what they put out. Volunteers arranged activities for every week of the year.

Government Orders

The budget provides great exciting support for the volunteer sector. First, the government will implement a number of the decisions from the joint regulatory table. It has set aside \$12 million to fund the implementation of those decisions. It will review taxation related to charities, through the Charities Advisory Board. Also the Senate committee on banking, trade and commerce will look at charity funding.

The voluntary initiative, which the government started in 1995, has been very favourably received. The budget sets aside another \$6 million to continue that voluntary sector initiative.

We also will look at the possibility of setting up a not for profit corporations act. Instead of NGOs coming under the Corporations Act, they would come under the not for profit corporations act, which would reduce some of the regulatory burden that would otherwise be unnecessary. We will also explore the possibility of having a bank, a creative idea that came up in these discussions, targeted toward the challenges of the voluntary sector.

Finally, I would just point out the new exciting concept of the social economy provided for in the budget. One of the three pillars of our government is to rebuild the social foundations of the nation. In that is the exciting social economy concept. The budget allocates \$162 million toward this initiative. If I have time at the end of my speech, I will describe that in a bit more detail.

Students across Canada and in my riding are in great need. I was very excited to see many initiatives for post-secondary education. This includes the introduction of a new Canada learning bond, which will provide up to \$2,000 for children in low income families born after 2003 for post-secondary education. It includes enhancement of the Canadian education savings grant, matching rates for low and middle income families. It includes the introduction of a new grant for up to \$3,000 for first year post-secondary dependant students from low income families. I am happy to see these initiatives for students from low income families.

The budget introduces of an upfront annual grant of up to \$2,000 for post-secondary students with disabilities. Although I do not have time to talk about them today, I am happy to see other initiatives in the budget for people with disabilities.

The budget also includes: an increase in the ceiling for the Canada student loans to \$220 a week from \$165; an increase in the income threshold to determine the eligibility for student loan interest relief; an increase in the maximum amount of debt reduction for students facing financial difficulty up to \$26,000 from \$20,000; the extension of the education tax credit to employees who pursue career related studies at their own expense; an investment of \$125 million over five years for the aboriginal human resources development strategy; and doubling the \$50 million support for the urban aboriginal strategy.

• (1330)

I now want to talk a bit about the new social economy concept. As I said, there are three pillars to our exciting government platform that was first outlined in the throne speech and now funded through the budget.

The third pillar is Canada's place in the world. The budget provides funds to increase foreign aid. There are new initiatives in defence and new initiatives for interacting and performing our role

internationally. We have already seen some come into play with our missions to Afghanistan and Haiti and with the Prime Minister's visit to the United States.

The second pillar is preparing Canada for the new knowledge based modern economy, the economy of this century. There are a number of initiatives in the budget that address this. Obviously, I do not have time to go into them right now.

Over and above all, there is the assistance to students. Money has been allocated for research and for companies in the new technology.

The first pillar is the social economy. In that pillar, over and above a number of social initiatives related to first nations and to other people, is the special concept of funding businesses or organizations that deliver social services. The social economy enterprises are organizations that run like businesses, producing goods and services for the market economy, but which manage their operations on a not for profit basis. Instead, they direct any surpluses to the pursuit of social and community goals. Social economy enterprises are located across the country and contribute significantly to Canada's communities. This government will ensure that over time a wide range of our programs for small businesses are accessible to social economy enterprises.

We are taking immediate action in this area. This budget sets aside \$162 million over five years; \$100 million in the next five years to support financing initiatives that will increase lending to the social economy enterprises and help establish four special capital funds in support of social economy enterprises; \$47 million for pilot programs in support of strategic planning and capacity building of community economic development organizations; and \$15 million, starting in 2005-06, to the community university research alliance program run by the Social Sciences and Humanities Research Council. The council will seek out parties to do community based research on the social economy.

The government is committed to enhancing the social and environmental conditions of our communities across Canada. This is exciting new work in an effort to keep our social programs in touch with the modern world.

As people can see throughout this debate and through the throne speech, there are a number of exciting new initiatives for Canadians. It will be great to see how members across vote on these initiatives. There are a number of seats that are not held by Liberals. Our members will be watching how members opposite vote, when the vote comes up presumably this week. Our research bureau, our candidates running in the ridings of the opposition members and Canadians who live in those ridings will be very interested to see how they vote on these initiatives that will help Canadians.

Government Orders

It will be great to see if any Conservatives vote against reducing waiting lists in hospitals, the \$36.8 billion in health care, or the GST rebate, the \$7 billion for cities, the seventh consecutive balanced budget or our effort to pay off the national debt. It will be great to see if Conservatives vote against our expenditure review to cut \$3 billion in low priority government programming. It will be great to see if the Conservatives vote against the greatest cut in history.

It will be great for our candidates in Quebec to see if the Bloc votes against huge transfers in health care and education money, and the programs I just outlined.

• (1335)

It will be great for our candidates to see if any of the NDP members vote against \$3.5 billion, the biggest environmental program in Canadian history, or against \$2,000 for a number of low income students or the grant of \$3,000 for low income students. We will see if any members of the NDP vote against \$18 million for the voluntary sector, or \$2 billion in housing since 2002, or \$162 million for the social economy or \$36.8 billion in health care. We will see if any of the NDP vote against the \$248 million increase in foreign aid, or money for the urban aboriginal strategy or for aboriginal human resources development or for aboriginal children.

On voting day we will be watching very carefully to see which, if any, members of the opposition vote against these initiatives to help Canadians, for health care, for social programs, for aboriginal people, for the economy and for people with disabilities.

Mr. Inky Mark (Dauphin—Swan River, CPC): Mr. Speaker, it is ironic to listen to all these pre-election speeches on the part of the Liberal members. The Liberals forget that all these election dollars belong to the people of Canada. Canadians expect good governance and expect that money will not be wasted in a scandalous manner as the government has done over this last decade. Canadians expect good government. They do not expect government, whichever government it is, to buy votes, basically promising these initiatives and telling voters that if they vote for the government, they will get their money back because that is what the government thinks the people deserve.

That is highly irresponsible. In essence, I think the election is going to be about accountability, and the Liberal government is going to have to account for last 10 years.

This morning one of the Liberal members said that the most frustrating experience he had was being on the side of the government in the House. Even when programs are promised and announced, they do not become a reality.

How can the member guarantee Canadians that the Liberals will deliver the money?

• (1340)

Hon. Larry Bagnell: Mr. Speaker, I am delighted to answer that question. As the member knows, when we came into power there was a significant deficit. The government has removed that deficit. This is once again another surplus budget. We are one of the only countries in the G-7 that has such a budget.

If the member would like this type of accountability, then he should be voting for the \$3 billion in cuts that are in the budget. He should be voting for the \$100 billion tax cut, the largest in Canadian

history. If he is interested in fiscal prudence, he would be voting for those items.

We will continue to use the contingency reserve, which is one of things that has allowed us to remain in surplus. It has also allowed us to pay down the national debt, which the Conservative Party largely contributed to increasing. It could not get rid of the deficit.

If the member wants fiscal management, he should also be voting for \$1 billion a year that we are taking from the 2003 budget through the planned extensive review of all our programs. We also have a new accountability put into place, with the reintroduction of the comptroller general. We are looking at the Financial Administration Act. We are looking at crown corporations.

If the member likes accountability, I would be delighted to hear the platform of the other side. I would like to hear some of their ideas, over and above our list. I can see they are itching to get up and ask me more questions.

Mr. Werner Schmidt (Kelowna, CPC): Mr. Speaker, that last comment really does deserve a question.

I would like to ask the hon. member, how in the world can he suggest that we should be supporting this particular orientation of the Liberal government when in fact the Auditor General said that in certain programs, like the ad scam for instance, every rule in the book was broken?

One of the concepts that the Auditor General uses to evaluate management is the concept of probity. She defines probity as the adherence to the highest principles and ideals. One of the principles and ideals that ought to followed is to follow the rules.

The Auditor General has seven rules to be followed and I will not go through all of them. Another one is effectiveness. That is, the extent to which the outcome of an activity matched the objective or the intended effects of that activity.

On the one hand we have the government breaking the rules, and on the other hand the government wants effectiveness to ensure that the purposes of a particular program are met.

I want to ask the hon. member, is it a measure of effectiveness when Rolls Royce in the 2000 contract said that it would contribute to some 200 jobs and it actually produced only 100 jobs? In fact, is that an effective program?

• (1345)

Hon. Larry Bagnell: Mr. Speaker, I definitely agree with the member. If a company suggests it will produce 200 jobs and it only produces 100 jobs, that is not good and that is not effective.

However, it is amazing that the Conservatives want to run on a platform of reducing these particular programs that we have, that lead Canada into the new century, into the high tech century.

There are countries in Europe, for instance, that fund Airbus. All the other nations of the world have export development financing and high tech financing. They support research and development in their countries. The Conservatives are going to put us back into the 19th century. Canada will be the only country that is a hewer of wood and drawer of water and will have none of the modern economy.

Government Orders

Mr. Randy White (Langley—Abbotsford, CPC): Mr. Speaker, I find it interesting that someone from the other side stands up and talks about all the things that are in the budget, and that we are going to promise this and promise that.

The government, at our insistence, established a committee of the House of Commons to study drugs. The committee cost about \$500,000 over 18 months. We made 41 recommendations, none of which were accepted. A national drug strategy does not even exist in this country. This was the first time since 1972 that we did it.

Today, ecstasy, crack, crystal meth, and heroin are all scourges on our society, with young people in particular. Not one red cent is in the budget about that.

About eight years ago an individual came into our country and recently I found out that the person has been on welfare since he has come into the country. He now owns three houses. How does a person own three houses when he is on welfare?

The reason is that crime and drugs are spreading rampantly throughout our country, and not one red cent is in this budget about drugs. Would the member stand up and justify that one for a change?

Hon. Larry Bagnell: Mr. Speaker, first of all, I would like to thank the member for that issue. Basically, I support him. It was a very good question and a very good comment.

In my region of the country, we definitely have substance abuse. I will certainly support any initiatives from the member in that particular area. I hope he does not leave the impression with Canadians that we do not already have huge expenditures in that area. The budget outlines those new expenditures. We do have large expenditures in that area.

I will certainly support the member for any increase as he comes up with new plans. As members know, we are starting a public health agency. In fact, I will be involved in the consultation. I am helping to set this up for the day after tomorrow. These consultations are going across the country. If Canadians bring this issue up to the minister of state, we will continue to put money into that area.

We have set out on a social basis and an economic basis to improve the lives of Canadians. As their lives improve, they will not be falling back on a dependency on substances and there will be a great improvement in that respect.

Mr. Randy White: Mr. Speaker, that is just rhetoric. What does he mean, he is going to go out and study it? We spent 18 months going across the country, through Europe and the United States, and the member has the gall to stand up in the House and say we are going to study it now and to submit suggestions. We had suggestions. We had 41 recommendations on how to deal with the drug problem in the country.

You should not look around for someone to help you. Get an answer. The problem—

The Acting Speaker (Mr. Bélair): Order, please. Please address your comments through the Chair. The hon. member for Yukon has 30 seconds to respond.

Hon. Larry Bagnell: Mr. Speaker, I did not say we were going to study it again. What I said was that when we are doing the

consultations across the country, we will get more support for financing in this area.

A dozen people on a committee is not 30 million Canadians. By getting this extra support across the country, as Canadians support what the member is saying and what I agree with, that will give us more impetus to increase even more the money we are putting into reducing substance abuse.

• (1350)

[*Translation*]

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, it is with great pleasure that I speak today to Bill C-30, an act to implement certain provisions of the budget tabled in Parliament on March 23, 2004.

As I said, the purpose of the bill is to implement provisions that quite often have created a true imbalance and perpetuated the fiscal imbalance in the provinces, including Quebec.

Furthermore, this budget implementation bill does not repair the social deficit created by the federal government, through the current Prime Minister, who was the finance minister at the time.

This budget is far from resolving the environmental imbalance as well. That is the least we could expect, given the considerable challenges and commitments the federal government must meet to implement the Kyoto protocol.

The biggest deficit is the fiscal imbalance. We are entitled to expect from a so-called new government that wants to establish partnerships and a better relationship with the provinces that it would first recognize the fiscal imbalance between the federal government and the provinces. This new government refuses not only to recognize the Quebec nation, but also this fiscal deficit that Quebecers are suffering from the most.

It was all well and good for the government to announce in its March 23 budget \$2 billion in funding for health, which corresponds to \$472 million for Quebec, but in fact, this is not new money. This announcement had already been made by the previous government, the Chrétien government. This additional funding had already been included in the 2003-04 budget.

In the weeks to come I invite the public to stay tuned. Several months ago the government announced a \$2 billion investment for health and repeated this announcement on March 23.

We also know that the government, which announced highway 175 a few months or years ago, is getting ready to make this announcement again in a few weeks as an election promise.

We can probably expect to again hear from the member for Beauharnois—Salaberry that there will be investments in highway 30. Hon. members will recall that, when he was running for election, the present member for Beauharnois—Salaberry made a commitment to the public for work on highway 30.

An hon. member: Before the next election.

Mr. Bernard Bigras: Before the next election. I am sure that, within a few weeks, he will be making another promise to the people in his riding regarding work on highway 30, as the Liberals are also planning to do in connection with highway 175 in Lac-Saint-Jean—Saguenay, to save the bacon of their members there. It will be just like the last time, when the same Liberal members and candidates needed the help of the federal government to get them out of trouble.

It is very likely that what was announced in the last budget relating to health will also turn up in campaign promises in coming weeks.

• (1355)

In addition to serving up the same old story as far as reinvestment in health is concerned, this federal budget reopens the door to total federal interference in areas of jurisdiction that belong to the provinces. While the needs are in Quebec and the money is in Ottawa, we have learned that Health Canada will be taking \$404 million to establish an agency responsible for the management of infectious diseases.

We also learn that, in 2004-05 and 2005-06, \$165 million will be included in the budget for a public health agency, when Quebec already has its own such institute. The government has nothing to teach us about how services should be delivered. The federal government is creating a public health agency when Quebec already has the Institut national de santé publique.

I should point out that Quebec, and the Liberal Government of Quebec, also feel that this interference is unacceptable. Philippe Couillard, Quebec's health minister, said the following on March 19:

It is not right for an organization that is somewhat of a minority shareholder at 16% to assume the right to oversee and audit health care systems in Canada when it does not make a firm financial commitment.

He made this statement a few weeks ago, on March 19, just before the federal budget was brought in. It is as if the Government of Quebec were giving the federal government a solemn pledge that it will never accept federal interference in its jurisdiction.

The Romanow report was clear. The government often takes its inspiration from this report. Just last week, in a written statement—which is unusual for him—the current health minister referred to the Romanow report. What does this report say about funding? It says that the federal government must be expected to fund at least 25% of health care costs in Canada.

A few weeks ago, the federal government's share stood at 16%. The federal budget has reduced the federal share of health care costs to 4.5%. This is a flagrant injustice from a government that says, and will be saying in the coming weeks, that health is its priority.

This is the first fiscal imbalance I think should be pointed out in the current budget. In the few minutes I will have after oral question

period, I will discuss the other two imbalances that are found in the March 23 budget.

The Acting Speaker (Mr. Bélair): I wish to inform the hon. member that he has 11 minutes remaining in which to finish his speech after oral question period.

The hon. member for Hamilton Mountain.

STATEMENTS BY MEMBERS

[English]

SPIRIT OF THE COMMUNITY AWARD

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, I would like to congratulate Jagoda Pike on being named this year's CH—Safe Communities “Spirit of the Community” award winner.

The Safe Communities Foundation is a national non-profit organization that strives to make Canada the safest country in the world in which to live, work, learn and play. The Hamilton Safe Communities Coalition works with the community in order to develop and implement health and safety programs.

Among her many contributions, Jagoda was chair and president of the Bid Corporation that worked hard to bring the 2010 Commonwealth Games to Hamilton. She is also the current publisher of the *Hamilton Spectator* newspaper.

I am proud to acknowledge and congratulate the CH—Safe Communities “Spirit of the Community Award” winner, Jagoda Pike.

* * *

FISHERIES

Mr. Norman Doyle (St. John's East, CPC): Mr. Speaker, over the past decade, 319 citations were issued to foreign fishing vessels acting in violation of NAFO's rules outside the 200 mile limit on the nose and tail of the Grand Banks and the Flemish cap. Only 21 of these violators were ever fined.

How are we going to protect our fisheries or prevent the total extinction of the northern cod under such a lax enforcement system? NAFO has proven to be a toothless tiger.

For the sake of Atlantic Canadians and to preserve a world food resource, Canada should act and declare custodial management outside 200 before it is too late. The House of Commons fisheries committee, including all Liberal members, unanimously agreed. The Conservative Party agreed. Why does the government not agree?

S. O. 31

•(1400)

MULTIPLE SCLEROSIS

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, multiple sclerosis is an unpredictable and at times disabling disease of the central nervous system. MS can occur at any age, but it is usually diagnosed between the ages of 15 and 40, when people are finishing school, building careers, and establishing their families. It has no known cause or cure. Canada has one of the highest rates of MS in the world.

May is Multiple Sclerosis Awareness Month. I am honoured to help kick off the 28th annual MS carnation campaign this year. Tomorrow volunteers from the MS Society and I will be pinning carnations on MPs to help raise awareness for the campaign. It is something we have done for about four years now. This weekend, volunteers in over 280 communities across Canada will be selling carnations to help raise money to find a cure for MS. Last year we raised over \$1.4 million.

I encourage all members of the House and all Canadians to join me in supporting the MS Society to help make a difference for individuals and for families living with this disease. I ask everyone in the House to wear a carnation tomorrow and to make a donation. Let us help find a cure.

* * *

PERSONS WITH DISABILITIES

Hon. Susan Whelan (Essex, Lib.): Mr. Speaker, the government has worked hard to break down the barriers Canadians with disabilities face on a daily basis.

Since 1996, tax relief for Canadians with disabilities and the persons who care for them has more than doubled, from \$600 million annually to approximately \$1.2 billion. Budget 2004 provides even greater tax relief for those who incur disability support expenses, such as sign language interpreters or talking textbooks. It also includes tax relief for caregivers who incur medical expenses and disability related expenses.

Canadians with disabilities want to be equal participants in the social and economic life of this country. The Liberal government is committed to helping them break down the barriers to mobility, employment and independence.

* * *

DEMOCRACY

Mr. Jim Gouk (Kootenay—Boundary—Okanagan, CPC): Mr. Speaker, democracy is defined in part as a government that is periodically elected and thus controlled by the people who live under it and the ideals and principles of such a government, such as the rule of the majority. How does that square with the current Prime Minister?

He is the man who voted in favour of preserving the traditional definition of marriage before being elected leader, then reversed his position after being elected. When asked about a referendum to let the people decide, he said there was no doubt that Canadians would vote to uphold the traditional definition of marriage and he could not allow the majority to override the wishes of the minority.

He is also the man who claimed he wanted democratic reform in the House but refused to allow a free vote on the useless, money consuming firearms registry. In fact there has not been a free vote on any legislation since he became PM.

This lack of democracy even reaches the Senate where the PM's Liberal lackeys used closure to force through Bill C-250 which stifles freedom of speech, freedom of religion, and freedom of expression.

About the only chance for democracy is for the Canadian public to replace the Prime Minister with a leader who will follow the real concepts of a true democracy.

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[*Translation*]

EUROPEAN UNION

Hon. Eleni Bakopanos (Ahuntsic, Lib.): Mr. Speaker, May 1, 2004, was a historic day for Europe. Ten new member countries and 75 million new citizens were welcomed into the European Union family. This is the most significant expansion so far, both in its size and in its diversity.

[*English*]

Yesterday I was honoured to attend the joint celebration in Ottawa organized by the heads of mission of the enlarged European Union marking the Enlargement and Europe Day.

The 10 new member states from central and eastern Europe, together with Malta and Cyprus, are now legitimate members whose peoples are united in their diversity and share the very same values we share here in Canada, of lasting peace, democracy, stability and prosperity.

Having worked on the Cyprus issue for as many years as I have been in the House, in pursuit of a just and peaceful resolution, I, along with constituents, family and friends of Greek Cypriot origin and Turkish Cypriot origin remain optimistic that Cyprus' accession to the EU will soon be followed by the island's reunification.

I invite all colleagues to join me as we welcome and congratulate the union's 10 new member states.

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•(1405)

[*Translation*]

FATHER ANSELME CHIASSON

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Mr. Speaker, the funeral service for Father Anselme Chiasson, who died on April 25 at the age of 93, was held in Montreal yesterday.

Born in Chéticamp, Nova Scotia, he undertook classical studies in Ottawa and theological studies in Montreal. He joined the Capuchins in 1931 and was ordained before going on to found a Capuchin convent in Moncton, as well as the Société historique acadienne and the Éditions des Aboiteaux publishing house where some 15 of his works were published.

The recipient of many prestigious awards, he was associated with the founding of the Université de Moncton and, in particular, the Centre d'études acadiennes, which, under his influence, became a leading authority for Acadian history, culture and genealogy.

I had the pleasure of meeting Father Chiasson twice. It was a huge honour for me, because that man will remain in our memory as a great Acadian patriot. His legacy is colossal, an inestimable contribution to the development of a national identity, for which the Acadian people all over the world will eternally be in his debt.

* * *

[English]

HOUSING

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, the cost of housing has a dramatic impact on most families, but particularly on low income households, those often headed by women.

The Government of Canada recognizes the importance of housing and provides \$1.9 billion annually to support 640,000 Canadian households living in existing social housing units. We are also investing \$1 billion for the affordable housing initiative, more than \$500 million for housing renovation programs, and \$320 million more in the existing affordable housing agreement with the provinces and territories.

The estimated \$7 billion in GST relief to municipalities will benefit them over the next 10 years to help them provide better housing for their residents.

Adequate affordable housing can be an effective tool in reducing poverty, especially child poverty. The Liberal government will continue working with community partners and other levels of government to meet this need.

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[Translation]

REFUGEES

Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, I wish to speak once again about the three Palestinians who have taken sanctuary in the Notre-Dame-de-Grâce church in Montreal.

[English]

These three individuals, all in their 60s, have for almost 55 years lived in refugee camps, the last of which we know is under the control of internationally recognized terrorist groups. If we were to refuse them permanent status, we would be condemning them to a lifetime of risk and danger.

[Translation]

Thousands of Quebeckers have signed a petition on their behalf and many parliamentarians have indicated their support.

[English]

I ask the Minister of Citizenship and Immigration to personally review the details of their applications for permanent residence on compassionate and humanitarian grounds. I hope she will use the

S. O. 31

authority which is granted to her by law to render the only decision which I believe is warranted. Yes, I hope she will authorize soon the ministerial permits which will allow these three Palestinians to remain safe and sound in Canada.

* * *

MARIJUANA GROW OPS

Mr. Randy White (Langley—Abbotsford, CPC): Mr. Speaker, drugs are a serious problem in British Columbia and marijuana grow ops are causing much damage to houses.

I wonder why people like Phu Son, who has been on welfare since entering Canada, now owns three houses in my riding and who financed these mortgages.

Is it really a significant coincidence that Maple Trust of Toronto often approves mortgages to many of the grow op houses in the lower mainland? Is it a coincidence that the Superintendent of Financial Institutions is aware of the many marijuana grow ops financed by Maple Trust and has yet to take action?

Is it a coincidence that many of the people qualifying for mortgages with Maple Trust are in low paying jobs and identified as "salal picker" or just plain "worker"? How many banks would support a mortgage based on those jobs?

Is it a coincidence that the mortgage business and the marijuana business are thriving in British Columbia?

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GENIE AWARDS

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, on Saturday, May 1, I had the honour of attending the 24th Annual Genie Awards celebrating outstanding achievement in Canadian cinema. The show was produced by CHUM Television. For the first time in Canadian awards television history, the awards were broadcast interactively on Bell Expressvu online.

Canadian director Denys Arcand's film *Les Invasions barbares* was this year's major winner, receiving a Genie in five different categories.

The Genie awards are brought to us by the Academy of Canadian Cinema and Television, a national non-profit professional association designed to promote, recognize and celebrate exceptional achievements in the Canadian film and television industries. Created in 1979 and today unifying over 4,000 industry professionals across Canada, the academy has proven to be a vital and integral force representing all areas of film and television.

I would ask all my colleagues in the House of Commons to join me in congratulating all the nominees and recipients of this year's Genie Awards.

S. O. 31

•(1410)

TULSEQUAH CHIEF MINE

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, in northern British Columbia in the Taku watershed lies the beautiful Taku River which is being contaminated by the Tulsequah Chief Mine.

In 1995 the Department of the Environment insisted that the British Columbia government negotiate with Redfern Resources to clean up the site immediately within one year. It is now 2004 and there still has been no action. The law is being broken and wild salmon and a viable commercial fishery are being put at risk by ongoing toxic contamination from the site. It should have been cleaned up years ago.

The contamination of this transboundary river could put Canada in violation of agreements we made under the Pacific Salmon Treaty and the International Boundary Waters Treaty.

Environment Canada is not enforcing Canadian law. At this time we would like to thank David MacKinnon of the Transboundary Watershed Alliance, and the Tlingit people of the Taku for bringing this issue to the attention of members of Parliament.

Clean up the site once and for all.

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[*Translation*]

EMPLOYMENT INSURANCE

Mr. Sébastien Gagnon (Lac-Saint-Jean—Saguenay, BQ): Mr. Speaker, on Friday, the Liberals once again showed that the public cannot trust their promises. They refused to adopt a motion put forward by the Bloc Québécois to implement the 17 recommendations of the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities in order to rid the system of its many injustices.

In so doing, the federal Liberals have shown that they are only trying to buy time so that they can again campaign with false promises of reforming employment insurance, promises they will not keep, like the promises made by the former finance minister, the current Prime Minister, during the 2000 federal election.

The Bloc Québécois and the labour unions are calling for justice for workers who are victims of the employment insurance program, especially seasonal workers. With the election looming, Quebeckers and Canadians will be deeply suspicious of candidates whose party is so opportunistic and disdainful of the public.

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[*English*]

ASTHMA

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Mr. Speaker, today is World Asthma Day, a day that we need to recognize.

This disease leaves 12% of Canadian children and 8% of Canadian adults struggling to breathe and 300 million people of all ages and all ethnic backgrounds worldwide suffering.

The Lung Association is working with health professionals in Canada to educate those with asthma. It continues to be a major cause of hospitalization for children.

The best way to manage this disease is by individuals being actively involved in their own treatment.

The global burden of asthma to the health care system, to the patients and their families is increasing worldwide. In many countries the prevalence of asthma is rising 20 % to 50% every 10 years.

Further research and funding is needed to identify the factors responsible for increased prevalence rates, to study the primary prevention of asthma and to support increased education in the area of asthma management.

On behalf of The Lung Association I thank my fellow colleagues in the House for their time and attention to this most important health matter.

Remember, when we cannot breathe, nothing else matters.

* * *

HEALTH CARE

Mr. Rob Merrifield (Yellowhead, CPC): Mr. Speaker, the Prime Minister and the federal Liberals are sowing confusion and dishonesty on health care.

The health minister spoke about what is allowed under the Canada Health Act, but the Prime Minister forced him to recant.

The Prime Minister said that he opposed chequebook medicine, but nobody is advocating that.

The Prime Minister said that he is not going to play politics with health care, but he is trying to demonize the Conservatives with false allegations.

The Prime Minister wants a mandate just to negotiate an unseen 10 year deal to save health care, but he has been neglecting the five year deal that is already on the table.

Canadians want clarity and honesty on health care. The Conservative Party of Canada is committed to universal public health insurance, regardless of ability to pay. We recognize that the issue is not delivery, but access.

We have endorsed last year's health accord as a good faith agreement to move forward on health reforms. The Conservative Party of Canada is prepared to make additional investments into health care, investments which are affordable and within a fiscal plan.

The Conservative Party will put the patient first. It is time for new leadership on health care.

*Oral Questions***HOSPICE PALLIATIVE CARE**

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, this is National Hospice Palliative Care Week, a time when we recognize the vital role of hospice palliative care in our communities. Each year 160,000 Canadians require end of life care and with our population aging, the number is expected to rise.

Hospice palliative care programs give patients more control over their lives, manage pain and symptoms more effectively, and provide support to caregivers. The recent introduction of the compassionate care benefit by the government is an important initiative that supports families caring for loved ones who are gravely ill.

Many hospice palliative care programs are supported by charitable giving such as Lissard House, a hospice for terminally ill cancer patients located in my riding of Cambridge and established through a generous donation by Val and Sheila O'Donovan.

As we reflect during National Palliative Care Week, I would like to thank the countless caregivers, volunteers and professionals.

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• (1415)

RACIAL DISCRIMINATION

Mr. Deepak Obhrai (Calgary East, CPC): Mr. Speaker, when I came to Canada in 1977, I found myself on many occasions a victim of racial discrimination. At that time it was widespread in Canadian society.

Since that period I have noticed tremendous improvements in Canadian society as the evils of discrimination were exposed, but the battle is far from over. There continues to be pockets where hidden discrimination or systemic racism as it is known, rears its ugly head.

My colleague in the Senate, Senator Donald Oliver, has raised the alarm of systemic discrimination in the public service. The statistics are discouraging. While minorities make up 13% of the Canadian population, only 7% of the federal public service comprises visible minorities, as he pointed out.

I commend my colleague, Senator Donald Oliver for raising this issue.

ORAL QUESTION PERIOD

[*English*]

SPONSORSHIP PROGRAM

Mr. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, I see the government is planning a dirty advertising program, but we are still trying to clean up the dirt from the last advertising program.

Liberal members are trying to sweep the sponsorship scandal under the rug by discrediting the Auditor General, accusing her of misleading Canadians, jumping to conclusions and even self-aggrandizement. As one newspaper said today, the Auditor General's "strength in the face of these cowardly attacks remind us all of our duty as citizens and voters: the duty to speak out when something is

not right; the duty to demand real answers instead of political excuses and spin".

Is it still the government's position to attack the credibility and integrity of the Auditor General?

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, it is not now and never has been the policy of the government to attack the credibility of the Auditor General. However, on the credibility of the Leader of the Opposition, we may have some questions.

Mr. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, the \$13 million man already questioned her credibility on television.

The Auditor General stands behind her report that every rule in the book was broken. She said that the entire quarter of a billion dollar program was suspect. Liberal members still want to cover it up. The judicial inquiry has not begun, but Liberal MPs want to shut down the public accounts committee with 72 witnesses left to be heard and no answers.

Why is the Prime Minister instructing his members to shut down the investigation by the public accounts committee?

Right Hon. Paul Martin (Prime Minister, Lib.): It is quite the opposite, Mr. Speaker. What in fact the government wants and what the Liberal members on the public accounts committee want is to have as many witnesses as possible. They want to have an indepth review. At the same time the government has created a commission of inquiry under Mr. Justice Gomery and has brought in special counsel to seek as much recovery of the money as possible.

In terms of the Auditor General, Mr. Speaker, the fact is that if you talk to the President of the Treasury Board what you will find is that he has brought in a fundamental reform on the way in which government controls its spending. He has done that in very close consultation with the Auditor General.

Mr. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, I think that study cost \$13 million.

[*Translation*]

The Liberals are trying to discredit the Auditor General, to interrupt the work of the committee, and to tell their candidates it is nothing more than bad management. Initially, the Prime Minister pretended to be scandalized. The people of Canada continue to be scandalized.

Will the Prime Minister tell us the whole truth on the sponsorship scandal before calling an election?

[*English*]

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker—

Some hon. members: Oh, oh.

The Speaker: Order. I am sure the President of the Treasury Board appreciates the generous assistance being offered from the opposition benches with his answer, but we are entitled to hear his answer, not everyone else's suggestion for the answer.

Oral Questions

The hon. President of the Treasury Board has the floor.

• (1420)

Hon. Reg Alcock: Mr. Speaker, I am not certain what they are so afraid of.

In response to the member's question, the information we have been trying to correct is the false information that has been put on the record by members of the opposition. The Auditor General herself has tried to correct that on three separate occasions.

The reality is the Auditor General said, as has been said elsewhere, that she never said that \$100 million was stolen, despite the repeated assertions by members of the Conservative Party.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, CPC): Mr. Speaker, somebody needs to state the obvious. Those questioning the integrity of the Auditor General are some of the same people most responsible for the sponsorship scandal: Gosselin, Guité, Lafleur, Gagliano. All of the same individuals who are intimately involved in the sponsorship scandal have the audacity to smear Sheila Fraser. Her report uncovered \$250 million in misspent money. How many Liberal friendly firms have their snouts in the trough benefiting?

The real question remains, is the Prime Minister questioning the veracity of the Auditor General's report?

Right Hon. Paul Martin (Prime Minister, Lib.): The answer to the question, Mr. Speaker, is no, absolutely not.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, CPC): Finally an unequivocal answer from the Prime Minister, Mr. Speaker.

There is no Canadian in the country better equipped to tell Canadians what happened in the sponsorship scandal. Sheila Fraser knows, yet the Auditor General told us yesterday, "at the end of the day we still don't have an explanation for why essential controls failed and why there was so little oversight".

The Prime Minister is not going to wait to get to the bottom of this, as he has promised. What Canadians really need to know before an election is, who took the money and where did it go?

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, if only the opposition would instruct its members to stop trying to cover it up, frankly. We have been trying, over and over again, to get to the bottom of this.

There have been repeated attempts to get to the facts, which have been thwarted by the opposition. There is a very simple test for this. If the member is so convinced of his position and the facts in this case, let him step outside of the chamber and restate it.

Some hon. members: Oh, oh.

The Speaker: Order, please. With luck, it will be a lot quieter from now on.

[*Translation*]

The hon. member for Laurier—Sainte-Marie. We could do with a bit more order, please.

EMPLOYMENT INSURANCE

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, we will try to continue inside the House.

Quebec's labour unions, and the CLC are unanimous: there must be overall reform of the employment insurance program, and not just the limited changes advocated by the Prime Minister.

Rather than applying a band-aid solution and crossing his fingers that it will last for the election campaign, will the Prime Minister take his cue from the unanimous recommendations of the Standing Committee on Human Resources, simply pigeonholed by the Liberals more than three years ago, and initiate a thorough reform of employment insurance?

Hon. Joseph Volpe (Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, I have already said on a number of occasions in the House that we are in the process of studying the interim report by the Liberal task force. We are also involved in a process of hearing the positions of the various House committees. We are going to take the necessary steps to address the concerns expressed by them.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, this is most unfortunate.

The unions feel that implementation of the recommendations made in 2001, supported and signed off on by the Liberals, would be a step in the right direction toward a comprehensive reform of the EI system, including the establishment of a self-sustaining fund that could no longer be raided by the government. Even three years later, however, the Prime Minister is still refusing to take that first step.

Claiming as he does a desire to govern, could this Prime Minister reach a decision, despite his seeming inability to make decisions? He is the poster boy for indecision and—

• (1425)

The Speaker: The hon. Minister of Human Resources and Skills Development.

Hon. Joseph Volpe (Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, perhaps there was a question, but I only heard unreasonable comments.

We have to look at the whole issue in the proper context. Of course, this is not an issue that unions want to discuss with a view to settling it. I am in the process of reviewing specific projects and programs. I will make the necessary decisions in due course.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, despite the numerous representations that we have made on behalf of employment insurance claimants, this government is unfortunately only interested in their problems during election campaigns.

How can the Prime Minister, who made commitments a long time ago to the victims of employment insurance cuts, justify that he is still not in a position, just before the election, to announce a comprehensive review of the employment insurance program? He could have done it for the past six months, but he did not. Why?

Oral Questions

Hon. Joseph Volpe (Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, it is the contrary. I already mentioned in the House that the government had taken several measures to deal with workers who are trying to find new jobs. For example, I mentioned the \$500 million that we gave to the province to deal with local labour market issues. I also mentioned the \$300 million or more that we gave to regional agencies. I can also think of—

The Speaker: The hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, when it was time to pass retroactive legislation to enable his own company to benefit from the tax haven status of Barbados, the Prime Minister did not hesitate for one second. When it was time to permit wealthy family trusts to send billions of dollars out of Canada without paying taxes, it was quickly settled one December 23, in the evening. But when it is time to help the unemployed, there is unending delay upon delay.

What sort of prime minister is he, so eager to help the rich and so tied up in procedural delays when it comes time to help the unemployed?

Hon. Joseph Volpe (Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, we see today that the Bloc Québécois is able to play with rhetoric to hide the fact that it has no practical solutions. It is still taking advantage of the poor people who are only looking for ways to find work.

I would like to point out that, under this government, there are many more who have found work, and the unemployment rate has declined.

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[English]

HEALTH

Hon. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, I do not have a question for the President of the Treasury Board, but if I did, I would begin by telling him to pick on somebody his own size.

My question though is for the Prime Minister. On April 20 the health minister made what the Prime Minister's Office referred to at the time as a major speech on the future of health care. In that speech the health minister clearly spoke about flexibility on private for profit delivery of health care.

I have a very simple question for the Prime Minister. Can he tell us whether the minister was speaking for the government in that speech?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, of course the Minister of Health speaks for the government. He also speaks for a publicly funded universally accessible health care system. That is the position of this government. That is the position of this party. This is the party that brought medicare into being and we stand behind it today.

• (1430)

Hon. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, this is the party that every time made the Liberals do the right thing or they would not have done it by themselves.

The Prime Minister used the word publicly funded. Will he talk to the House about whether or not he is in favour of private delivery of publicly funded services? What is the government position on that? How about a clear answer on that one?

Hon. Pierre Pettigrew (Minister of Health, Minister of Intergovernmental Affairs and Minister responsible for Official Languages, Lib.): Mr. Speaker, the very health plan we are developing right now in cooperation with the provinces is precisely for the expansion of public health care in this country.

We want an expansion of the services. We want better access to our health care services in Canada. We want to adapt it to the 21st century reality. This is what we are doing with our partners in the provinces at this time.

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SPONSORSHIP PROGRAM

Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC): Mr. Speaker, there are witnesses prepared to expose the dirty little secret of the sponsorship program and how it was used for what the Treasury Board called money laundering.

The *Ottawa Sun* quoted an ad executive:

We do it all the time. You know, dry cleaning—we pick up the expense and charge it to you (the government).

Every time it gets close to hearing from a candid witness, the Liberals use their control of the committee to switch the witness list.

Why are the Liberals using their controlling vote to block certain evidence?

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, in terms of the credibility in this place, I have repeatedly asked members if they have accusations to make that they make all the time in the House, to step outside.

The member for Provencher made the accusations on the record in this chamber and other member have, and yet outside the chamber they say there never was \$100 million stolen.

When it comes to credibility, we do not have to look very far.

Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC): Mr. Speaker, it was the Treasury Board, in its January report, that specifically discussed money laundering, using those very words. Does the minister read his own department's reports?

Senior political figures would buy luxuries on an agency credit card and it would get charged back to the government as advertising. The Auditor General, in her report, also referred to the hiding of the true source of funds.

Why are the Liberals so eager to avoid any discussion of the connection between ad scam and money laundering?

Oral Questions

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the government is hardly doing anything like hiding or not looking for the truth in this matter. We are assisting RCMP investigations with as much as evidence as we can bring together. We have a judicial independent inquiry. We are participating in the public accounts committee.

Let me say that in terms of these allegations of fraud, the member for Provencher asked on April 1, Canadians are asking who stole the \$100 million? The Auditor General said on May 3 that—

The Speaker: Order. We will have to hear that in the next answer.

The hon. member for Calgary Southeast.

Mr. Jason Kenney (Calgary Southeast, CPC): Mr. Speaker, the Liberals seem to forget that it was Jean Chrétien who said millions were stolen.

The public accounts committee has yet to get near the bottom of the Liberal ad scam. There are over 70 identified key witnesses who have not yet testified, including key figures from the sleazy Liberal ad firms.

But, lo and behold, the Liberal majority is getting ready to shut down the only inquiry in town. Yesterday, the Liberal committee member from Charlottetown said, “Well, I certainly get the impression the committee is winding down the whole investigation”.

With the public inquiry not starting until the fall, why are the Liberals shutting down the only opportunity Canadians have to get to the bottom of Liberal corruption?

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the hon. member speaks of the government-dominated public accounts committee. Who does he think called back the Auditor General to give evidence this week? On May 3 this week, the Auditor General said:

I think I have said, Mr. Chair, on numerous occasions that we have never said that the \$100 million was missing or stolen or unaccounted for.

Mr. Jason Kenney (Calgary Southeast, CPC): That is right, Mr. Speaker, the Liberals do have the majority and, according to a Liberal member of the committee, they are about to use it to wind down the whole investigation.

The Prime Minister has planned this very elegantly. He was shocked and outraged to find out about corruption in his own party, in his own backyard. Then he plans the judicial inquiry to not start until the fall. Now, before the committee has even heard from 70 key witnesses, he is giving the marching orders to shut down the public accounts committee.

Why will the government not let Canadians get to the bottom of this? Why will the government not let public accounts do its job?

• (1435)

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Mr. Speaker, what the opposition fails to understand is that an independent judicial inquiry is independent. It sets its own timetable. It will set its own witness list. It will ensure that there is a disciplined discovery of the truth in this matter.

We have a special council appointed for financial recovery. We will see action taken very soon by that independent council. The

RCMP is conducting numerous investigations, with the full cooperation of the government.

All of these matters are entrained. Nobody is shutting down anything.

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[Translation]

OLDER WORKERS

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, before coming to power, the Liberals presented petitions signed by thousands of people calling for the continuation of the Program for Older Worker Adjustment. The Prime Minister himself demonstrated in Montreal and promised to improve the POWA once in power. Once elected, he did not waste any time abolishing it.

Could the Prime Minister keep his promises for once and reinstate POWA, as he promised several times, to workers in Sherbrooke in particular, in 2000?

Hon. Joseph Volpe (Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, as the member opposite is well aware, those were short-term projects for a specified period. Accordingly, a new system needs to be implemented to address this problem.

As I also said a few weeks ago, the unemployment rate among older workers has gone down. More than 21,000 jobs have been created—

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, let us hope for everyone's sake that this minister is also here for the short term.

The Prime Minister keeps saying that he wants to govern. To govern is to make decisions. The labour unions are demanding changes.

I want to know what he is waiting for to reinstate POWA as he promised.

Hon. Joseph Volpe (Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, we will take the necessary measures to address specific issues. Clearly, however, members of the Bloc do not have any solutions. In our view, they are simply individuals who like rhetoric and make groundless accusations. However, that solves nothing.

Obviously I will propose what the Liberal task force has recommended.

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GOVERNMENT CONTRACTS

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, a spokesperson for Canadian Heritage, Anne-Sophie Lawless, made the following statement yesterday in connection with the money paid to Option Canada: “We tried to trace where that money went, but it seems that this was not one of the things that had to be reported to us at the time”.

How can the Minister of Canadian Heritage justify the government's desire to conceal from both public servants and the general public just what was done with the \$5 million dollars turned over to Option Canada?

Oral Questions

Hon. Hélène Scherrer (Minister of Canadian Heritage, Lib.): Mr. Speaker, I continue to be surprised that the Bloc Québécois is rehashing questions asked since 1995 and answered over the next four years.

All the documents are public. We have provided full answers to all of the questions. All they need to get answers to all their questions is to do a bit of research.

Might we perhaps also ask our colleagues in the Bloc whether they are prepared to be as transparent in connection with Mr. Parizeau and the creation of a department, and to produce all the documents on that matter?

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, I feel obliged to inform the Minister of Canadian Heritage that, if we have been bringing up the same question since 1995, it is because we have never had any answers from this government since 1995. That is the answer.

Who in government is responsible for the decision, in connection with Option Canada as well as the sponsorship program, to thumb their noses at all of the administrative rules for managing public funds? We want to know on whose shoulders this heavy responsibility rests. People want to know and the government has an obligation to tell us.

• (1440)

Hon. Hélène Scherrer (Minister of Canadian Heritage, Lib.): Mr. Speaker, the same questions are being asked as in 1997, 1998 and the following years. The answers were provided at that time. Those answers are public. Internal reports have been produced.

I think that, with a bit of research, they could put their hands on the answers provided previously, which will not be any different today.

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FOUNDATIONS

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, CPC): Mr. Speaker, the fiscal realities of foundations are still a source of concern for Canadians. Yesterday, the government told us that the Auditor General or any individual can ask for copies of the foundations' audited reports. However, Ms. Fraser told us that she has neither the authority nor the resources to adequately protect taxpayers.

Why will the Prime Minister not let the Auditor General audit these foundations to protect Canadians?

[English]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, as you know, the foundations that have been created by the government in the past number of years have been a tremendous success. They are staffed by some of the best and the brightest that Canada has to offer. They do some of the best work in innovation and research and all their statements are audited and are available.

There are certain requests that have been put in through the budget whereby the minister can call for a review of those things. We have a tremendous system that is working very well.

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, CPC): Mr. Speaker, the Liberals may be prepared to call these a success but before taxpayers can call them a success we need to make sure that all the money is being spent properly and effectively.

What the Auditor General is asking for is the ability to do compliance and value for money audits so that Canadians know whether they got precisely what was stated with regard to their taxpayer dollars.

If the Prime Minister really believes in accountability, why does he not give the Auditor General the effective powers to ensure that taxpayer money is not wasted in a scandalous manner like all Canadians saw with regard to the sponsorships program?

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, these foundations are all audited. Annual statements are made. The opportunity is there for members of Parliament, or indeed committees, to call, at any time, any one of these foundations and ask how the money is being spent.

Parliament has a supervisory jurisdiction. If the hon. member wishes to engage in that supervisory jurisdiction, he is more than welcome.

Mr. Monte Solberg (Medicine Hat, CPC): Mr. Speaker, just after the Prime Minister announced his tighter system to manage spending in the 1995 budget, which we know did not really work out that well, he started stashing \$9 billion in off the books foundations, like Canada Health Infoway.

Those foundations are not open to access by the Auditor General or to access to information requests.

A month ago the finance minister acknowledged the problem and said that the Auditor General should have access to those foundations.

Why did the finance minister mislead Canadians and fail to follow through on his promise to allow the Auditor General access to those foundations?

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I noted in the newspaper today that the former prime minister is being recognized by Queen's University for his work in foundations. This was a significant achievement on the part of this government. The former prime minister is being awarded a doctorate for the ability of the government to put universities back in the research game.

Queen's University has recognized it. I know the University of Toronto recognizes it. I am sure there are other universities as well.

Mr. Monte Solberg (Medicine Hat, CPC): Mr. Speaker, that was very nice but it was completely irrelevant to the question I asked.

The Auditor General said:

I am concerned that these huge amounts of public money are provided up front to foundations when there is such limited assurance of proper controls and accountability.

I wonder if she was thinking of Canada Health Infoway which is now on its fourth CEO in four years?

Why did the finance minister commit to letting the AG have access to these foundations only to break his promise?

Oral Questions

Hon. Pierre Pettigrew (Minister of Health, Minister of Intergovernmental Affairs and Minister responsible for Official Languages, Lib.): Mr. Speaker, I am glad to see that these people do not believe in an organization that changed leaders four times in the last four years. That means that Canadians should not trust them to lead Canada.

As far as Canada Health Infoway is concerned, I can tell the House that it is doing a lot of good for Canadians. It is helping us to work on the electronic patient security and safety with our partners in the provinces. Health Infoway is doing a lot of good to ensure the long term sustainability of our health care system.

* * *

•(1445)

SOCIAL DEVELOPMENT

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, my question is for the Minister of Social Development.

The birth certificates of constituents are accepted by the Department of Foreign Affairs to issue passports. At the same time, Canadian passports are rejected by her department to issue social insurance numbers.

Why is a Canadian passport deemed inadequate for the purpose of identity and citizenship?

[Translation]

Hon. Liza Frulla (Minister of Social Development, Lib.): Mr. Speaker, I remind the hon. member that, in her 2002 report, the Auditor General indicated that 2.6 million social insurance numbers were inactive. Following this report, an interdepartmental committee was set up and made recommendations that were approved by the federal-provincial-territorial council on identity in Canada. Following these recommendations, we no longer accept the passport, because it is not a primary document.

[English]

We have stricter requirements for issuing a social insurance number. We need the original of a birth certificate or an immigration document.

* * *

NATIONAL DEFENCE

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, my question is for the Prime Minister.

The Prime Minister attacked Conservatives for supporting the Iraqi war, yet he never showed his face at anti-war rallies and he hid behind the curtain while debate raged here in Parliament.

Now he apes the Conservatives on ballistic missile defence, despite pleas from every member of the Canadian Council of Churches and the Canadian Islamic Congress, along with growing numbers of Canadians, that Canada not participate in NMD.

How can the Prime Minister slam Conservatives on the Iraqi war and missile defence while pursuing the exact same policies?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, the hon. member, as so often happens in the House, is wrong on both counts, not just one count.

The Prime Minister has been totally consistent in terms of the Iraq war, and this party's policy and this government's policy has been totally consistent in terms of NMD. We will examine this and if it is in the interests of Canadians we will enter into it. If it is not, we will not.

It is not going to lead to star wars however much they might try to persuade themselves and try to fool the Canadian electorate into believing that.

[Translation]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, there is no connection between what the Prime Minister says and what he does. He may have gotten some tips from George Bush on how to rewrite history, but the facts remain. He never said anything to keep Canada out of the war in Iraq.

How can the Prime Minister slam the Conservatives on the Iraqi war and missile defence, while pursuing the exact same policies?

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, it is the same question in a different language, but the answer remains the same.

* * *

[English]

CANADA CUSTOMS

Mr. Rahim Jaffer (Edmonton—Strathcona, CPC): Mr. Speaker, only three days after the Prime Minister's photo op with George Bush, Bob Zoellick, the U.S. trade representative, put Canada on the watch list as one of the world's worst offending nations when it comes to counterfeit goods.

Customs agents do not have the authority to protect Canadian markets from counterfeit material. If they see something illegally enter Canada they have to call the police.

Why have the Liberals not extended the proper authority to customs so that they can seize counterfeit goods?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, let me reassure the hon. member that this government does take counterfeiting very seriously. The CBSA has the legislative authority to seize goods that are in violation of the Customs Act. If goods are also in violation of intellectual property rights, the CBSA will notify the RCMP for possible prosecution. Where the CBSA is supplied with specific intelligence, the goods will be detained for further action by the RCMP.

What this is about is constantly assessing our ability to protect our borders and the movement of goods across our borders. We do that in partnership with the United States, and we will continue to do that.

Oral Questions

Mr. Rahim Jaffer (Edmonton—Strathcona, CPC): Mr. Speaker, the Liberals have continuously neglected their responsibilities to ensure our customs agents have the authority to do their job. They put them on the front line of our security but then refuse to arm them, preventing the protection of themselves let alone Canadians. Customs officers must ensure that goods do not illegally enter Canada but the Liberals then ask them to sit back and ignore counterfeit goods if there is no cop nearby.

When will the Liberals stop treating customs agents as border dressing and actually give them the authority and tools they need to do their jobs?

• (1450)

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, I know the hon. member is aware that on December 12 the Prime Minister created the new Canadian Border Services Agency. This new agency is at our land borders, our airports and our seaports.

Working in partnership with the private sector, the local communities and with allies like the United States, its goal is to identify high risk goods and individuals who would do harm to this country, including counterfeit goods.

* * *

SOFTWOOD LUMBER

Mr. Charlie Penson (Peace River, CPC): Mr. Speaker, last week Canada scored a clear win on the softwood lumber dispute at NAFTA. Therefore, it might come as a surprise to some that the Minister of International Trade seems to be adamant on bypassing this with some kind of negotiated settlement.

The government negotiated with the Americans last fall but the proposed agreement was so bad that the provinces and the industry rejected it.

Why is the minister insisting on going down this road again when we are winning this dispute at NAFTA?

Hon. Jim Peterson (Minister of International Trade, Lib.): Mr. Speaker, the hon. member is absolutely right. We had another very strong victory at NAFTA for our softwood lumber. We will continue to pursue that litigious route, and at the same time we will continue on the two track policy of seeking a negotiated resolution to this issue if there is a prevailing view among the stakeholders.

Mr. Charlie Penson (Peace River, CPC): Mr. Speaker, the obvious question is: Why? Why continue to negotiate when we are winning the dispute and the dispute mechanism system is working well?

About \$2 billion in duties have been paid by the Canadian softwood lumber industry and this money is sitting in U.S. coffers. When we win at NAFTA this money will be repaid, but if the minister insists on subverting NAFTA and striking a side agreement with the Americans that \$2 billion will be up for grabs.

How much of this \$2 billion is the minister planning on leaving on the table to sweeten the deal for the Americans?

Hon. Jim Peterson (Minister of International Trade, Lib.): Mr. Speaker, as I said before, we will continue to pursue our two track policy. Yes, we have had great success but, as we have seen in the

past, this does not necessarily guarantee that money paid will come back to us.

We will continue to pursue this route and we will continue to see if there is a prevailing view for a negotiated settlement.

* * *

[*Translation*]

AIR CANADA

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, if the Minister of Transport was trying to reassure us yesterday, he did not succeed. Although I was asking him questions about Air Canada Enterprises, he talked about Air Canada. These are two different companies.

Can the minister deny that, if Air Canada and its current subsidiaries were to become a part of a new holding company, a large proportion of these companies, no longer being subsidiaries of Air Canada, would therefore no longer be subject to the Official Languages Act?

[*English*]

Hon. Tony Valeri (Minister of Transport, Lib.): Mr. Speaker, as I said the other day, we are very much aware of the Deutsche Bank and Air Canada agreement in principle. I said that Air Canada would be required to meet all of its obligations under the Air Canada Public Participation Act. Along with meeting the obligations under that act, it would be required to meet all the other legislation that would apply to an airline that wants to operate here in Canada.

[*Translation*]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, the problem is that we are not talking about Air Canada.

Can the minister deny that the potential holding company, Air Canada Enterprises, which would include Air Canada and its subsidiaries, would no longer be required to keep its headquarters in Montreal, as Air Canada is currently required to do?

[*English*]

Hon. Tony Valeri (Minister of Transport, Lib.): Mr. Speaker, while the hon. member continues to speculate on various permutations of what may or may not happen, what I am saying in this House is that Air Canada has a requirement to meet the obligations under the Air Canada Public Participation Act. I, as transport minister, have said that repeatedly in the House and I will continue to say that. It is the position of the government.

* * *

FISHERIES

Mr. Norman Doyle (St. John's East, CPC): Mr. Speaker, in response to a question on the order paper, the Minister of Fisheries and Oceans sent me a list of 319 foreign vessels that have been issued citations over the last decade for breaking NAFO rules in the east coast fishery. Issuing a citation is one thing. Actually punishing a violator is another.

Oral Questions

Can the Minister of Fisheries and Oceans explain why only 21 of these offenders, 7%, were actually convicted of their crimes?

• (1455)

Hon. Geoff Regan (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I thank my hon. colleague for his interest in this issue. I can assure him that foreign overfishing is a serious concern of mine and of the government. In fact, the Prime Minister discussed the issue of foreign overfishing recently in meetings with the EU president. The president of the EU indicated that they are open to addressing this problem.

As members may be aware, we are increasing at-sea patrols and aerial surveillance on the Grand Banks and we will follow up with the EU to make sure we can enforce the rules. Let me make it clear that all options are on the table.

Mr. Norman Doyle (St. John's East, CPC): Mr. Speaker, let me indicate to the minister that citing these 319 foreign fishing vessels has happened over the last 10 or 12 years. Given such a lax enforcement system and given that these fisheries violators are raping a world food resource to the point of extinction, can the minister tell me why he continues to ignore this disaster?

Hon. Geoff Regan (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I am following this issue very closely and working on it. In fact, my hon. colleague ought to know that not long ago I announced an additional \$17.5 million to increase our at-sea patrols. We have been boarding these vessels and we are boarding them. If we find improper activities, we are going to prosecute those activities. We are taking effective, strong action.

* * *

FOREIGN AFFAIRS

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, prosecutions by authorities in both Vietnam and Cambodia of ethnic minorities such as the Montagnards in Vietnam are increasing. Religious persecution, confiscations of land, and arrests have occurred recently.

My question is for the Minister of Foreign Affairs. Given Canada's stand on human rights, what steps has the government taken, either with the United Nations commissioner for refugees or through diplomatic channels, to convey our concerns and opposition to these actions? States that abuse human rights surely cannot expect to have relations continue as usual.

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, I would like to thank the hon. member from Oak Ridges both for his interest in the Orient and for his interest in human rights, which he has expressed regularly in the House. He would know that the government regularly expresses Canadians' concerns about human rights violations against minority groups, both in Vietnam and in Cambodia.

Indeed, at the March 2004 meetings of the UN commission on human rights, Canada's country statement encouraged Vietnam to stop the detention of citizens for their political and religious views and allow greater freedom of speech and association for minority groups. For several years now, Canada has co-sponsored a commission on human rights resolution on Cambodia, and Canada has called on Cambodia to improve its cooperation with the UNHCR.

[Translation]

GOVERNMENT CONTRACTS

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, in December, the Prime Minister abolished the sponsorship program and asked Canadian Heritage to find another way to fund festivals. Today, the Minister of Canadian Heritage said that festivals that do not have a cultural component will not be receiving funding from her department.

While we totally disagree with the minister when she claims that the sponsorship program was a good initiative, how does she now intend to fulfill the commitment made by the government when the sponsorship program was abolished, to the effect that the government would find a way to provide financial assistance to festivals? How?

Hon. Hélène Scherrer (Minister of Canadian Heritage, Lib.): Mr. Speaker, I thank the hon. member for Québec for reminding us exactly where the sponsorship program is at: it was indeed abolished on December 12.

At the time, the Prime Minister asked us to see how, with the existing programs at Canadian Heritage, we could support these events. Concrete efforts were made to contact the 780 events that received grants last year. We are proceeding with them.

Support will be provided through Canadian Heritage programs, which means that certain events will not be affected. The 50% figure was challenged. We are currently examining it.

* * *

[English]

FISHERIES

Mr. Loyola Hearn (St. John's West, CPC): Mr. Speaker, the original retirement plan for older workers in the fishery assisted those who were 55 years of age and over despite the fact that they might have only had a few years working in the industry, while it ignored people under 55 who might have had in fact over 35 years in some cases.

These people are still trying to eke out a living in an industry that has been mismanaged by the government and has a complete lack of leadership. When is the minister going to introduce a new plan for older workers so that they can retire in dignity—

• (1500)

The Speaker: The hon. Minister of Human Resources and Skills Development.

Government Orders

Hon. Joseph Volpe (Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, I gather from the question that the hon. member is looking for solutions for those who cannot find work or find work that remunerates them at a level that will allow them to lead their life in dignity.

I might add for him that over the course of the last several years we have been engaging in programs that have increased the employment opportunities. It has not happened everywhere, and we are the first to acknowledge that there are some problems associated with the programs as they exist, and we are moving in the direction of remedying those problems and eliminating anomalies.

Mr. Loyola Hearn (St. John's West, CPC): Mr. Speaker, all this hon. member is asking for is fairness for older workers who have dedicated their lives to an industry and have been ignored by this government.

• (1505)

Let me ask a question of the Minister of Fisheries and Oceans. Inshore herring catches are down 80% on the north side of Prince Edward Island. This is mainly caused by seiners fishing inside the traditional 25 fathom line. If the department can change the harp seal hunting line from one mile to seven miles off P.E.I., why can it not move the herring seining line back to the original 25 fathom mark to protect the resource and the P.E.I. fishermen who depend on it?

Hon. Geoff Regan (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, in fact my hon. colleague may be aware that there was a study done on this issue. There was a report done not that long ago by Mr. Allister Surette, who studied the issue.

As he should know, there is a conflict between the fishermen of Prince Edward Island and herring seiner fishermen from New Brunswick who have different views about this matter. My department has been consulting as a result of this report and will be announcing results of that consultation in due course.

* * *

VETERANS AFFAIRS

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): Mr. Speaker, the Minister of Veterans Affairs recently appeared before a parliamentary committee stating that he was committed to modernizing services for Canadian Forces veterans and their families. Could the minister please inform the House of what types of programs he is considering for our younger veterans?

Hon. John McCallum (Minister of Veterans Affairs, Lib.): Mr. Speaker, I thank the hon. member for her question and for her support of veterans. Today the government announced the most fundamental reform of veterans programs since the second world war, with a commitment for legislation in the House by the end of the year.

The government will go beyond simply compensating people who are sick to a new set of programs designed to make people well. As a country and as a government, we owe no less to those brave Canadians who put their lives on the line for us and come back physically hurt or psychologically broken.

TAXATION

Mr. Darrel Stinson (Okanagan—Shuswap, CPC): Mr. Speaker, last summer's devastating fires in British Columbia have many landowners caught in a log salvage, higher income, no tax deferral situation. Is the Minister of Finance going to help B.C. landowners by allowing income tax on this emergency profit to be deferred and paid over 10 years, yes or no?

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I thank the hon. member for that question. It is one which I would not pretend to try to answer in this situation. I will undertake to the hon. member to respond in due course.

* * *

POINTS OF ORDER

TABLING OF DOCUMENT

Hon. Geoff Regan (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, yesterday in debate on Bill C-33 I indicated that I would table certain correspondence in relation to consultations on that bill. I wish to do so now.

GOVERNMENT ORDERS

[*Translation*]

PATENT ACT

The House resumed from April 29 consideration of the motion that Bill C-9, an act to amend the Patent Act and the Food and Drugs Act (The Jean Chrétien Pledge to Africa), be read the third time and passed.

The Speaker: Order, please. It being 1:04 p.m., the House will now proceed to the deferred recorded division on the motion at third reading stage of Bill C-9.

Call in the members.

• (1510)

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

(*Division No. 66*)

YEAS

Members

Abbott	Ablonczy
Adams	Alcock
Allard	Anderson (Cypress Hills—Grasslands)
Assadourian	Augustine
Bachand (Saint-Jean)	Bagnell
Bakopanos	Barnes (London West)
Barrette	Beaumier
Bélair	Bélanger
Bellemare	Bennett
Benoit	Bergeron
Bertrand	Bevilacqua
Bigras	Binet
Blaikie	Blondin-Andrew
Bonin	Boudria
Bourgeois	Bradshaw
Breitkreuz	Brison
Brown	Bulte
Caccia	Calder
Carroll	Casey

Government Orders

Casson	Castonguay
Chamberlain	Charbonneau
Chatters	Clark
Coderre	Collenette
Comartin	Comuzzi
Cotler	Crête
Cullen	Cuzner
Davies	Day
Desjarlais	Desrochers
DeVillers	Dion
Discepola	Doyle
Dromisky	Drouin
Duceppe	Duncan
Duplain	Easter
Eggleton	Epp
Farah	Fitzpatrick
Forseth	Frulla
Gagnon (Québec)	Gagnon (Lac-Saint-Jean—Saguenay)
Gagnon (Champlain)	Gallant
Galloway	Gaudet
Gauthier	Godfrey
Godin	Gouk
Graham	Grewal
Guarnieri	Guay
Guimond	Harris
Harvard	Harvey
Hearn	Hill (MacLeod)
Hill (Prince George—Peace River)	Hinton
Hubbard	Ianno
Jackson	Jaffier
Jennings	Jobin
Johnston	Jordan
Karetak-Lindell	Keddy (South Shore)
Kenney (Calgary Southeast)	Kilgour (Edmonton Southeast)
Knutson	Kraft Sloan
Laframboise	Lalonde
Lastewka	LeBlanc
Lee	Leung
Lill	Lincoln
Longfield	Loubier
Lunn (Saanich—Gulf Islands)	MacAulay
MacKay (Pictou—Antigonish—Guysborough)	Macklin
Malhi	Maloney
Marceau	Marcil
Mark	Marleau
Martin (LaSalle—Émard)	Masse
Matthews	Mayfield
McCallum	McCormick
McDonough	McGuire
McKay (Scarborough East)	McLellan
McTeague	Ménard
Merrifield	Mills (Red Deer)
Minna	Mitchell
Moore	Murphy
Myers	Nault
Neville	Normand
Nystrom	O'Brien (London—Fanshawe)
O'Reilly	Obhrai
Owen	Pacetti
Pagtakhan	Paquette
Paradis	Patry
Penson	Peric
Perron	Peschisolido
Peterson	Pettigrew
Phinney	Pickard (Chatham—Kent Essex)
Pillitteri	Plamondon
Pratt	Price
Proctor	Proulx
Provenzano	Rajotte
Redman	Reed (Halton)
Regan	Reynolds
Ritz	Robillard
Rocheleau	Roy
Saada	Sauvageau
Savoy	Schellenberger
Scherer	Schmidt
Scott	Serré
Sgro	Shepherd
Simard	Skelton
Solberg	Sorenson
Speller	St-Jacques
St-Julien	St. Denis
Steckle	Stewart
Stinson	Stoffer

Strahl	Szabo
Telegdi	Thibault (West Nova)
Thibeault (Saint-Lambert)	Thompson (Wild Rose)
Thompson (New Brunswick Southwest)	Tirabassi
Tonks	Torsney
Tremblay	Ur
Valeri	Vanclief
Volpe	Wappel
Wasylycia-Leis	Wayne
Whelan	White (Langley—Abbotsford)
Wilfert	Williams
Yelich — 229	

NAYS

Nil

PAIRED

Members

Asselin	Caplan
Cardin	Cauchon
Dalphond-Guiral	Efford
Fontana	Fournier
Goodale	Lanctôt
O'Brien (Labrador)	Picard (Drummond)
St-Hilaire	Tremblay — 14

The Speaker: I declare the motion carried.

(bill read the third time and passed)

* * *

[English]

CRIMINAL CODE

The House resumed from April 29 consideration of the motion that Bill C-12, an act to amend the Criminal Code (protection of children and other vulnerable persons) and the Canada Evidence Act, be read the third time and passed, and of the amendment.

The Speaker: The House will now proceed to the taking of the deferred recorded division on the amendment to the motion at third reading stage of Bill C-12. The question is on the amendment.

● (1515)

[Translation]

Hon. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, if you were to seek it, I believe you would find unanimous consent that the members who have voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting no, except those who indicate otherwise.

The Speaker: Is there unanimous consent of the House to proceed in this fashion?

Some hon. members: Agreed.

[English]

Mr. Dale Johnston: Mr. Speaker, the Conservative caucus will be voting in favour of the amendment.

[Translation]

Mr. Michel Guimond: Mr. Speaker, the members of the Bloc Québécois will vote against this motion. I would ask you to please delete the name of the hon. member for Laurier—Sainte-Marie, who had to leave the chamber.

Mr. Yvon Godin: Mr. Speaker, members of the NDP are voting no on this motion, and I would like to add the name of the hon. member for Winnipeg Centre.

[English]

Right Hon. Joe Clark: Mr. Speaker, I am voting no to the motion.

Mrs. Rose-Marie Ur: Mr. Speaker, I will be voting with the motion, please.

Mr. Paul Steckle: Mr. Speaker, I wish to be recorded as having voted with the motion. I am voting affirmative.

Ms. Anita Neville: Mr. Speaker, I would like to be recorded as voting with this motion, please.

[Translation]

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

(Division No. 67)

YEAS

Members

Abbott	Ablonczy
Anderson (Cypress Hills—Grasslands)	Benoit
Breitkreuz	Casey
Casson	Chatters
Day	Doyle
Duncan	Epp
Fitzpatrick	Forsth
Gallant	Gouk
Grewal	Harris
Hearn	Hill (Macleod)
Hill (Prince George—Peace River)	Hinton
Jaffer	Johnston
Keddy (South Shore)	Kenney (Calgary Southeast)
Lunn (Saanich—Gulf Islands)	MacKay (Pictou—Antigonish—Guysborough)
Mark	Mayfield
Merrifield	Mills (Red Deer)
Moore	Neville
Obhrai	Penson
Rajotte	Reynolds
Ritz	Schellenberger
Schmidt	Skelton
Solberg	Sorenson
Steckle	Stinson
Strahl	Thompson (New Brunswick Southwest)
Thompson (Wild Rose)	Ur
Wayne	White (Langley—Abbotsford)
Williams	Yelich — 54

NAYS

Members

Adams	Alcock
Allard	Assadourian
Augustine	Bachand (Saint-Jean)
Bagnell	Bakopanos
Barnes (London West)	Barrette
Beaumier	Bélair
Bélanger	Bellemare
Bennett	Bergeron
Bertrand	Bevilacqua
Bigras	Binet
Blaikie	Blondin-Andrew
Bonin	Boudria
Bourgeois	Bradshaw
Brison	Brown
Bulte	Caccia
Calder	Carroll
Castonguay	Chamberlain
Charbonneau	Clark
Coderre	Collenette
Comartin	Comuzzi
Cotler	Crête
Cullen	Cuzner
Davies	Desjarlais
Desrochers	DeVillers
Dion	Discepolo

Dromisky	Drouin
Duplain	Easter
Eggleton	Farah
Frulla	Gagnon (Québec)
Gagnon (Champlain)	Gagnon (Lac-Saint-Jean—Saguenay)
Galloway	Gaudet
Gauthier	Godfrey
Godin	Graham
Guarnieri	Guay
Guimond	Harvard
Harvey	Hubbard
Ianno	Jackson
Jennings	Jobin
Jordan	Karetak-Lindell
Kilgour (Edmonton Southeast)	Knutson
Kraft Sloan	Laframboise
Lalonde	Lastewka
LeBlanc	Lee
Leung	Lill
Lincoln	Longfield
Loubier	MacAulay
Macklin	Malhi
Maloney	Marceau
Marcil	Marleau
Martin (LaSalle—Émard)	Martin (Winnipeg Centre)
Masse	Matthews
McCallum	McCormick
McDonough	McGuire
McKay (Scarborough East)	McLellan
McTeague	Ménard
Minna	Mitchell
Murphy	Myers
Nault	Normand
Nystrom	O'Brien (London—Fanshawe)
O'Reilly	Owen
Pacetti	Pagtakhan
Paquette	Paradis
Patry	Peric
Perron	Peschisolido
Peterson	Pettigrew
Phinney	Pickard (Chatham—Kent Essex)
Pillitteri	Plamondon
Pratt	Price
Proctor	Proulx
Provenzano	Redman
Reed (Halton)	Regan
Robillard	Rochelleau
Roy	Saada
Sauvageau	Savoy
Scherrer	Scott
Serré	Sgro
Shepherd	Simard
Speller	St-Jacques
St-Julien	St. Denis
Stewart	Stoffer
Szabo	Telegdi
Thibault (West Nova)	Thibeault (Saint-Lambert)
Tirabassi	Tonks
Torsney	Tremblay
Valeri	Vanclief
Volpe	Wappel
Wasylycia-Leis	Whelan
Wilfert — 175	

Government Orders

PAIRED

Members

Asselin	Caplan
Cardin	Cauchon
Dalphond-Guiral	Efford
Fontana	Fournier
Goodale	Lanctôt
O'Brien (Labrador)	Picard (Drummond)
St-Hilaire	Tremblay — 14

The Speaker: I declare the amendment lost.

Government Orders

* * *

[English]

**FIRST NATIONS FISCAL AND STATISTICAL
MANAGEMENT ACT**

Hon. Andy Mitchell (Minister of Indian Affairs and Northern Development, Lib.) moved that Bill C-23, an act to provide for real property taxation powers of first nations, to create a First Nations Tax Commission, First Nations Financial Management Board, First Nations Finance Authority and First Nations Statistical Institute and to make consequential amendments to other Acts, as amended, be concurred in.

The Speaker: The House will now proceed to the taking of the deferred recorded division on the motion for concurrence at report stage of Bill C-23.

Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Speaker: In my opinion the yeas have it.

And more than five members having risen:

• (1525)

[Translation]

And the Clerk having announced the result of the vote:

The Speaker: The hon. member for Lac-Saint-Louis, on a point of order.

[English]

Mr. Clifford Lincoln: Mr. Speaker, I am voting against this.

The Speaker: Does the House give its consent to allow the hon. member's vote to be counted against?

Some hon. members: Agreed.

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

(Division No. 68)

YEAS

Members

Adams
Allard
Augustine
Bakopanos
Barrette
Bélair
Bellemare

Alcock
Assadourian
Bagnell
Barnes (London West)
Beaumier
Bélangier
Bennett

Bertrand
Binet
Bonin
Bradshaw
Brown
Caccia
Carroll
Chamberlain
Coderre
Comuzzi
Cullen
DeVillers
Discepolo
Drouin
Easter
Farrah
Galloway
Graham
Harvard
Hubbard
Jackson
Jobin
Karetak-Lindell
Knutson
LeBlanc
Leung
MacAulay
Malhi
Marcel
Martin (LaSalle—Émard)
McCallum
McGuire
McLellan
Minna
Murphy
Nault
Normand
O'Reilly
Pacetti
Paradis
Peric
Peterson
Phinney
Pillitteri
Price
Provenzano
Reed (Halton)
Robillard
Savoy
Scott
Sgro
Simard
St-Jacques
Steckle
Szabo
Thibault (West Nova)
Tirabassi
Torsney
Valeri
Volpe
Whelan

Bevilacqua
Blondin-Andrew
Boudria
Brison
Bulte
Calder
Castonguay
Charbonneau
Collenette
Cotler
Cuzner
Dion
Dromisky
Duplain
Eggleton
Frulla
Godfrey
Guarnieri
Harvey
Ianno
Jennings
Jordan
Kilgour (Edmonton Southeast)
Lastewka
Lee
Longfield
Macklin
Maloney
Marleau
Matthews
McCormick
McKay (Scarborough East)
McTeague
Mitchell
Myers
Neville
O'Brien (London—Fanshawe)
Owen
Pagtakhan
Patry
Peschisolido
Pettigrew
Pickard (Chatham—Kent Essex)
Pratt
Proulx
Redman
Regan
Saada
Scherrer
Serré
Shepherd
Speller
St-Julien
Stewart
Telegdi
Thibault (Saint-Lambert)
Tonks
Ur
Vanclief
Wappel
Wilfert — 136

NAYS

Members

Ablonczy
Bachand (Saint-Jean)
Bergeron
Blaikie
Breitkreuz
Casson
Clark
Crête
Day
Desrochers
Duncan
Fitzpatrick
Gagnon (Québec)
Gagnon (Lac-Saint-Jean—Saguenay)
Gaudet
Godin
Grewal
Guimond

Abbott
Anderson (Cypress Hills—Grasslands)
Benoit
Bigras
Bourgeois
Casey
Chatters
Comartin
Davies
Desjarlais
Doyle
Epp
Forseth
Gagnon (Champlain)
Gallant
Gauthier
Gouk
Guay

Government Orders

Harris
Hill (Prince George—Peace River)
Hinton
Johnston
Kenney (Calgary Southeast)
Lalonde
Lincoln
Lunn (Saanich—Gulf Islands)
Marceau
Martin (Winnipeg Centre)
Mayfield
Ménard
Mills (Red Deer)
Nystrom
Paquette
Perron
Proctor
Reynolds
Rocheleau
Sauvageau
Schmidt
Solberg
Stinson
Strahl
Thompson (New Brunswick Southwest)
Wasylcia-Leis
White (Langley—Abbotsford)
Yelich — 91

Hearn
Hill (Macleod)
Jaffer
Keddy (South Shore)
Laframboise
Lill
Loubier
MacKay (Pictou—Antigonish—Guysborough)
Mark
Masse
McDonough
Merrifield
Moore
Obhrai
Penson
Plamondon
Rajotte
Ritz
Roy
Schellenberger
Skelton
Sorenson
Stoffer
Thompson (Wild Rose)
Tremblay
Wayne
Williams

PAIRED

Members

Asselin
Cardin
Dalphond-Guiral
Fontana
Goodale
O'Brien (Labrador)
St-Hilaire

Caplan
Cauchon
Efford
Fournier
Lanctôt
Picard (Drummond)
Tremblay — 14

The Speaker: I declare the motion carried.

I wish to inform the House that because of the deferred recorded divisions, government orders will be extended by 24 minutes.

* * *

● (1530)

[*Translation*]

BUDGET IMPLEMENTATION ACT, 2004

The House resumed consideration of the motion that Bill C-30, an act to implement certain provisions of the budget tabled in Parliament on March 23, 2004, be read the third time and passed; and of the previous question.

The Speaker: Before oral question period, the hon. member for Rosemont—Petite-Patrie had the floor. He has 11 minutes remaining in the time allotted for his remarks. Since there is now some order in the House, we will hear the hon. member.

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, I am delighted to continue my presentation on Bill C-30, the budget implementation bill.

Before oral question period, I had said that this bill created three imbalances. First, the obvious fiscal imbalance; second, the social deficit perpetuated by the budget tabled this past March and its implementation through Bill C-30; third, the environmental imbalance created by the federal government with Bill C-30.

I have spoken at length on the shortfall Quebec has experienced and continues to experience, particularly since 1994, as a result of the reduction in transfer payments to the provinces. This prevents

Quebec, and of course other provinces, from delivering the health care and services that are essential for the well-being of our taxpayers.

As well, the conclusion that there is a tax imbalance is based on research carried out by Jacques Léonard, former president of the Quebec treasury board. Some days or weeks ago, the third component of this research was released, an analysis on the evolution of the four key federal government transfer programs, namely transfer payments, equalization payments, the employment insurance program, and even the old age pensions.

The main conclusions about this federal reality indicate that federal government revenues have risen 45%, while transfer payments to Quebec and the provinces have increased a mere 1.9%. Taken as a dollar amount per capita, federal revenues have increased \$1569, and transfer payments for health, education and social programs have dropped \$34.

Some members of this House, Bloc Québécois MPs, were part of the Léonard Committee. I am thinking of my colleagues from Lotbinière—L'Érable, Joliette and Saint-Hyacinthe—Bagot specifically. The committee recently revealed one other finding: it reached the conclusion that the financial effort the federal government devotes to transfer payments to Quebec for health services has decreased 40%.

This fiscal imbalance is a natural occurrence, but one not acknowledged by the federal government, since it considers itself to be a new government. There is a shortfall for Quebec, no doubt about it.

There is another aspect to this growing social deficit. While it might have been expected that the government would eliminate the injustice which it created itself by changes in the employment insurance rules, nothing in this budget does anything to repair the gaps pointed out many times by the Bloc Québécois, not only in this House, but with the workers. These gaps mean that the workers in seasonal industries are penalized. Young people and women are penalized by these changes in the EI system.

Workers pay their premiums to the EI system, but very often they cannot receive benefits. If the employment insurance fund were in a deficit position, that might be understood. But the accumulated surpluses in the EI fund are over \$45 billion. That is three times as much as the Chief Actuary of Canada judged normal and sufficient to meet the needs.

● (1535)

She indicated that \$15 billion would have been enough. The fund is in a surplus position. We have asked many times—there was a consensus among opposition parties on this—that the employment insurance fund be independent, that it be managed by the employees and employers and not by the government. Experience has shown us that the government manages this fund badly and that makes one think of a kind of theft.

The premiums are being raised. At present, they are \$1.98 per \$100, while the rate that would lead to equilibrium is \$1.81. Clearly, there is overcharging, and that is why there are surpluses in the EI fund. Unfortunately, citizens are not able to enjoy the benefits.

Government Orders

Actually, part 5 of the bill before us today perpetuates the fact that it is the federal government which sets the premium rate. As I indicated earlier, we know that this rate often exceeds the rate of \$1.81 that would ensure a balance. So, there is a social injustice created by an employment insurance fund that is far from benefiting the workers who contributed to it.

We could have expected the government to deal with another issue, namely social housing. The hon. member for Hochelaga—Maisonneuve, who is here right now, reviewed this issue with the hon. member for Terrebonne—Blainville. We would have liked the recent budget to provide for a reinvestment of some \$2 billion. We would have liked to see 1% of the federal budget earmarked for social housing.

The reason is that in years past the Liberal government confirmed the withdrawal that had already been announced by the Conservative government in 1993.

One cannot speak from both sides of the mouth. On November 22, 1993, the current Prime Minister replied to the national coalition on housing. Here is what he said about reinvesting in social housing.

—I want to be absolutely clear—

The word “clear” was already part of the present Prime Minister’s vocabulary, 11 years ago.

—I want to be absolutely clear that a Liberal government would commit to stable and guaranteed funding for cooperative and not for profit housing.

Things stood clear in 1993. The present Prime Minister, who was to become finance minister, committed to stable funding for the cooperative and not for profit housing sector. What happened after 1993, when the present Prime Minister became finance minister? Well, he literally stopped funding social housing.

There is another important date in 1990. At that time, the present Prime Minister, who became finance minister, shared his intentions and his vision on social housing.

• (1540)

In May 1990, in a report of the national Liberal caucus task force on social housing, the present Prime Minister stated, and I quote:

The Mulroney government has, from the start, cut housing programs and budgets. It has dumped its responsibilities onto the provinces.

That is what the present Prime Minister said in 1990.

The Mulroney government has cut housing programs and budgets. It has dumped its responsibilities onto the provinces without giving them the corresponding financial means. And it has been insensitive to the dire needs of thousands of Canadian households.

That was what the present Prime Minister was telling us back in May 1990. However, he has been the one mainly responsible for disinvestment in housing.

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, I would like to make a comment and ask a question. When the Bloc Québécois member talks about employment insurance and such, he often forgets to give the real budgetary results to the taxpayers and voters of Canada. In order to know the results, we must have the numbers in front of us.

The newspapers keep saying that the Government of Canada has snatched \$45 billion. That is completely wrong. When we look at the real numbers the minister tabled in the House last week, we read this:

With respect to employment insurance and expenditures on benefits, in 1980-81, there was a deficit of \$682 million.

For a number of years, there were deficits in the EI fund. There were surpluses, as well. That is why I tabled a question in the House, published in today’s Order Paper. I am asking what was done with the surpluses and who paid to offset the deficits.

One thing we know about this issue is that, in 1986, the Auditor General of Canada, Mr. Desautels, said that this was the way to do the accounting. The hon. member knows very well that there is no liquidity in this fund at this time. At present, there is about \$43 billion in contributions, surpluses or excesses.

I would like to ask him if he read the minister’s response tabled recently in this House to question Q-83, concerning the years of deficit. Even in Quebec, there have been deficits. Who has paid for these deficits? That is what I would like him to tell me: who paid to offset these deficits?

Mr. Bernard Bigras: Mr. Speaker, I thank the member for his question. I thought he would have had a lot more. In fact, as far as the EI fund is concerned, if there is one thing that is clear—and I invite him to tour the regions of Quebec—it is that its purpose, when established, was to provide funds for workers.

The reality is that, in 2002-03, the surplus in the EI fund had reached \$3.3 billion. In 2002-03, the federal surplus was \$7 billion. The current surplus in the fund is, at \$45 billion, three times what the chief actuary feels is necessary.

I have a figure for him, a study from his government. In 2000, an HRDC study—a department in his government—showed that 35% of recipients had exhausted their benefit weeks.

People are fed up being robbed. They are fed up paying into EI when this government has gone and changed the rules at the expense of the workers, who have now become the “sans-chemise”.

• (1545)

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, I too wish to revisit the EI question, because this is one of the points we hear raised the most in our ridings.

This is robbery and we must not be embarrassed to call it such. It is robbery. The workers have been robbed. Those who earn under \$39,000 a year have paid 100% into employment insurance, and this is a major money diversion.

This is what I am asking my colleague, who is very familiar with this matter. What percentage of workers were covered by EI before the Liberals came along and laid their hands on the fund? Today, as my colleague has said, only 39% of contributors are entitled to draw benefits.

That number used to be far higher. We are talking of a surplus of \$45 billion—the figure we have been talking about for some time now—but we are aware that the total theft is now up to past \$50 billion.

Government Orders

The second thing I would like to ask is what percentage of the EI fund comes from the government's contribution, or do only the workers contribute?

Mr. Bernard Bigras: Mr. Speaker, the paradox of our system is that the government continues to manage the employment insurance fund, but no longer contributes a dime to it. That is the reality.

This fund is financed by employers and employees. What we have repeatedly asked for is a self-sustaining fund to be managed by these same employers and employees.

Experience shows us that when the federal government manages this fund, it sets contribution thresholds that exceed the natural threshold, creating a surplus that never goes back into the pockets of those who have contributed. That is what we call stealing from the employment insurance fund and it is completely unacceptable.

Mr. Claude Duplain (Portneuf, Lib.): Mr. Speaker, I would like to try to set a few things straight today. It does not make much sense, some of things we hear in this House from the opposition.

An hon. member: From you too.

Mr. Claude Duplain: I am trying to speak, if the member could listen. They are entitled to speak and we listen, but when we speak, they do not listen. Look at how they shout in this House. That is what they do all the time: they do nothing but shout.

What the hon. member said earlier about health is that the federal government's share of funding went from 25% to 16% and is now only 4%. He is saying that the federal government pays only 4% of health costs, which is absolutely false and ridiculous. How are people supposed to understand this and agree with it? It makes no sense. These are unwarranted assertions.

When we form a government, we have to have the means to fulfill our ambitions. It is easy to be in the opposition, to talk through one's hat and say that the government should do this and that. If we did all that, we would once again run deficits of the order of \$45 billion. In 1993, when we took office, the annual deficits were around \$40 billion. It did not make sense. Yet, these are the kinds of things we hear all the time.

I have a straightforward question for the hon. member. If he has a document proving that the federal government only contributes 4% for health, let him table it here in the House, with the true and verifiable figures that support this claim. Let him do it.

Mr. Bernard Bigras: Mr. Speaker, the hon. member is blaming us for everything. He says that we are dishonest. Today, in this House, I will be honest. Indeed, I made a mistake.

Mr. Claude Duplain: Oh, oh.

An hon. member: Is that so?

Mr. Bernard Bigras: Mr. Speaker, earlier you asked hon. members to calm down. I would make the same plea to the hon. member for Portneuf. I know that he is very agitated right now. This is because he will probably no longer be with us in a few weeks. I know that he really likes to put questions.

Indeed, the federal government's contribution now stands at 14%. In the weeks that he still has left in this House, he should read the

Romanow report, which recommends that the federal government increase its contribution to 25%. The hon. member should use his remaining days and weeks here to read the Romanow report. If he does not do it, he will still have plenty of time to do so during the summer.

Indeed, the federal government's contribution is 14%. It went up to 16%, but with the budget before us it is going down to 14%.

Will the hon. member be prepared to explain that, in recent years, the federal contribution has gone from 50¢ for each dollar to only 14¢? Let him explain that to Quebeckers who are waiting in emergency wards. Let him explain that to citizens and workers in CLSCs, who were just affected by the cut in federal transfers for health.

We have a federal government that likes to tell those who provide the services in the provinces how to do their job. Even the Liberal minister in Quebec City said that in a business, a shareholder who contributes 16% is in no position to tell people or other shareholders what type of audit they should conduct.

We need not take any lessons from anyone. If the hon. member wants to debate this issue publicly, I invite him to do so, because he will have to bear the burden of the decisions made by his government.

● (1550)

[English]

Mr. Werner Schmidt (Kelowna, CPC): Mr. Speaker, I want to approach the debate on Bill C-30 from a slightly different perspective than what we have had so far this afternoon and this morning. I want to approach it from three points of view. First, setting the tone from the top; second, some useful concepts to look at evaluating the management of government; and finally, the re-use of single use medical devices.

When it comes to setting the tone from the top, one has to pay special tribute to our Auditor-General. She has given a tone to this particular report that is very exemplary. There have been two reports. It is absolutely superb the way in which she has approached the evaluation and the management of certain government programs.

I would like to talk about setting the tone from the top. The top of course is the Prime Minister. There are various management consultants who have talked about leadership and management from the top, and the significance of the top in terms of an organization and its management.

One of these special consultants who works very heavily in this field is a fellow by the name of John C. Maxwell. He did an interview with Don Stephenson, who is the chairman of Global Hospitality Resources, Inc. Global Hospitality Resources, Inc. is called in by companies in the recreation and hotel area that are in financial difficulty to see if there is something that can be salvaged.

Government Orders

Here is what the interview results were. Don Stephenson said whenever there was a take over of an organization, two things were always done. First, all the staff were trained to improve their level of service to the customers; and second, the leader was fired. When he told me that, I was at first surprised. "You always fire the leader?" I asked. He said every time. I asked if he did not talk to the person first to check him out to see if he was a good leader. He answered no, if he had been a good leader, the organization would not be in the mess it was in. That was a very interesting comment.

As Mr. Maxwell says, this is an illustration of the law of the lid. The law of the lid states that leadership ability is always the lid on personal and organizational effectiveness. If the leadership is strong, the lid is high; however, if it is not, then the organization is limited. That is why, according to Maxwell, in times of trouble organizations naturally look for new leadership. When a country is experiencing hard times, it elects a new prime minister.

In Canada, the actual administration and operation of the management of the government's affairs is carried out by the Treasury Board. It plays a key role in developing and fixing the government's management, really refining and developing the management agenda and overseeing its government wide implementation.

We are speaking about the implementation of the budget. The budget is probably the single most significant policy document that an organization or government can ever put together and finally adopt.

In managing the government, the Auditor General provided some very useful concepts. In fact, she listed seven of them. I want to read them into the record because they are very significant. They are found in chapter 7 of the March 2004 Auditor General's report and they are:

Probity—The adherence to the highest principles and ideals.

Prudence—Skill and good judgment in the use of resources.

Economy—Getting the right amount of resources, of the right quality, delivered at the right time and place, at the lowest cost.

Efficiency—The minimum resources used to achieve a given quantity and quality of output.

Effectiveness—The extent to which the outcomes of an activity match the objective or the intended effects of that activity.

Transparency—Operating in a manner that is clear and easy to understand.

Accountability—The obligation to render an account, and accept responsibility for, one's actions, both in terms of the results obtained and the means used.

● (1555)

Let us examine this budget and some of the implementation practices that the government has used in applying these concepts.

Probity is the adherence to the highest principles and ideals. It would appear to me that one of the ways in which one can see evidence of probity being used in the management of government affairs would be to have the highest principles and ideals. One of them clearly would be to follow the rules that are there to be used by the bureaucrats. Guess what the Auditor General had to say? She said that virtually every rule in the book was broken on this ad scam program. Clearly that one did not work.

Prudence is the skill and good judgment in the use of resources. I cannot help but look at this in terms of the subsidies that are given to

industry. One really asks the question, what is it that government does when it selects certain kinds of industries for subsidy and not others? In fact, one of the critics of this particular program asked and I quote:

I don't know why governments pick one industry to subsidize over another.

This is from a National Bank financial analyst, Steve Laciak. He further said:

They won't rule against steel imports being dumped into Canada, so you wind up watching Stelco, Ivaco and Slater Steel go bankrupt.

On the other hand, other ones are picked and given billions of dollars. Of course, the most recent one here is the one that came up yesterday, Rolls Royce and \$30 million, and very closely allied to that is of course Bombardier, which has been getting this money for years.

John Williamson of the Canadian Taxpayers Federation said, of Bombardier, and I quote:

—we need to lower taxes to compete internationally, we'd be right there behind him.

I agree with that. He rejected outright the idea of creating more programs like Technology Partnerships Canada. He said:

Anyone who thinks TPC should be expanded should have his head examined. That program has been a total disaster and has only gotten a small fraction back—

I think the issue here is very clear. Subsidies given to certain kinds of industries mean that taxpayers' money is taken from other industries who also pay taxes. The government says that it will take our money now and it will give it to this other industry, which means that the burden falls on this group, and the other group actually gets the benefit.

If that is a wise use of resources, if that is prudence, and if that is skill in the management of resources, I think there is a very strong difference of opinion.

Economy is getting the right amount of resources, of the right quality, delivered at the right time and place, at the lowest cost. I wonder if there is anyone in the audience who would recognize or remember the firearms registry? How effective was that particular program? It was a billion dollars and now going beyond that. People are asking themselves, is it now going to get more money from this budget? Is that really an economical use of taxpayers' money?

Efficiency means the minimum resources used to achieve a given quantity and quality of output. We have the secret unity fund and we ask ourselves, what is it supposed to accomplish? If we do not know what it is supposed to accomplish, how could we ever measure whether in fact it is doing that. The HRDC boondoggle is another example.

Transparency is operating in a manner that is clear and easy to understand. We found that our Prime Minister who did own CSL, Canada Steamship Lines, actually found that there was \$136,000 given to the company, only to discover later that it was actually a hundred million dollars plus. If it was really so transparent, then why was it that it was not known?

Government Orders

• (1600)

Finally, accountability, which is the obligation to render an account, and accept responsibility for, one's actions, both in terms of the results obtained and the means used.

One then has to draw attention to the fact that we had in the Department of National Defence some \$160 million plus that was fraudulently billed because nothing happened. There was \$160 million paid and nobody could figure out what it was paid for. That is not accountability.

One has to evaluate these and ask, from these examples alone, were these seven concepts or ways of evaluating things actually observed? Was there direction from the top that clearly said the highest principles and ideals would be observed in the management of our affairs and in the expenditure of taxpayers' money?

One has to conclude that this particular budget does not do that. The government has not done that. We have to ask, how likely is it that the government will manage \$187 billion using these seven concepts? I would suggest that probably the answer is, no it will not.

I want to go now to the third point that has to do with the single use of medical devices and the reuse of single use medical devices. I am not an expert in this particular field so I am going to be reading in rather complete detail what has been said.

What kind of devices are we talking about?

Single use devices that come into contact with blood or normally sterile body cavities by penetrating the skin or mucous membrane, such as cardiac catheters or urinary catheters.

The reuse of single use devices is different from the reuse of devices designed for multiple uses because single use devices were not intended to be reused. Thus, their reuse creates a number of potential risks that include poor functioning after multiple uses or reprocessing, as well as concerns about sterilizing and disinfecting medical devices properly. Other concerns include the lack of informed consent by the patient and the liability of the reuser should something go wrong because of reuse.

The main reason that single use devices are reused is to reduce costs. There are two factors here.

Members have probably heard the news that the SARS situation in China, the most recent one, deals precisely with this very issue we are talking about right now. It is not just one disease we are talking about but other diseases as well in relation to single use devices.

The second point has to do with the cost involved. Why is there a preoccupation with the cost of reusing a single use medical device? If we had taken the \$250 million that was spent on the ad scam program and put it into specifically this kind of area, that would have helped many people in not subjecting them to reused single use medical devices. We have some critical issues here that are very significant. It is stated that:

Because the reuse of single use devices can put the health and safety of Canadians at risk and because Health Canada is one of the entities responsible for protecting the health and safety of Canadians, we expected that it would take action to deal with this issue.

It is further stated:

While we recognize that this issue is a shared responsibility among various jurisdictions and professions, it is important that Health Canada as the federal regulator take action to manage the health and safety risks related to the reuse of single use medical devices.

That would have been expected. The Auditor General went on to say:

However, we found that Health Canada has not developed a position on managing the risks related to reuse of single use devices, although very recently it began examining its authority to regulate reuse practices. As a result, Canadians are not being protected from the health and safety risks created by the reuse of single use devices. Canada's failure to develop a position on this issue has created a regulatory vacuum.

• (1605)

This is pretty serious stuff. Health Canada has known about this for at least 10 years, and it is still talking about jurisdictional questions. Now it is going to re-examine this. The response to the Auditor General's recommendation was that by the year 2005 there may be something in place. How many people are going to be subject to having these single use medical devices inserted into their bodies, running the risk of contacting serious diseases and complications?

The time to act has passed. We need to act as quickly as possible now. These are very serious implications. I am so happy that we have an Auditor General who is not afraid to talk about these kinds of things and draw them to our attention. There is a person who is accountable, doing her job, doing it with probity and being prudent, accountable and transparent in what she is doing.

People ask where the trouble lies. Does it lie with the ministers who are in charge? Does it lie with the Prime Minister? Does it lie with the professionals? Does it lie with the taxpayers? Does it lie with the House? With the power that has been concentrated in the Prime Minister's office and with the fact that virtually every member on the government's side of the House can be whipped into voting against the wishes of their constituencies, there can be no other conclusion. These kinds of problems can be taken straight back to the very top of this organization, which is in the Prime Minister's office.

The time has come for us and for all Canadians to look very clearly at the way the government has been running for the last 10 years and why the Auditor General has come up with the kinds of conclusions and observations that she has. For these reasons that I have just mentioned, I cannot support Bill C-30.

The time has come for a new prime minister, a Conservative prime minister, a prime minister who will manage the affairs of the country and of the government with probity, with adherence to the highest principles and ideals, with prudence, demonstrating skill and good judgment in the use of the resources of the taxpayer money and the many resources that we as Canadians have, with the economy, with getting the right amount of resources of the right quality and quantity and delivering at the right time, in the right place and at the lowest cost.

Government Orders

He will be a prime minister who will be efficient so that the minimum resources used to achieve a given quantity and quality of output will be the ones that are used, not a surplus that is unnecessary. He will deal with effectiveness and will manage with effectiveness, that is, the extent to which the outcomes of an activity match the objective or the intended effects of that activity. When we say we want to do something in a program, we will get the results with transparency. The operation will be in a manner that is clear and easy to understand, and we will all know what is being done, how much it costs, who will do it, why they will do it and their competence to do it.

Finally, he will be a prime minister who will be accountable and will recognize the obligation to render an account and accept the responsibility for one's actions, both in terms of the results obtained and the means used.

These are tremendous challenges. One would look at that and ask if there a human being alive who could actually do this in its entirety. The answer is, we can try.

I remember so clearly a philosopher professor who said that we should all look at perfection and that is the way we should go. I have talked about seven concepts that are very useful. I submit that a Conservative prime minister, in particular the leader of the Conservative Party, would do that. We need to strive for that perfection. However, when we have a Prime Minister who is not trying to do that, then we need a change.

• (1610)

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, I want to indicate at the start that I will be splitting my time with my colleague from Winnipeg North Centre.

I am pleased to once again have an opportunity to speak on this bill and to indicate, without any question, our dissatisfaction over the approach the government has continued to take with its newest budget. There is no question that there has been a major social deficit within Canada under the present government. From the way the Prime Minister was talking, a number of groups hoped that this would be a new and different approach. Quite frankly, from what we have seen, there is no change.

Let us go specifically to the area of housing. There is a shortage of housing in every community pretty much throughout the country. The shortage is extremely greater in aboriginal and first nation communities. There are huge shortages in affordable housing. Some communities are short 1,000 plus houses, and that is not acceptable.

I believe a previous minister of Indian affairs said that what first nations people wanted were opportunities to have their own mortgages. A mortgage does not do them any good when they do not have money to pay them. That is the situation in a number of first nation communities. It was quite a shameful statement on his part. I felt a lot of personal sympathy for first nation communities. It was an absolute slap in the face to those community members who, in a lot of cases, were trying very hard to improve their economic opportunities and to hold their own within Canada. Certainly there is lack of support for a national housing program within this federal budget.

A housing program could have been put into place nationwide at a cost of 1% of our annual expenses. I believe that was the figure used at one point. I remember hearing that it was something like \$1.3 billion. It may have gone up a bit in the last couple of years from the time when I was looking at it quite closely. However, if that type of funding had been put in place for 10 years, we could have provided the housing needed throughout the country. A 10 year, strategically placed plan would have ensured that housing would be there nationwide. That was for urban communities, small communities, aboriginal communities, everybody. It did not leave anybody out.

The cost of the plan did not take into consideration the benefits of building those houses, the construction and employment opportunities that would be created. That plan did not take into consideration the improved benefits for health care opportunities and a lifestyle for families living in those communities who might have to keep their stoves open to keep the house warm. Try to survive like that.

I see this in a number of my communities. The cost of hydro ends up being too high. The houses built were substandard, and the costs to heat them are huge. Families do what they can. They will huddle around a stove and keep the heat contained to one area so they can afford to heat their homes and provide for their families at the same time.

In that area alone there would have been tremendous benefits nationwide: health, education, lifestyle, to say nothing of the economic activities it would have put in place in those communities and the tax dollars that would have come back to the federal government from the building of those homes and through wages.

That is an area the government seems to be unable to comprehend. It can comprehend that it wants to put dollars into corporations. In a good number of instances it will give profitable corporations more money to do whatever. It will give them money to set up operations in other countries. It will give them money to set up mining companies and numerous things in other countries, but it does not want to invest in the people of Canada.

Again, an area the government talks a good line on, but the proof is in the pudding, is the dollars that it would give to infrastructure throughout the country. There have been numerous programs on infrastructure, but the reality is there have not been a whole lot of dollars flowing to the provinces and municipalities for infrastructure improvements. A lot of programs have been talked about, but overall it has not addressed the real problems we see out there.

• (1615)

Another area which again is extremely lacking and very disappointing in the throne speech and the budget is student debt. Our future lies with students, our young people in elementary schools, senior years and then in post-secondary education. What has the government done? Nothing. It continues a further life of debt. It actually is promoting a lifelong debt.

Government Orders

Instead of just a limited number of years where a student might be in debt, Liberals will allow them to borrow more money. There is nothing to assist provinces in reducing tuitions or to assist in structure improvements within their areas, which would benefit students. It is not there. What we have seen are more loans available and more debt for students. Again, the government has failed to meet the needs of Canadians.

Along that line, those who have benefited from those student loans are the large banks or the credit corporations that literally hound students to death. When they leave school, they may be unable to get a job, but they are hounded for their payments.

Over the course of the years students have been very good at paying back debt. It has become tougher under this government for them to do that because the debts have increased. As much as people are saying there are lots of jobs, the reality is the increase has been in low paying jobs. We have numerous reports of jobs, even full time jobs, where people are still living at the poverty level. They are expected to get into the workforce and pay for their rent, food, travel to work and whatever else is involved on poverty wages. It is not possible, yet the government somehow thinks it has done a great job.

The reality is we have more and more students living in poverty. I recently received something in my office, as I am sure all MPs did, about the number of food banks on university campuses. If members have not received a copy of this, they should ask for one. There have been huge increases in food banks because our students are starving and the government has made a point of not supporting them. It should be putting in supports to decrease tuition, which would ensure that students would not end up with a lifelong debt.

It was an extremely disappointing budget and throne speech in the area of student debt. It is a letdown for students who want to be active participants. I know a number of students who get out of university and look for jobs. They pick up part time jobs here and there so they can make a few bucks. One thing we are noticing is many of those students still live at home because they cannot afford to go out on their own. They cannot afford to be independent and not rely on their parents or some other family member.

In some cases they end up living with three, four, five or six students. They have to do this during their university or college years. However, they even have to do this after because the jobs that might be out there are so low paying. I am sure my colleague from Winnipeg North Centre will have a lot of opportunities to talk about the disappointing statistics.

To summarize, from the perspective of the people in my riding, this is an extremely disappointing budget, even in the area of municipal tax rebates, the GST rebate. If we get a 100% GST rebate, does it make sense that we should pay it? Does it not make sense that if municipalities are to get a 100% rebate, then they should not be paying that GST on those products? Does it not make sense do away with the bureaucracy and quit taking the dollars out of those communities?

•(1620)

I suggest that the government really make a point of treating Canadians fairly.

The Acting Speaker (Mr. Bélair): It is my duty pursuant to Standing Order 38 to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Renfrew—Nipissing—Pembroke, National Defence; the hon. member for Cumberland—Colchester, Government Assistance.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, before asking the member for Churchill a couple of questions, I would like to congratulate her on her new assignment as the health critic for the New Democratic Party. She is doing an incredible job holding to account the new Minister of Health. She has exposed a very serious problem that exists in the Liberal ranks in terms of their underlying beliefs around medicare.

What does the member make of the contradiction between the comments of the Minister of Health and the Prime Minister with respect to not for profit public health care, both funding and delivery?

She raised the issue of immigration and the fact that we are dealing by all accounts with the racialization of new Canadians. Clearly there is a direct link between people of a different race receiving earnings at the low end of the wage scale and living more and more in poverty. I would like to ask the member about the systemic and structural roots of such a pattern in our society today.

Mrs. Bev Desjarlais: Mr. Speaker, I will touch first on the aspect of the racialization of poverty.

Throughout our history aboriginal people within Canada have always been the most impoverished. That continues to be the case. They do not have the economic opportunities that others have. For decades they did not have an opportunity for education as a direct result of government policy. The lack of educational opportunity directly correlates with the problem of not being directly involved in economic opportunities. It is getting better but there is a long way to go.

What we have seen happening in the last five to 10 years is that an increasing number of immigrants who come to Canada are finding themselves at the poverty level. At one time when they came to Canada they would be able to work and move up into the higher wage brackets but those jobs are not available anymore. Part of the reason is there has been a push within our country to not have well paying jobs, to destabilize union workforces and to push immigrants into low paying jobs by saying that if they did not do those jobs, the company would move out and no jobs would be available. That is the kind of attitude out there.

At one time Canada was a great place for immigrants to come and make a good, strong living and to be active partners in our system. What we are seeing now is an impoverished immigrant community. It is going to create hard feelings between people. That is not the way it should be. Canada should be a place where people can come to improve their lifestyle. That is what most of them come here to do.

With regard to the Prime Minister's and the health minister's fooling around with whether or not they support not for profit health care, I think that the health minister let the cat out of the bag before the election. He had his hands slapped, was raked over the coals, and is now trying to backtrack.

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The reality is that the Liberal government is doing just as the Conservative Party wants it to do. It is going to support for profit, private health care. That means the government will use taxpayer dollars to pay private companies for health care. That is not economically sound.

I received an e-mail from a fellow in Alberta. Heaven help us, there was someone in Alberta who said that one does not have to be an economist to know that wholesale is cheaper than retail. Why would the government waste taxpayers' dollars to pay for profit companies when we can have a publicly provided service?

• (1625)

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am pleased to participate in the wind-up of our discussion on Bill C-30, the budget implementation act.

Let me say at the outset that it is impossible to talk about budgets or budget implementation acts without addressing the matter of value for money. When it comes to value for money I think Canadians are increasingly disturbed and worried about the lack of regard that the government has for the fundamental principle, that Canadians receive value for their hard-earned tax dollars.

We can imagine how concerned Canadians are when they hear the kind of discussions that took place in the House today around the Auditor General's report. It is impossible to take the budget implementation bill seriously when in fact Liberals in the House tend to dismiss and take out of context the Auditor General's comments.

We all know that when it comes to the sponsorship file the Auditor General clearly said that she did not use the words "stolen" or "missing". What she said was that Canadians did not get value for money for at least \$100 million and maybe more. She said that we are talking about \$250 million for which there are enormous questions that have to be answered.

What does the government do, what does it stand up in question period day in and day out and suggest? That the opposition is wrong to take up the call of the Auditor General to try to get to the bottom of this issue. How do we in fact address the budget implementation act when those guys over there will not even take this issue seriously. They get into macho politics saying, "Who is going to come out in the hall and challenge us? We will punch their lights out". It is stupid, macho politics.

We are talking about upholding a fundamental principle for all Canadians. I get very frustrated with that kind of performance in the House. I find it absolutely reprehensible that the President of the Treasury Board and others—I will not single out the Minister of Public Works—but the President of the Treasury Board would stand up and deride the opposition and make fun of our questions when we are simply trying to find out what services were provided for at least \$100 million. If we cannot get answers to that question, how the heck do we get very far in terms of holding the government to account for its budget?

That leads us exactly into what the budget is all about. We would have thought that in the days and weeks following the budget announcement the government would have been out, members of the cabinet would have been out describing, defining, enlightening

Canadians as to what the budget does for Canada. Did we get that? No. We got another tremendous example of transparency and accountability on the part of the government.

We saw the Prime Minister go out on taxpayers' money and inform Canadians about what the government will do in the next budget or in the next Parliament and about which candidates are running where and what is happening on the political front. Taxpayers' money was used so the Prime Minister could go on a cross-country tour to build his case for calling an election and for trying to neutralize the horrific mess he has on his plate because of the sponsorship scandal.

Instead of accounting for the budget, the government is trying to pretend it does not exist. The ink was not dry on the paper before the Prime Minister was out selling something new on health care that was not even mentioned in the budget. It was not mentioned in the Speech from the Throne. The word "Romanow" did not appear.

He quickly realized how silly and irresponsible this was, so he was out suddenly announcing a 10 year health plan. He suddenly announced things that the Liberals would do which were not even mentioned in the budget. What kind of accountability is that? What is the purpose of this budget process when we see those kinds of shenanigans in this place?

All the while Canadians are wondering if anyone in the government is standing up and speaking for them. Canadians are struggling day in and day out and they are falling further and further behind. They see millions of dollars being wasted and the government says nothing whenever anyone asks the question.

• (1630)

We have to get answers and we have to start addressing their concerns. Canadians are concerned about making a living and providing for their families, but they are falling further behind. They have fallen steadily behind over the last 10 years.

It is an embarrassment. This country, one of the wealthiest countries in the world, has fallen from first place on the human development index, according to the United Nations, to eighth place, just in a few years, under the Liberals. We are now below even the United States where 40 million Americans have no health care whatsoever.

More and more Canadians are suffering and wondering when they are going to get a raise. More and more Canadians are wondering whether the government has any kind of handle on the economy. There is no job strategy anywhere in sight. We are at 7% unemployment, and it is higher in various regions. There is no mention even of the words job strategy. There is not a plan in place to deal with the fundamental issues of job security and economic security.

Government Orders

All the while, we see more families fall into poverty. Unemployment, as I said, is consistently above 6%. Some 38% of the unemployed are unable to collect benefits. There is a wider gender gap for full time full year work. Women's earnings are only 72% that of men's. Tuition fees are skyrocketing. Child poverty levels are virtually unchanged over the last 30 years. Single mothers and elderly women are more likely to be trapped below poverty. Canada's aboriginal people are still living in third world conditions.

A recent study by the Canadian Association of Social Workers took stock of the last Liberal decade. Women's pre-tax income is still 62% that of men's. Forty-two per cent of unattached women between the ages of 16 to 64 years live in poverty. Women's poverty has actually deepened under the Liberals. Single parent families headed by women remain on the very bottom economic rung.

So much for all that rhetoric from the Liberal benches about equality and being feminists. Women across the country would like to see, finally, the government translate some of its words into action.

Oxfam recently reported that half the women working in Canada earn less than \$20,000 a year.

The Canadian Institutes of Health Research confirms that wealth means health, that one-third of single parent families headed by women are poor and that without a national child care program, low income children face a lifetime health and learning disadvantage.

We just received the latest report from the National Council of Welfare. Hot off the press, it is called "Income for Living?" and what does it show? Based on 2000 figures, child care in Ontario, as one example, would cost 42% of a minimum wage earner's take home pay or 33% of a low wage B.C. worker's take home pay.

The same report shows that in Ontario, a single parent earning minimum wage, with one child, would have to spend 67% of their take home pay to live in an average rental unit. Can members believe it? A single mother making even an average wage would still have to spend 40% of her take home pay on rent accommodations.

The list goes on. It is disgraceful. It is an embarrassment. Yet the government does nothing.

What did we see in the budget? Not a focus on giving Canadians a raise; not a focus on ensuring that their hard-earned tax dollars go to projects where there is value for money; not a commitment and a target to eliminate child poverty.

• (1635)

Yes, we have targets. We have targets to reduce the debt, which is great, and no one is saying that we should not reduce the debt, but why are we only focusing on debt reduction? Why is the government trying to get us down to 25% debt to GDP ratio in 10 years time when Canadians are falling further and further behind and many more are living in poverty? The gap between the rich and the poor is growing. Working people are struggling day in and day out and single parent families are always wondering why there is so much month left at the end of the money.

All we are asking the government to do is to finally listen to what Canadians want, do what is in the best interests of the country and address the human deficit, the issues that have been neglected by Liberals for the last 10 years, and start putting Canada back on the map as a nation with compassionate and humanitarian principles.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I always enjoy hearing the member speak. She always brings an enormous amount of detail to the floor. I am sorry she did not talk about the bill, but having said that, I want to have a little debate with the member on the issue of poverty.

The member referred to the elimination of poverty. This goes back to a former NDP leader who had a motion passed in the House which sought to achieve the elimination of poverty by the year 2000. There are some facts though that say that lone parent families, not single parent families, as the member continues to say, account for about 15% of all families in Canada. However they also account for 54% of all so-called children living in poverty or families living in poverty.

Members can see that to seek to eliminate that poverty, one would have to address the fundamental problem of the breakdown of the family. Therefore it is inappropriate to talk about single moms and single parent families because they are not single. They have a history and it is that history that is at the root cause of the poverty that we seek to eliminate.

I wonder if the member would like to comment on how we can eliminate a problem where it means that we would have to virtually legislate behaviour.

• (1640)

Ms. Judy Wasylcia-Leis: Mr. Speaker, I am delighted to rise to the challenge and embark upon a debate with the member for Mississauga South. I will begin by saying that he is absolutely wrong in his assertions. I would suggest that he read some of the literature dealing with poverty and the roots of poverty.

Mr. Paul Szabo: I wrote a book on it.

Ms. Judy Wasylcia-Leis: He may have written a book on it but I dare say that his book and his hypothesis is not reflective of the literature as a whole and the organizations that are committed to fighting the eradication of poverty.

Reputable organizations, such as Campaign 2000, National Council of Welfare, Social Planning Council of Winnipeg and many other organizations that deal with this problem day in and day out, will tell the member and anyone else who cares to listen that the root causes of poverty are not behavioural, they are structural.

The root causes of poverty cannot be traced to some irresponsible family that broke up or by blaming it on the women, or whatever else the member wants to do. The root causes have to do with the fact that people are in low wage jobs. The root causes of poverty have to do with the fact that people are not making what they need to subsist.

Government Orders

I would suggest that he very carefully read what the National Council of Welfare had to say, and that tomorrow he very carefully read the report that will be released by Campaign 2000 on structural strategies to address child poverty. I believe that will be another study showing that Canada's attempts to reduce poverty by blaming it on individuals, on family arrangements and the make-up of family units is misplaced, and has allowed for tremendous poverty rates to continue when something actually could have been done to correct the problem.

I would suggest that the member look at the data that shows the actual systemic and structural roots of poverty. He should not look at family breakdown but at societal breakdown because the Liberal government refuses to address the systemic and structural causes of poverty.

Unless the government does that, unless it gets down to those fundamental issues, we will not see a break in this disgraceful pattern of child poverty in the neighbourhood of 25%, which is an unbelievable statistic in a country as rich as Canada.

I hope the member across the way will take another look at this issue and try to convince his colleagues that it is time to start taking this matter seriously.

[*Translation*]

The Acting Speaker (Mr. Bélair): The hon. member for Champlain, for a very brief comment.

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, my comment will be very brief, although I have enough material to speak much longer. I would like to congratulate my colleague on her speech.

I too am insulted when I hear all these false claims about the cause of poverty. We know that, during an election campaign, poverty is worth a lot, but when the time comes to do something about the problem and keep one's promises, the poor are left to fend for themselves.

Does my colleague think that the employment insurance fund and the \$45 billion that has been taken from the workers, the \$3 billion in guaranteed income supplement that has been stolen from seniors, and the billion for Canadian unity, which was wasted and found its way into the pockets of the buddies, mostly—

The Acting Speaker (Mr. Bélair): I am sorry to interrupt the hon. member for Champlain, but the hon. member for Winnipeg North Centre has the floor. I would advise her, however, that her time for replies has run out.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I would like to thank the Bloc Québécois member for his comment.

He has identified a very serious problem, for which a solution must be found. That is the issue of the \$45 billion in the EI fund.

It will take a great deal of resources to find solutions to problems like poverty, unemployment and economic insecurity in general.

● (1645)

[*English*]

Mr. Deepak Obhrai (Calgary East, CPC): Mr. Speaker, it is a pleasure to speak for the second time to Bill C-30. I am speaking to the bill because it deals with a very important issue, the budget.

Mr. Speaker, I will be sharing my time with my colleague from Dauphin—Swan River.

When the Prime Minister took office after being elected as leader of the Liberal Party, he promised Canadians a new vision that would be different from the previous government. He promised in the throne speech that he would connect with Canadians and offer them an alternative.

We then moved from the throne speech into the budget speech, where, in all honesty, after taking everything into consideration, we saw it as band-aid solution budget. We all knew the Prime Minister wanted to call an election because he was riding high in the polls and he thought the steam engine of the Liberal Party could sweep the country.

Lo and behold, the record of the Liberal government smacked it right in the face, as the member of the NDP just pointed out. The scandal of the management of Canadian taxpayer dollars hit it right smack in the face. What happened? We are now in a holding pattern.

The Prime Minister wants to call an election but he does not know when to call it. The vision he talked about has disappeared. Where will this bill on the budget go? As we all know, we are waiting for the Prime Minister to call an election but he cannot even decide when to call it. Whether it will be on June 14, June 28 or July 5, nobody knows.

The country is now being run in a holding pattern while Canadians wait for important issues to be solved. The last thing on the minds of Canadians is an election. They expect the government to come up with a plan, the budget being one of those plans.

As the critic for international development, I see in the budget that \$248 million will go into the international assistance development envelope, which would bring the CIDA budget to over \$2.5 billion. People may not know this but CIDA has a budget of \$2.5 billion, which is a lot of money, and yet CIDA operates without a legislative mandate. It is left to the mercy of the government or the Prime Minister and politics are being played.

As an international development critic for the last three years, I have seen four ministers at the head of that department and each minister has tried to pass on her or his own ideas and agenda. Why? The reason is that we now have legislation that directs where the money will go. It is left to the whim of the minister and the senior bureaucrats in CIDA. That is why questions keep being raised about where this money is being spent.

Canadians do not know what CIDA is doing. CIDA may have a good international name in countries where it does little patches of work but Canadians do not know where the tax dollars are going in international development. I keep asking that question in the House. Canadians are wondering why emerging economies in countries like China are receiving over \$50 million.

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●(1650)

Canadians shake their heads about why we are giving a country like China that aid. Every time I raise this question the answer is that there is poverty in China. Yes, we know there is poverty in China. We are very happy to see China as an emerging nation, but China is now in a situation where it has the resources to take care of its people.

Its leaders can take care of its people, but what do they do? They send people into space. They spend all that money for sending people into space. As well, there is an increase in their military expenditures of over 12%. They can do that, yet we stand here and use Canadian taxpayers' dollars and say there is poverty there that we need to address so we have to give them \$50 million.

Would that money not be better spent in Africa or in Latin America, in the slums there? I do not understand why and how we can stand up and let the Chinese leaders off the hook. They should be responsible for their own people.

However, this highlights the problem, which I am trying to say is the way CIDA is structured, the way CIDA is operated and the way CIDA is giving out money. The question that comes up time after time is this one: What is happening and where is this money?

Sure, Canadians are very generous. They would like to assist the unfortunate around the world. I am very glad and very proud, and so are members of my party today, to stand up and vote for Bill C-9. I have to give credit to the government for introducing that legislation, but we were the party that was there right away supporting that bill, because we knew Canadians wanted that bill to be supported. That bill is going to give generic drugs to Africa to help in the fight against HIV, malaria and TB. Yes, based on that, we supported it.

However, we need to keep asking this question: Where does the money go?

It is very interesting that the Prime Minister just went down to Washington and made a speech there. He talked about international development assistance, but then what do we say? It is a simple answer: We are giving more money. We are giving more money so we are meeting our commitment to international assistance.

Really, giving more money and using money wisely and effectively is a challenge. It is a challenge unless and until there are structural reform changes that take place in CIDA. Most important, unless CIDA is legislated and is told that these are the areas in which we expect results—i.e., we expect to see money going to poverty reduction or education—only then can we say it is an effective use of dollars. Right now money is spread out as thinly as possible across 105 countries, with every kind of end use, some very good and some excellent, but the result is that nobody is happy.

Then we have CIDA-INC giving money for business ventures. It was proven by my colleague from Cypress Hill, at the time from the Reform Party, that the money was going to the companies with ties to the Liberal Party. The companies took advantage of that.

The bottom line is that while we speak about the budget, while we speak of giving money, it is critically important that the money be effectively spent. That is what Canadians are demanding from the budget.

Let me say very briefly that the budget does not address many of the issues that are most important to people in my riding. What are their issues? Of course one is health care and we are seeing the flip-flops coming out from the government on health care.

Also, I want to say to that New Democratic Party, once and for all, tell us, quote for us, give us the name of who has said for profit health care or private health care. Where did we say that? Tell the hon. member to tell us, Mr. Speaker. The hon. member stands up and blames the Conservative Party, but let her quote from where we have said that.

●(1655)

I also want to say that she knows what our most important issues are, and most important is tax reform, because unless and until Canadians have money in their pockets, only then will that be an effective use of money.

In conclusion, I say we are drifting. We are drifting because of this election and because this Prime Minister and this government have not been able to put forth the vision they promised to Canadians.

Mr. Inky Mark (Dauphin—Swan River, CPC): Mr. Speaker, it is a pleasure to rise to take part in this budget debate. I have been here for almost seven years. It almost appears that every time we have a budget debate, the same debate occurs. We have talked about all these things, about the government's intent for what it wants to do, but the record paints a different picture.

We know that at this point this is really a pre-election debate. This is basically about the government telling the people of this country that it is going to give them back some of their money, not that the Liberal government will be honest and say it is their money, that it does not really belong to the government, that it is the people's money.

However, as members know, we play the same games over and over and unfortunately too many people have forgotten that when they pay taxes the money comes out of their pockets. Canada is one of the most highly taxed nations in the world. We pay an awful lot of taxes. Even members of Parliament do. My colleague and I were just talking about the amount of money from our monthly cheque that actually goes back to the government. In essence we could be paid \$1 million and 60% or probably two-thirds of it would come back to this place. So it is not about how much money we earn in this country; it is about the level of taxation.

On that basis, this country is filthy rich when it comes to tax dollars. I believe our current budget runs at \$185 billion to \$190 billion. That is an awful lot of money. In fact, when I first came here I had a hard time understanding a billion dollars, but after being here all this time, it is sad in a way when members think, "Well, what is a billion?" Certainly on the government side they say, "What is a billion here and there?" That seems to be the irresponsible way in which the government has operated.

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There are some things the government has done, but why has it taken so long? For example, a good thing is the GST rebate to municipalities, but why did it take so long? The FCM and the municipalities have been asking for tax rebates for over a decade. In fact, as we know, a GST rebate is really double taxation for the poor taxpayer at home, because they are paying tax on tax. The taxes that are paid come from taxes that citizens and homeowners pay to local governments and, in turn, those tax dollars are paid to the federal government. It just does not make any sense.

It still is a good move, though, that finally the federal government has realized it is wrong to double-tax people. Municipal governments are no different from this government. They are both there to serve the people at home.

One bigger contention is still "tax in lieu of". The federal government does not pay its fair share when it comes to property tax. That has been a contentious issue for many years. Maybe it is high time for the government to pay its fair share of taxes on federal buildings on municipal lands across this country from coast to coast. The government owns thousands of buildings spread across this country. It does not pay its fair share. The government pays very little tax. That is why it is called a tax in lieu of. That means in lieu of paying the real tax, the right amount that municipal and provincial governments need. Again the government is shortchanging the poor taxpayer at home.

Past budgets really have not dealt with defending the rights of Canadians, and this government's accountability has been very poor when it comes to that, certainly in regard to Canadian industries like softwood lumber. We have been sitting here for years talking about the same issues and asking the same questions about what the government is doing about the softwood lumber problem or the farming problem and the safety net programs. Since the Liberal government has been in power, the dollars going to help farmers have been reduced substantially over the last 10 years.

In fact, one area that has been complained about constantly when it comes to budgets is the military. We can actually take that right back to the years when Prime Minister Trudeau was in power. In those days, the Liberals basically wanted to get rid of the Canadian military altogether. That still seems to be the government's focus even though we realize the important role that our military plays despite its restrictions, its size and its lack of equipment.

• (1700)

Canadians expect this country to be protected and Canadians are proud of their military and their peacekeeping, but Canadians also want this government to fund the military properly and make sure the military has the equipment. When our troops are in wartorn countries, Canadians expect them to be protected. We expect our troops to come home in one piece.

In fact, if it were not for the frigates that the Mulroney government had built back in the 1980s, today we probably would not have much of a navy at all. The reason I bring this up is that in today's paper there is an article about how Canada should be looking at an aircraft carrier to make sure that we can transport our troops around the world.

As members know, today we do not have that capacity. We have to rely on other countries to deliver our troops and equipment, so even when we want to help out, we cannot get there. That is rather pathetic, especially for a country well known in the world for the job it does in preserving peace around the world.

On the subject of health care, the Liberal government always forgets that it was the Liberals who took \$24 billion out of the health care system. The question I raise is, why would the Liberals take the money from health? Only because we spend a lot of money on health in this country. Certainly the Liberals did not realize the impact it would have on Canadians. We know that today health is still the number one issue for Canadians across this country.

Yes, the Liberals balanced a \$42 billion deficit, but on the backs of the taxpayers and on the backs of the sick. Only recently has the government put that money back into the system. Unfortunately, it has not kept up with inflation, increased costs and increased stresses on the health care system as we find it today. We just have to ask the provinces. They will tell us. The provinces have told the government many times about the budgetary inflation and the cost to their provincial budgets of just their increased spending in health.

We have heard again about the gas tax. We have been talking about the gas tax for decades, and also about infrastructure. When I first came here I sat on the transport committee. Back in 1997, a study was done on how bad the roads were. The study was done in cooperation and consultation with the provincial ministers of transportation. They put together a study and an agreement with the federal government. They all agreed that the highways and bridges of this country needed repair, just like the sewage systems did.

But did anyone do anything about it? No. It was just another study that was put on the shelf to collect dust. Almost 10 years later, we are back to the same topic about sharing gas taxes. A year ago when the price of gas was way up, I think the federal government ended up with \$10 billion to \$12 billion of gas tax revenue. What did the government do with it? It kept pretty well all of it. The government did not spend very much of it on infrastructure. The Liberals more or less threw it in a pot and did whatever Liberals do with a big pot of money.

All these things that I have talked about this afternoon are not new. I have been at this for seven years in the House and the same topics keep coming up. We hear the same rhetoric from the Liberals, especially just before an election, and this will be my third election. So what does it mean? It does not mean anything. It just means another budget and more rhetoric, a pre-election budget, and I am sure that Canadians are smart enough to understand that this is exactly what it is. I am sure that Canadians will vote and that they will expect whoever replaces the Liberals to be a lot more accountable.

Government Orders

• (1705)

Mrs. Bev Desjarlais (Churchill, NDP): Madam Speaker, I know my colleague from Dauphin—Swan River was active in his municipality and I believe at one point in time he was the mayor of Dauphin. I want to get his comments on some quality of life reports issued by the Federation of Canadian Municipalities. These reports are sent to each of our offices.

Earlier in the debate the member for Winnipeg North Centre mentioned a report by one of the welfare groups as well as reports from Campaign 2000. These reports provided some specifics and percentages about where incomes were and how people in communities were being affected.

I want to highlight some comments from a Federation of Canadian Municipalities paper and get the member's thoughts on them. The federation has a quality of life indicator for 20 cities. It has been putting out reports for some time now. This one states:

While average inflation adjusted incomes have grown in most QOLRS communities, a closer look confirms that middle and lower income households have lost ground and that households from "minority" or "vulnerable" populations have not shared in the benefits of economic growth. Only the wealthiest 30% of families and 20% of individuals in the 20 QOLRS municipalities enjoyed any increase in before tax inflation adjusted income between 1990 and 2000. In contrast, the before tax income of low and modest income individuals—the bottom 30% on the income scale of all unattached individuals—decreased by 10% or more during this time.... In general, income growth among "minority" or "vulnerable" groups was substantially lower than their "majority" counterparts.

Even the Federation of Canadian Municipalities has made a point of mentioning this. It knows that in order for communities to be viable and sustainable, families need incomes that can support their communities. It goes on further in its report to mention a number of different things with regard to that.

Does my colleague think the budget will do any good to help in the areas where the Federation of Canadian Municipalities has indicated there is a problem?

Mr. Inky Mark: Madam Speaker, the member for Churchill raised a very good point. We are overtaxed. The wrong people are overtaxed, the people at the bottom. There is no doubt that the tax-free dollars need to be doubled so that people who earn \$1,000 a month do not pay any tax. They need money to provide the basic essentials of life.

The FCM has done a wonderful job since it has been in existence. Because of it the infrastructure program came into existence back in 1996. The FCM pushed the former prime minister into saying that the first order of government really was the most important one. Unfortunately, former Prime Minister Chrétien would not admit that the FCM is a legitimate entity. I have tried for many years to get the government to acknowledge that the FCM is a legal entity other than being a creature of the provinces.

The FCM has raised many other issues. I am sure that in the future the FCM will continue to put pressure on the federal government to do its job, to be accountable, and to spend people's money wisely.

• (1710)

Mr. Bill Casey (Cumberland—Colchester, CPC): Madam Speaker, it is a pleasure to speak to Bill C-30.

I compliment the member for Dauphin—Swan River. He raised a lot of issues that tweaked my mind and reminded me of things I would like to talk about.

I sometimes wonder whether there is any point in discussing the budgets, presentations, throne speeches and all the announcements the Liberals make because they change them so fast and they do not keep their word.

Just a few months ago the government announced in a big flurry of activity a \$750 million program for passenger rail service in central Canada. It was a big deal. There were lots of headlines and lots of coverage and within months they retracted it. They made it all go away. It is not going to happen now. It was just one of those announcements they made to get a few headlines, to get some support and then it fizzled away within months. It does not take long.

Let us look at some of the other things the Liberals have done. I remember the hep C program. They came out with a program to help fund a narrow window of victims of hepatitis C but when there was opposition to it and a lot of criticism, they changed it. They did not change it enough, but they changed it to include more people. There are still a lot of victims of hep C who do not have access to funding.

In the recent budget the Liberals announced a tax exemption for military officers serving in dangerous areas. They announced it in a big flurry but when there was opposition and criticism, they had to change it. They expanded it. It is the same with a number of things.

There were health care announcements in the recent budget. I could not believe it. In just days after the budget the Liberals were announcing new terms for health care and more money because everybody knows they shortchanged the provinces in the budget.

We cannot go by what they announce. We can only go by what they do and that is precious little. The Liberals do not do a lot.

The hon. member for Dauphin—Swan River mentioned a few things that I want to cover, such as the gas tax on highways. My riding has the only portion of the Trans-Canada Highway that has a toll on it. It costs me \$8 to go from one side of my riding to the other. Every other four-lane highway in the province of Nova Scotia is free and every other part of the Trans-Canada Highway is free, but my riding has an extra tax. Nowhere else in Canada has this tax, except my riding of Cumberland—Colchester.

It happened when the Liberals were in power federally and provincially. The funding was put in place to build a four-lane highway. It was put in place by a Progressive Conservative federal government and was signed off by a Progressive Conservative provincial government. It was 100% funding.

Government Orders

What happened? When the Liberals got in, a Liberal minister on the federal side made a deal with the Liberal minister on the provincial side in Nova Scotia. They transferred that money from my riding to a completely separate issue, a different kind of road in Cape Breton. This was under the national highway program. I will never understand how they were able to do that but they took the money out of the national highway program and put it toward a tourist road in their own ridings.

That is the way the Liberals do things. What they say they are going to do matters not much.

The member for Dauphin—Swan River mentioned overtaxation in EI.

I find it incredible that the government taxes students in the summers. They have to pay employment insurance premiums but they have no access to employment insurance. They cannot get the benefit but the government taxes them. They are charged the employment insurance premium. I find it so discouraging and so offensive that the Liberals would do that.

That is just a part of the \$44 billion to \$47 billion overcharge in employment insurance which I consider to be fraud. I look at the paycheques of my constituents and right on them it says “employment insurance premium”. It is not a premium for employment insurance. It is strictly a tax. It is fraud. It is getting money under false pretences because it is not an EI premium. I think that account is up to \$44 billion or \$46 billion that has been overcharged. That is forty-four thousand million dollars the government has overcharged people for working.

Part of that is what the young people have been overcharged. Students who have to work in the summer have their paycheques reduced because of an employment insurance premium, which really is not a premium because they cannot get the benefit.

● (1715)

Students do not qualify for the benefit because they are not available for work. It is fraud. It does not even make sense that the Liberals do this, but they go on and do it.

In the budget proposals there is no allowance for submarines. It is an issue that I have been involved with. Canada bought four submarines six years ago. Not one of them works yet. Not one of them is deployable. Not one of them is ready to go to work after six years. It takes 18 to 24 months to build a brand new submarine. We have had these for six years. They do not work yet. Why do they not work? Because the government has not made the resources available to make them work.

I visited the dockyards and I was very impressed with the submariners who want to work on the submarines. They are committed to these subs; they believe in these subs. They are sure they can do the job for Canada but they do not have the tools; they do not have the parts; they do not have the production workers; they do not have the production managers. They do not have the will on behalf of the government to give them the tools.

We have four submarine crews that have not had a working submarine for seven years. They want to serve the country. They want to serve Canada. They are sure that if they are given the tools

they can make these submarines work and serve their purpose. However they do not have those resources. I do not know why the government has done it but it has sidelined the submarine project. It has not given them the resources. The Liberals have actually taken resources away from them.

We see the sponsorship scandal and all the money that has been wasted that could have been put to good use. It is a shame that we have not taken the money that has been wasted on the scandal and put it into the areas where it is so desperately needed.

Imagine what the money that is taken in on the employment insurance overcharge, the \$44 billion, could do for health care. The government makes a big deal about putting \$1 billion into health care. The government has announced it 10 to 15 times. The Liberals make a big deal every time they are going to put \$1 billion into health care. There is a \$44 billion overcharge in employment insurance. Imagine what a fraction of that would do for the health care system. It would solve the problems. Instead, the Liberals continue on with the overcharge approach.

The sponsorship grants are absolutely incredible. I see the minister is here. I would like him to make a note that my all time favourite sponsorship grant is No. 699. It is called unforeseen events for Groupaction marketing of \$200,000. I do not have a clue what it is. I do not know whether it is unforeseen events or whether it is an organization called unforeseen events. The list indicates that for unforeseen events there is \$200,000. That is the way the Liberals spend our money.

If the minister could find out what that is for me I would be forever in his debt. I know he will because he is very good at getting information. That is my all time favourite. There are 721 on one list of sponsorship grants and there is a bunch more on another list. It is endless.

When I have to fight so hard to get a few dollars for a transition house in my riding or for Maggie's Place or for so many worthy causes that really need a few dollars, it is so disheartening to look at these grants of \$2 million, \$2.3 million, \$1.2 million, \$1.3 million, \$2.3 million, \$2 million, \$1.2 million, \$1.5 million, \$1.6 million, \$3 million and on and on. I am just going down the list. We need a few dollars to help a transition house to help battered women and we cannot get it.

In any event I think the Liberals have their priorities completely distorted. They are going in the wrong direction. We can give them some good ideas on how to better invest the money to serve Canadians better.

Government Orders

Hon. Stephen Owen (Minister of Public Works and Government Services, Lib.): Madam Speaker, I am inspired to rise to address my hon. friend's comment with respect to homelessness and transition houses. I have been listening to him intently of course but I also have been preparing announcements in communities for later this week. There is \$1 billion being put across the country over a number of years under the national homelessness initiative. This upcoming announcement will be for dozens of projects working with community groups on things like providing transition services. Another \$26 million will be announced later this week. I will not tell the hon. member where in the country because I do not want to spoil the surprise.

The government is immensely concerned with the issue of homelessness. Under the leadership of my colleague, the Minister of Labour who is the minister responsible for the homelessness initiative, this has been one of the most successful government projects at any level of government working with community groups, recognizing a real need and helping to alleviate that need.

I thank the hon. member for bringing forward this important issue. It is obviously top of mind with the government, as reflected by the extension of that important program in this year's budget.

• (1720)

Mr. Bill Casey: Madam Speaker, I would like him to make a note that my riding is Cumberland—Colchester, for when he passes out those millions of dollars for homelessness.

It is interesting that he should bring that up. When I was here from 1988 to 1993, we had programs that were really beneficial to people who required low cost housing. We had a co-op housing program which was absolutely incredible. We had programs to help people fix up lesser houses. We had programs to help people make their first purchases on houses. Those all disappeared under the minister's government, or the predecessor, his earlier version of the current government. However, I applaud what he is doing for homelessness.

I want to make it clear that every time I ask the minister a question, he gives me a real answer, which is not common over there. Let us call him an extraordinary minister. I appreciate the answers we get. I would like him to give me an answer for my number 699, unforeseen events. Could he tell me what that grant was?

I applaud what he is doing on housing. Cumberland—Colchester is the name of my riding, and we desperately need some of that money. We have tried to access it through several different programs. It is much more difficult now than it was when the Progressive Conservative Party was in power. Next time, when the Conservative Party is in power, it will be much easier again.

Hon. Stephen Owen: Madam Speaker, I am grateful for the comments of the hon. member for Cumberland—Colchester. I appreciate the reference to the former Progressive Conservative government having, in the hon. member's terms, a more effective homelessness program. However, I recall, with the change of government in 1993, there was a \$42 billion deficit. That represents many hundreds of millions of dollars a week being drained out of the country, some of it no doubt going to good causes.

As a member of the Conservative Party of Canada, I am sure the hon. member will agree that in the long run that type of irresponsible spending will provide no opportunity for us, as a government of any stripe, to provide the homelessness relief which we both agree is so dearly necessary.

Mr. Bill Casey: Madam Speaker, I am glad he raised that issue because he mentioned the \$42 billion, which is less than the government has overcharged working Canadians for employment insurance. That is just a pittance compared to what Canadians have been overcharged and to how brutally students have been treated with their employment insurance premiums. They really are not insurance premiums. It is just an overcharge and an extra tax that the Liberals want to call a premium.

The deficit had to be beaten, but I would like the minister to think about this. Calculate how much was achieved through the free trade improvements that were negotiated by Brian Mulroney and the Progressive Conservative Party, how much came through GST and how much business improved its ability to be competitive because of GST, rather than the regressive manufacturer's sales tax that the Liberals invented and imposed upon Canadian businesses so they could not compete.

I think if the minister goes back and figures that out, if he just takes those two policies, GST and free trade, he will find out how we fixed the deficit.

• (1725)

Mr. David Chatters (Athabasca, CPC): Madam Speaker, I am pleased to get in on the debate today. It has been interesting listening to my colleagues and their discussion. I want to follow along in somewhat the same direction as my colleagues have gone this afternoon because I get very frustrated.

I think my colleague from Dauphin—Swan River said that he has been here seven years. I have been here going on 11 years and it has not changed in that 11 years. I suspect if anyone has been here longer, and many have, that the process has not changed even longer than that. As governments come and go, the process and the discussion seems very familiar. It should not be that complicated a process.

A government comes into the House to start a session. It brings in a Speech from the Throne in which it outlines its priorities on where it would like to see the country go and some of the issues it would like to discuss. It follows that up with a budget to allocate funding to those priorities outlined in the throne speech. Then, after the budget, we have a never-ending budget debate. After all the budget was a month ago or longer and we are still debating it. After that, the government produces the estimates, which is a line by line estimate of the expenditures. Then the estimates are sent off to the various committees where the committees and departments scrutinize the estimates and hold the government accountable. The committees then are required to vote on the estimates from each department. They come back to the House and the House has a chance to vote on them. Rarely do we ever see the House vote down any of the estimates. Occasionally, it happens.

Government Orders

I recall the House did get its back up and vote down an estimate on money going to the gun registry sometime ago, but it did not make much difference. That particular department just took the money from somewhere else and continued on its way. It really did not take direction from the decision of the House that it was not a good expenditure of money. It just found it somewhere else.

Even this would not be bad if that was how the process worked. After the estimates are voted on, that is not the end of it. It does not, in a public way, show where the government is spending tax dollars. If the government is short funds later on in the year, it comes up with the supplementary estimates to cover any money it might have spent which it had not figured on when the estimates were put out in the first place.

The system should be presented in a way that Canadians can understand and see where their money goes, but it is not. The government indignantly tells us that this item of spending or that item of spending was in the estimates and if we were diligent in our job, we would see that and understand it. I am thinking about the unity fund. That is just rubbish. I defy anybody to find these things in the estimates.

This has been a favourite subject of mine for the 10 and a half years I have been here. The government should report spending and present the estimates in a form that we as members of Parliament can really understand. We should be able to see where the government is spending money. Then when it comes to a vote, we can determine whether we want to support that particular spending. However, I will get a little more into that later, particularly as it applies to the department I am most familiar with, the Department of Natural Resources. I am the party critic for that department and that is where I have the responsibility to scrutinize the spending.

• (1730)

Moving back to the process of presenting the budget. The government presents a budget on where it will spend money and on what programs it will spend money. It is not a lot different from what Canadian families or businesses do. They depend on a certain amount of income. They prepare a budget and determine on which programs they will spend that money. At the end of the day, that budget has to balance in most households and businesses.

Unfortunately, it does not seem to work like that in government. If it did, we would not be \$500 billion in debt. No business or family could run up that level of debt and still exist, but governments do not have those restraints on them. It seems they have an endless amount of money because they can always go back to the well for more tax dollars.

This government produced a budget. Then the Prime Minister, instead of going out and defending the budget, has been on a never-ending spending spree across the country. We heard some talk about the EI fund. The minister just recently announced a program for funding seasonal workers. I kind of got a chuckle when the minister talked about governments making quick surgical changes to the EI program to help these seasonal workers. Quick surgical changes are not something this government is noted for, or any government for that matter. Therefore, I was surprised. Maybe the government could look at some of the other programs.

However, that was only one of them. The deputy government leader announced \$1 million in government funds for official languages in Sudbury, Ontario on April 27. That was not in the budget. From April 1 to 14, a survey of press releases showed Liberal ministers and backbench MPs from the departments of agriculture, fisheries and oceans, human resources, Canadian heritage and industry took credit for \$1 billion in funding announcements, none of which were presented in the government's budget.

One of the announcements from Madawaska—Restigouche was to restore a replica of a historic railway. It came along with a cheque for \$361,500. That is hardly something we saw in the budget. There was another \$432,554 for an Acadian festival and another \$400,000 to renovate a theatre in the labour minister's hometown of Moncton, New Brunswick. These may all be worthy projects, but certainly they were not presented either in the budget or in the estimates, at least no where I can see.

The Victoria Symphony Society received \$150,000 from the environment minister, who happens to live in the riding. A magazine entitled, "Prairie North, Life in Saskatchewan" received \$25,986 in funding from the finance minister who, ironically enough, represents a Saskatchewan riding.

For all I know, all these may be worthwhile initiatives. However, one gets suspicious when they are not in the budget or when they are not visible in the estimates, and it is weeks before the pending election. The money is coming from somewhere but we are not too sure from where, perhaps the discretionary spending.

• (1735)

The expenditures appear to be more like Liberal bait to get votes than planned, thoughtful expenditures of a government that has presented a budget to which Canadians can look forward.

I want to spend a few minutes on the estimates and the process that we have in this place of approving the expenditures of the government that comes out of the budget. It has frustrated me for 11 years. I will concentrate on the estimates that I know.

The Department of Natural Resources, which is a very small department in the big scheme of things because it is under the purview of the provinces and the federal government really does not have a large role to play there, has an expenditure of \$1.1 billion. For a government that spends \$180 billion, \$1.1 billion is not that much. Lo and behold, this department increased its spending this year by \$280 million. That is a pretty sizeable increase. Maybe that was all right, but when the estimates were brought to committee for us to have a look at, and I am not an accountant by any means, as most Canadians are not, this estimate process should be in a form that we can understand and see where the government is spending money.

In particular, the discretionary spending is where I have my biggest problem because legislated spending is pretty straightforward. A bill is brought through the House, a program is created and the money is budgeted to cover that program, but there are always pages of grants and contributions under discretionary spending. I ask questions every year on this spending but I rarely ever get answers.

Government Orders

The minister says that if I come to his office and spend time with him he will explain it, but that is not how the process is supposed to work. Spending priorities are supposed to be reported line by line in a transparent form that Canadians can understand. One should not have to make an appointment with the minister in order to understand it.

Under grants and contributions there are no less than eight places where it suggests line items in varying amounts of money, from \$1 million down to \$30,000. It says:

In support of organizations associated with the research, development, management and promotion of activities that contribute to departmental objectives.

How in the world would anyone know where that money is going? It really frustrates me that it is presented to us in committee and then we are asked to vote on whether the government should spend that money.

That was eight different places with eight different amounts of money with the same wording. It could mean anything. It could mean that the Liberal friendly ad firms in Quebec are organizations that certainly support departmental objectives because it pays for them to support departmental objectives, whether or not it did. The minister denied that it had anything to do with that kind of use of tax dollars. Maybe he is right but one would never know that from looking at these estimates.

Another item in the estimates is the \$1.3 million to the Canada-China wood products initiative. That is very clear. What is the Canada-China wood products initiative? One of my colleagues spoke earlier about CIDA money going to China, the largest country in the world in terms of population, with its own nuclear weapons program, its own space program and seems to have a lot of money for those kinds of initiatives. Yet we are sending \$1.3 million for the Canada-China wood products initiative, whatever that might be.

● (1740)

We are contributing another \$1 million to the national community tree foundation. The list goes on and on.

An hon. member: It is a worthwhile program.

Mr. David Chatters: Well, it might be a very worthwhile program and something that we could really get excited about and get involved in but I very much doubt it.

On top of that, these government dollars seem to flow from one department to the other. Some of the expenditures that one would think would be within the Department of Natural Resources would be for projects like streamlining the regulatory process in preparation for the northern pipeline project to come on stream but it pops up under Indian Affairs and Northern Development.

We see one line under the Department of Natural Resources which reads contributions in support of aboriginal consultations on the long term management of nuclear fuel waste in Canada. I asked the minister what that was doing in there. We passed a bill in the House that transferred full responsibility for those consultations to the corporations that produce the waste and yet we are spending \$1.3 million on this process of consultation.

It is no wonder the government gets into the kind of problems it does, such as the ad scam, when this process of accountability is so convoluted, so general and so vague that no one can see where the government has spent its money.

We sit around here with our eyes glazed over like a bunch of robots and we automatically vote against the government's spending estimates because we have no idea why it is spending the money. The government, because of its majority, votes for it and it passes. Life goes on and another Parliament comes along and we begin the process again.

Every once in a while there is a glitch in the system and the government is exposed for money laundering through the ad agencies in Quebec. However that will go away too, and the sooner the better as far as the Prime Minister is concerned.

If he goes to the polls and gets what he hopes for, which is another mandate from the people of Canada and a majority government, what happens to the issue of the \$100 million, for which we received no value, or, as the former prime minister said, "there may have been a few hundred million dollars stolen but it was worth it. In the big scheme of things we saved Canada," he said. "So if someone stole some money it was okay?"

If we as Canadians give the government another mandate for another five years, we can bet that the investigation into the ad scam will end. The government will be able to say that it does not need to investigate it any more because Canadians are confident that it can look after their money properly.

I am sure after I have long left this place there will be similar scandals that will come forward and they will be treated in the same way. That is wrong. The system that we have set up for transparency and accountability is there but it has been corrupted over the years and it needs to be fixed.

Before Canadians vote in the upcoming election they need to know from the parties running how the government will fix the system so that it cannot be corrupted and abused in the way it is being abused now. The system should work and it should be transparent. The government should be accountable and it should be answerable to the Canadian people for every last cent of money that it spends. However, under the current system, it certainly is not and I think that is absolutely unacceptable.

I have no confidence that the Liberals are prepared to change that system. They will simply get past this scandal, move on to the next one and we will get more of the same.

● (1745)

Mr. Jay Hill (Prince George—Peace River, CPC): Madam Speaker, I listened with interest to my colleague who, obviously, was expressing a frustration which he himself could express after some 11 years in Parliament. I have been here an equal amount of time and I know many of the frustrations that he expressed so well are frustrations that many of us in opposition, in trying to represent the interests of our constituents, have experienced over the past few years.

Government Orders

He spoke about the need for greater transparency and specifically addressed some of the issues surrounding the way in which main estimates are presented to the House and, by extension, not only to parliamentarians but to the people themselves. Obviously there is a real need for accountability. The Prime Minister has talked about this and yet I would note that, as the official opposition's senior critic for National Defence, I experienced much of the same frustration as my colleague when looking at the main estimates for Natural Resources.

In this fiscal year and looking forward to the 2004-05 fiscal year, I noted that the reporting mechanism in the National Defence main estimates had been changed from one year to another. There does not appear to be any need for that, unless we can count confusion as a need. As the member pointed out, in referring to the main estimates of the Department of Natural Resources, it is hard enough to track things through from one year to another without changing the reporting mechanism.

When I looked at the main estimates for National Defence, I noted that the tables and charts that had been used in previous main estimates were not used this year. It was impossible to track through and very difficult to follow. My colleague said that when he raised that point with the minister, the minister had the audacity to suggest that he go over to his office, sit down and have a coffee and they would pour over this together and get to the bottom of it. It is absolute nonsense, as he correctly stated.

We have a big problem in this country and in this Parliament in not addressing the need for greater accountability and transparency.

One of the issues the official opposition has been raising over the last couple of days is the issue of foundations that have been set up at arm's length to government. The government has been funnelling \$8 billion a year into foundations for I do not know how many years now. An enormous amount of money has been funnelled into these foundations which might very well be doing great work. Maybe 80% to 90% is being well spent.

In addressing that issue in question period today, the Parliament Secretary to the Minister of Finance, who happens to be in the chamber right now, said that they were all audited and no problem. Well, Enron was also audited. Why can the Auditor General not look at those foundations? We have a Prime Minister who says that he believes in transparency and accountability. Well, why not let the Auditor General have a look at his pet foundations that he himself set up? This was not something set up by Jean Chrétien, who he tries to blame everything else on. This is something he did.

I wonder if my colleague could enlighten us a little bit more on what he has seen in the last 11 years, of this incredible growth in government that we have experienced under Liberal rule and the fact that the Prime Minister is campaigning full tilt at taxpayer expense right now but does not have the honesty to call an election.

Mr. David Chatters: Madam Speaker, the issues that my colleague raises are certainly valid ones.

One could not be blamed for suspecting that some of this secrecy, and some of these efforts to hide crown corporations and other foundations from scrutiny by the Auditor General is not deliberate. One would hate to think that. We must believe that all members in this place are ethical and honest, and I believe they are.

How do we get into these situations if these things are approached in an honourable and ethical way? Many of them are good causes. Why not make them transparent? If an issue such as education, the homeless, or whatever needs to be addressed, then a program should be put in place to address that issue. One puts in place solid criteria that needs to be met to qualify for funding under that program.

Any Canadian or any organization of Canadians anywhere in the country can then apply for funding. If programs are put in place and designed so that only certain people might qualify or they are non-tendered funding to friends of the Liberal government, then that is a corruption of the system. This is unethical and it should be stopped.

The use of the supplementary estimates is another corruption of the system. Estimates are put in place to cover the budget. The only time the government should go back to the well under the supplementary estimates is for extraordinary expenses like SARS or BSE, or a requirement to send our military somewhere in the world.

This government and past governments for years have been using supplementary estimates simply to gather more money for more of these unaccounted projects. This has to stop.

● (1750)

Mr. Myron Thompson (Wild Rose, CPC): Madam Speaker, I appreciated the speech given by my friend from Athabasca and his honesty.

Earlier in his speech he went through a long list of about \$1 billion worth of items such as upgrading museums, gala events, and so on. Those were totally questionable expenses. This money was obviously used in ridings where the Liberal candidate was vulnerable to losing so votes had to be bought and so the Liberals poured \$1 billion into those ridings. I wonder if taxpayers are aware that the government spends this kind of money. It is an absolute shame.

We should be able to come to this place and ask those people over there what the devil they think they are doing. The government has spent \$1 billion of taxpayers' money to do things like having a magazine in Saskatchewan for the finance minister and some festival somewhere else.

The Liberals have spent \$1 billion and in the meantime people cannot get through waiting lists in hospitals, students cannot repay their loans, and people that were harmed in the forest fires in British Columbia did not get a penny. Soldiers cannot get the kind of equipment they need to carry on with their missions. People in Alberta have suffered through droughts and beef problems, and have not received a penny. Yet the Liberals have spent \$1 billion just before an election to buy votes. I sure hope Canadians wake up to this kind of thing.

Does the member for Athabasca believe that when that kind of spending goes on by a government in charge, we ought to be able to come in here as an opposition and throw those members out bodily if nothing else. What kind of nonsense is this?

When I was the mayor of the town of Sundre, if I dared spend a nickel in that fashion, without having it accounted for and budgeted well in advance, and if there was a little contingency fund, it definitely went toward high priority needs, not toward giveaway fuzzy, fluffy, namby-pamby stuff.

I would like the member to comment on how I feel about this. We ought to be able to attack those people for throwing \$1 billion away on very low priority projects. Who do they think they are that they can take taxpayers' money and do those kinds of things?

Mr. David Chatters: Madam Speaker, the hon. member gets quite passionate about this issue and rightly so. I wish Canadians would get more passionate about it.

If Canadians re-elect the Liberal government after what it has been doing for the last 10 years, then I do not have a lot of faith in the future of this country. I would never advocate physically throwing them out although that idea is tempting sometimes. It certainly does have appeal.

I hope that if and when the Prime Minister ever gets around to calling an election, that Canadians will throw them out of here and elect somebody to run this country in a more principled, ethical and honest way.

• (1755)

Mr. Myron Thompson: You are smiling over there while people are homeless and having to pay so many taxes.

Hon. John McKay: You had three chances, Myron, and you did not get it.

The Acting Speaker (Mrs. Hinton): I have received notice from the hon. member for South Surrey—White Rock—Langley that she is unable to move her motion during private members' hour on Wednesday, May 5, 2004. It has not been possible to arrange an exchange of positions in the order of precedence.

Accordingly, I am directing the table officers to drop that item of business to the bottom of the order of precedence. Private members' hour will thus be cancelled and the House will continue with the business before it prior to private members' hour.

It being 5:54 p.m., the House will now proceed to the consideration of private members' business as listed on today's Order Paper.

Hon. Mauril Bélanger: Madam Speaker, I rise on a point of order. We have consulted with the other parties and were advised, and this may change, that there were no further speakers on the bill that we are debating, so if there was a desire to extend for a few minutes to allow this question and answer period that was going on, we certainly would consent to that so we could put the question.

The Acting Speaker (Mrs. Hinton): With respect, there is no more time left and we will have to continue on.

Private Members' Business

PRIVATE MEMBERS' BUSINESS

[*Translation*]

INCOME TAX ACT

The House resumed from March 11 consideration of the motion that Bill C-303, an act to amend the Income Tax Act (travel expenses for a motor vehicle used by a forestry worker) be read the second time and referred to a committee.

Mr. Jean-Yves Roy (Matapédia—Matane, BQ): Madam Speaker, I am pleased to speak today on Bill C-303, introduced by the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, which had first reading on November 18, 2002.

I believe this was a bill which had been introduced in the House previously, and had to be brought back. My colleague will correct me if I am wrong, but I believe it died because of the election in 2000.

I would like to remind the House what Bill C-303 is, before going any further. Obviously, it is about forestry workers and the income tax credits that might be available for using a vehicle when such workers have to cover long distances or work far from home.

As my colleague himself mentioned in his speech, this bill was introduced in 2000, and at the time my colleague contacted the Minister of Finance to ask his opinion and find out whether he at least would establish a tax credit for forest workers, who are unjustly treated in comparison with workers in certain other industries.

The then finance minister said that indeed, he would review the tax system to look at his options for responding positively to the request. That was in 2000. The then finance minister has become the current Prime Minister.

It became quite clear in the last budget that there had been no response. Since 2000 there still has been no response. On the eve of the election, if my colleague wrote him another letter, he would probably get the same answer as in 2000, "We will study it, analyze it and see whether it is possible". Meanwhile, we have never received a response.

This is very frustrating when we look at the history of the forestry industry in Quebec and in the rest of Canada, particularly Ontario or the maritime provinces. From a historical point of view, the forestry industry was probably the most important industry, before agriculture, for the development of Quebec and all the maritime provinces and Ontario.

In the Gatineau-Hull-Ottawa area, a major forestry industry developed over the years. This area finally opened up as a result of forestry.

Private Members' Business

Like my colleagues from Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques and Lac-Saint-Jean—Saguenay, I am from a region where forestry plays an extremely important role. The forestry sector is currently in crisis with respect to forest management because it has become apparent that the Government of Quebec wants to cut its investment. This is catastrophic considering that \$1 invested in the forestry industry is worth all the more when it comes to forest management.

The forest is an extremely important resource, particularly in Quebec, and needs to be maintained, managed and continually developed in order to produce a cultivated forest that we can use effectively and efficiently.

I would like to come back to the bill. I could go on at length about forest management since this automatically affects forestry workers. The less management there is, the more workers must, to some extent, travel long distances, often on what are referred to as forest access roads, or roads that are barely ridable.

They are therefore required to have vehicles that are more powerful than the car I use, for example, on highways or paved roads. Forestry workers have to drive vehicles that are efficient and powerful.

This is one of the things for which my colleague was calling for a tax credit. These workers have no tax credit for use of their vehicles. The vehicles they need have to be far more efficient and therefore cost more, as well as being harder on gas.

● (1800)

In addition, we have heard today that there has just been another gas hike, and this is quite significant for the Montreal region among others. It will, of course, spread across the country, because once it has started, we know very well it will not be restricted to Montreal. Forest workers will have additional gas costs because of the price hike, which has been going on for some time now and is continuing.

A tax credit is therefore being called for to ensure that these workers receive the same treatment as workers in a large number of industries. For instance, travelling salesmen who use their private motor vehicle are entitled to a deduction, allowing them to amortize the vehicle as well as part of the operating costs. There is, of course, a restriction when the vehicle is used for family or personal purposes outside of work.

The purpose of this bill is to ensure that forestry workers are treated fairly. If there is one class of workers in our society that has been treated unfairly throughout our history, it is the forestry workers. These people were exploited, especially in the regions. Historically, the big companies they depended on took advantage of them. Back home, we had the Price company. Workers were exploited and mistreated. There was a time when they were almost treated like slaves. They were earning very little money and were forced to buy everything they needed from the companies' stores. The same thing happened in the fishing industry in the Gaspé, where people were dependent upon the big companies, which treated them almost like slaves. Historically, that is how forestry workers were treated.

That is a part of our history that we almost relived not so long ago because of the softwood lumber crisis and the government's

withdrawal from the forestry industry. Believe it or not, not so long ago, some people were still living in tents and not eating too well, I am afraid. They had to fend for themselves, alone in the forest, for four, five or six days at a time. That is what these people were required to do to earn a living.

These days, with the ongoing softwood lumber crisis, the problem is even more obvious, because we are going through a crisis and people have to travel longer distances. Residents in my area and in the riding of my colleague have to travel to the Abitibi area, hundreds of kilometres from home, to earn a living. Others have to travel to the North Shore. Some even have to go as far as New Brunswick. They travel very long distances, for which they are not compensated.

That is no way to encourage people to go to work and try to earn a living, not to mention the fact that, under the current employment insurance scheme, these people need to work a certain number of weeks to be eligible to EI benefits. So, they are doubly penalized if we do not give them a tax credit for the use of the motor vehicle they absolutely need to get to work.

I also talked about forest management, but I would like to focus on one aspect. I am talking about forestry workers, among other things. For years, many of them did not have a pension plan, and many still do not have one. At 50 or 55 years old, with the working conditions that they have experienced, these people are now almost unable to do their work. They find themselves almost without any income and several of them become welfare recipients.

If there is one thing that the government should think about it is the establishment of a pension plan or an aid program for older workers, for this category of people, among others. Members in the House should seriously consider this and vote in favour of Bill C-303, as my colleague from Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques is asking.

● (1805)

[English]

Mr. David Chatters (Athabasca, CPC): Madam Speaker, I am pleased to join in this debate on Bill C-303, which proposes to amend the Income Tax Act to provide a tax deduction for automobile expenses that forestry workers incur when they travel to work sites that are far from their homes.

The proposed bill would cover daily out of pocket expenses for operating a motor vehicle. Examples of such costs are maintenance, gasoline and insurance. It would also cover interest charges on money borrowed to acquire a vehicle. It would also include depreciation costs.

Private Members' Business

I think the initiative is a worthy one but fraught with all kinds of problems. I would like to go over some of those problems.

Certainly I would not take away from any of the comments made about forestry workers by my colleague who just spoke. Forestry workers are the backbone of the forestry sector and forestry is a sector that contributes significantly to our economy. In 2002 alone, forestry exports contributed more than \$32 billion to our economy and our trade surplus. Today more than 350,000 hard-working Canadians are directly employed in this sector.

The core of the bill would give a special package of tax benefits to a narrow group of employees. It is incumbent upon all of us to make sure that we uphold the basic principles of fairness and even-handedness in public policy matters and in taxation matters.

Travelling in the forestry business is an expensive part of the job. There is just no getting around it. Providing tax relief on this type of isolated basis certainly is problematic. Let me raise some of the concerns about this approach.

We know that other groups of employees incur exactly the same kinds of commuting costs as forestry workers. People who work in construction or in the oil and gas sector are obvious examples. I certainly have some experience from working in the oil industry in terms of travelling back and forth to work. These workers travel huge distances, often up to seven and eight hours' worth, to work sites. I am sure there many more examples of people who have to travel as part of their job description.

We know that all employees, no matter where they work, incur some form of mandatory employment related expenses. Employment expenses can vary in their nature and in their amounts. There seems to be no reason that one group would be more deserving than any of the others in access to an employment expense deduction.

The cost of getting to and from work is one of a range of costs that employees incur. Like virtually all employment related expenses, there is no specific income tax deduction. Instead, there is a general tax recognition by way of the basic exemption. The basic exemption is one that applies to all employees and indeed all taxpayers.

Prior to 1988, there was a \$500 deduction for employment expenses. The general deduction recognizes that all employees incur some work related expenses. The employment expense deduction was integrated into the basic exemption. The basic exemption has steadily increased since 1988 and now stands at just slightly over \$8,000.

The member for Scarborough—Rouge River proposed that the general \$500 deduction be reintroduced as a way of recognizing the broad array of potential employment expenses. However, this would cost approximately \$1.3 billion per year in revenue foregone in the tax system.

Once we have opened up the door to this type of employment expense, in fairness we would also have to recognize volunteers and their expenses. Statistics Canada reports that there were 6.5 million volunteers in Canada in the year 2000. Giving each one of them a \$500 tax credit would cost \$3.25 billion in lost tax revenue.

The bill tries to address an obvious problem facing the forestry industry. However, it does not address the root of the problem: this

government's inability to properly manage its books and to resolve trade disputes with the United States. The softwood lumber issue has caused dislocation, unemployment and problems, especially in our rural communities. It needs to be resolved. It needs to be resolved at the highest level.

● (1810)

I would suggest that the other thing we should consider here is the whole employment insurance program. Not only does the employment insurance program consistently overtax people in the forest industry, but when they are laid off due to softwood taxation, tariffs and so on, it sometimes takes months for them to get their EI cheques.

I believe we have to address this issue globally. It means broadly based tax relief for all Canadians who are looking for some help. We want to specifically help people in their personal income taxes, allowing them to reduce the amount of taxes paid. We need to stop the gouging in the EI system. We need to ensure that the money goes to the people who need it in a way that helps them out properly.

In closing, let me say that due to the concerns I have raised, I will not be supporting this private member's bill.

[*Translation*]

Mr. Roger Gaudet (Berthier—Montcalm, BQ): Madam Speaker, I am pleased to speak to Bill C-303, an act to amend the Income Tax Act (travel expenses for a motor vehicle used by a forestry worker).

The summary of the bill says:

This enactment amends the Income Tax Act. It provides that a forestry worker may, under certain conditions, deduct motor vehicle travel expenses from income where the taxpayer was required under a contract of employment to use the motor vehicle to travel to and from the taxpayer's ordinary place of residence and the taxpayer's workplace or the employer's place of business.

The enactment also provides that a forestry worker may, under certain conditions, deduct from income

- (a) the interest paid on borrowed money used to acquire the motor vehicle; and
- (b) such part of the capital cost of the motor vehicle used by the taxpayer as is allowed by regulation.

I am very pleased to be able to take part in the debate on this bill in the House. It is the third time that my colleague from Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques brings this issue back. I would like to explain again, for the benefit of members, the reality that is experienced by some forestry workers in Quebec and Canada.

Here is a concrete example from my region. In my riding, some people have to go to work for a week at a time at the other end of the province. I live in the Berthier—Montcalm riding, and people there go to work in the forestry industry in Abitibi, on the North Shore, or elsewhere. Their vehicle is essential to their job. They use it to travel to the area concerned and for their work once they get there.

We have realized that, in the present situation, with no income tax deduction for these workers, there is no incentive to go to work. In the current context, with the lumber crisis and enormous pressure to drive down the cost of labour, a worker does not have much left at the end of the year.

Private Members' Business

The situation is the same for everybody, for those who work in the forest and for those who work in plants. All those involved in the forestry industry in Quebec and Canada are having a hard time, particularly with the softwood lumber crisis. There is less and less money to support families.

In 2000, my colleague wrote to the then finance minister, who is now the Prime Minister, to ask him to consider the possibility of restoring tax fairness for those people. I met with people from my riding, but I realized that similar situations existed throughout Quebec, particularly in the forestry regions.

There are people in these regions who work in forest management territories. These territories have shrunk because there is less cutting going on. This forces workers to travel further to find work. In so doing, they have to assume heavy costs that are not tax deductible.

In February 2000, my colleague wrote the Minister of Finance, who is now the Prime Minister. This is what he said in his response:

What constitutes a reasonable level of expenses for motor vehicles is a complex issue that requires a thorough study. The review of this issue and of other components of the tax system concerning motor vehicles is still going on. We will inform you of the results as soon as it is completed.

This letter was dated June 2, 2000. At the time, he expected a response in the subsequent months and that the situation could be corrected in the next budget if the government decided to follow up on his request. Moreover, the bill that was introduced at the time would have improved matters. The member had hoped the government would support it in order to help forestry workers.

Unfortunately, the then finance minister, the new Prime Minister, never deigned to follow up on the response he had given before. When the minister said, "We will inform you of the result as soon as it is completed", my colleague expected to receive information, but it never came. We never received it. We had to do additional research.

The Income Tax Act is very clear:

At any time, the distance admissible as a business expense is the distance between the employers' office and the forest camp office and the cutting site, provided the forestry worker received instructions at the office of the camp. At no time is the distance from the worker's home to the stump admissible.

• (1815)

So, people are put in the position of having to use a motor vehicle, something essential to their work and required of them by their employer. They have to use it to get to their job, which is often hundreds of kilometres away, but get no tax deduction for this. The cost of this vehicle, one that is often hard on gas, is quite high because a person needs a powerful vehicle for that kind of terrain. You know how expensive gasoline is these days.

All the expenses to get to the work site weekly, once calculated from the mathematical and economic point of view, may convince them that it is not worth going to the job. So, society ends up with people on its hand who would rather be working but are instead remaining unemployed and sometimes end up on welfare because they are in an area where there are no jobs or opportunities to make use of their skills.

For that reason, I hope that Bill C-303 which we are discussing today will gain the support of most of the members of this House. The other times it has been debated here, some were in favour and

some were not. Unfortunately, we did not have the outcome of the studies undertaken by the Department of Finance available to us then.

Today, with the budget just behind us, we know that forestry workers earn their living by the sweat of their brows. Yet they see the federal government once again with an \$8 billion surplus. Next year, it may be as high as \$10 or \$11 billion. These workers have to cope with a very restrictive employment insurance program, and are often unable to get enough weeks of benefits on top of the weeks they have worked to secure an income all year. Once again, we have been waiting for this bill since 2001.

In the cases that I am talking about, forestry workers who often work away from home find that it is unacceptable that a government that has such a huge surplus does not encourage them to work when they want to do their job and, indeed, this job must be done. There may be a manpower shortage. This is absurd. There are people who would be available to do this work, but they cannot, because the financial bottom line will be negative at the end of the year if they have to go to work and pay for all the costs.

It is this situation that the current bill is designed to correct. I hope that it will be passed and that the tax laws will be changed accordingly. There must also be a different interpretation of the regulations, so that workers who want to work, who want to make a living and who are forced to travel long distances do not have to assume a portion of the cost, which is unacceptable.

In conclusion, I would like to say that I expect members of this House to be particularly sensitive in these times where, because of the softwood lumber crisis, people are going through very tough situations. The financial survival of families is on the line. Often, this situation, this imbalance, this lack of acknowledgment of the tax expense means the difference between maintaining the independent small business, self-employment and quitting the job.

This is why I would like forestry workers to get the acknowledgment they deserve. I would also like them to be given the satisfaction of being able to work, of bringing an income home and of supporting their family. They have developed skills in this sector, and employers are waiting for them to do the work that must be done.

I cannot conceive that members of this House could deny a tax credit to workers using their own vehicle as a tool. I would hope that, at a time when these workers are going through such a serious crisis, we can show some sensitivity. It would be a good opportunity for all the members in this House to support the forest industry by approving the tax credit requested. It could come from this year's surplus.

Private Members' Business

•(1820)

Mr. Yvon Godin (Acadie—Bathurst, NDP): Madam Speaker, I am also pleased to speak to Bill C-303, sponsored by the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, whom I want to congratulate. I think this is the third time the member has introduced this bill in the House. It shows how committed he is to the cause of workers and how he recognizes that they need help.

For the benefit of those who are watching us tonight, the bill reads as follows:

This enactment amends the Income Tax Act. It provides that a forestry worker may, under certain conditions, deduct motor vehicle travel expenses from income where the taxpayer was required under a contract of employment to use the motor vehicle to travel to and from the taxpayer's ordinary place of residence and the taxpayer's workplace or the employer's place of business.

The enactment also provides that a forestry worker may, under certain conditions, deduct from income

- (a) the interest paid on borrowed money used to acquire the motor vehicle; and
- (b) such part of the capital cost of the motor vehicle used by the taxpayer as is allowed by regulation.

This could be a great bill, because it deals with a specific industry. I think some members have already pointed that out. Others, however, like some members of the Conservative Party of Canada, have said that all workers face the same problem, they all need to travel to and from their workplace. I can only conclude that they still not realize the kind of work these people do and what is required of them.

Let me give you an example. I used to work in a mine. To get to work, I could use my car, the same car I used on Sundays. I can assure the House however that loggers who work in the forests and have to travel 100 or 200 kilometres in mud and in awful road conditions need more than just a regular car. That is the whole difference.

Also, given the jobs available elsewhere, people can carpool to get to work. Four workers, for instance, can travel together in the same car. Oftentimes, loggers have to travel alone.

Costs are very high. These are groups of people who were traditionally ignored by employers. I remember that, at one time, the Consolidated Bathurst paper mill used to hire loggers. One day, it got rid of them, gave the work to contractors and there were no longer any benefits of any kind.

Some time ago, perhaps 50 years—and I can assure the House that I was not born yet—forestry workers were better treated than some of them are today. They had camps, with a cook to prepare meals. They had a place to sleep, with good meals, and they had work for the day.

Today, this is no longer the case, as the Bloc Québécois member mentioned, and some are living in trailers or in tents. In 2004, there are forestry workers who work in the bush, sleep in tents and wash in the lake. Such is life for some of them.

It is not like what the Conservative member was trying to tell us earlier, when he said that these people did not deserve such benefits, because their situation is like that of any other worker.

For example, in New Brunswick, some people work as loggers and this is their livelihood. There are workers who lost their jobs at the age of 54 or 58, because the Minister of Human Resources Development decided that they should hang up their chainsaw, that it was over. Then, they began hiring small contractors who no longer work for large companies such as UPM. Forestry workers must use their own means of transportation to get to work.

It is true that they cannot work in their community. For example, some leave Tracadie-Sheila to go to work in Boylston, or in the region of Sussex. It is like that everywhere. Such is the life of forestry workers.

Many of them are forced to travel by themselves. The costs generated by the use of their vehicle are totally different from those incurred by a vehicle travelling on paved highways.

•(1825)

That is why a logger has to use his own car.

As for his chain saw, it is tax deductible. However, he has to buy it. He uses one chain saw every year. That is why chain saws are deductible for loggers.

Why could the vehicle he uses to go to work in the forest not be tax deductible? We have heard over and over again in this House that the Conservatives want the government to lower taxes. It has lowered taxes for employers but when it is the employees' turn, it says that it cannot treat them differently from others.

However, as I said at the beginning of my speech, they are different. In the forestry sector, there are over 75,000 loggers. They are not the best paid usually. Their working conditions are among the worst.

Just imagine what I told you. It is the truth. Back home there were loggers who had to live in campers and get washed in the lakes. We still see that today in 2004. And they are being told that the work they are doing is no different from what others do.

We need our loggers. How many times have we heard people say "Oh that one, he is only a logger". However, when people in a urban centre anywhere in the country buy a 2x4 to repair or build a house, they do not even think for two minutes about the person who went into the woods to cut the tree to make the 2x4. They do not even think that that person entered the forest at 5 o'clock in the morning, worked very hard with his chain saw in the sweltering heat, and was eaten alive by mosquitoes all day long. They do not talk about that.

Private Members' Business

At least in the mine there was always one good thing: there were no mosquitoes. We had warm food, stoves and all those kind of things. We could always find a vehicle to go to work because the mine employed 1,400 people. There were perhaps 600 people on a shift. There were always people in the neighbourhood who could use the same car. We were able to help each other in this respect. There are five days in a week, four workers per car. It is possible to use one's car once a week only.

Things are different for loggers. They have big expenses. They even have to pay for the gas for their chainsaw. They have all sorts of expenses. Even if they get a tax deduction, we can still imagine their expenses, with the gas they have to use in their chainsaw. They have no choice.

That is why I think the bill introduced by the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques is good. Last December, the Liberal government reduced corporate taxes by \$4.2 billion. When friends are involved, there is no problem. When the Prime Minister, with the companies he turned over to his sons, can get away with not paying any taxes in Canada, it seems there is no problem. But when it comes to an ordinary lumberjack, there is a big problem. The same treatment is not available to an ordinary lumberjack or other worker.

It is about time the government did something. Something has been done for mechanics, when they sought a GST exemption on the tools of their trade. We are here to amend laws and bring about changes.

The Bloc Québécois member's recommendation is a good one. This is a good bill and that is why I will support it. I am sure my NDP colleagues will also support this bill because it is a step in the right direction. Once and for all, this legislation will help the little guy and not the large corporations which the Liberals and the Conservatives want to help. That is the difference between the political parties.

• (1830)

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Madam Speaker, it was like music to my ears when the member for Acadie—Bathurst praised my colleague, the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, who introduced Bill C-303.

We all know that there are some relatively large agglomerations in the Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques riding, but there are also some smaller communities which have a very high human value. Therefore, the value of a community cannot be measured by the number of people living there.

So we all recognize the social concerns of my colleague, the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, who has introduced this bill to amend the provisions of the Income Tax Act regarding travel expenses for a motor vehicle used by a forestry worker.

In fact, I said earlier, with respect to my colleague from Acadie—Bathurst, that I really appreciate working with him on the Standing Committee on Procedure and House Affairs. In any case, I had an opportunity to cross a good part of his riding. During a flight to the Gaspé, my airplane was detoured to Fredericton. I then had to rent a

car and drive across the riding of Acadie—Bathurst. I even went past the entrance to the Brunswick mine, where the hon. member for Acadie—Bathurst worked, I believe, before becoming an MP. I have often heard him refer to his experiences as a worker in the Brunswick mine. I am sure that the member for Acadie—Bathurst agrees with many of the points the Bloc Québécois supports. It is unfortunate that the member for Acadie—Bathurst stands in a province other than Quebec, because I am sure that in the coming election campaign he will be able to tell his fellow NDP candidates what good work the Bloc Québécois members do here in Ottawa.

From what I understand of this bill introduced by my colleague, it aims primarily at striking a balance between different professions. I am tempted to mention a few of the professions that can deduct the costs of the equipment they need to do their job, like optometrists and dentists for example.

I have a dentist friend who was telling me that you can easily spend between \$1 million and \$1.5 million to equip a dentist's office, because of the numerous computer-assisted programs, electron microscope tooth decay tests, bad breath tests and anaesthetic gases involved. These can generate significant costs.

Therefore, the reasoning behind this bill is not to allow certain job categories to use their status to justify a deduction. There is one important criteria here. We have to prove that what is requested of the profession, or rather of the workers, is related to the profession.

When our colleague the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques introduced this bill, he just wanted to achieve a certain tax fairness. Why did I talk about dentists? I have a great respect for that profession. But they have managed to convince the various Revenue officials that if they have equipment that is worth close to \$1.5 million, it is because they need it to do their job.

• (1835)

They are not buying sophisticated anaesthetic gas systems simply to enjoy having them; they are an inherent part of their job.

The forestry worker needs his motor vehicle to get around. Before I was elected to this House I worked for 14 years in the pulp and paper industry, and I know the facts. Unfortunately, companies in Quebec and Canada used not to worry as much about reforestation as they have in the past 20 years. They always considered the forest as an inexhaustible resource. I am sorry, but that is not so.

The woody resource, that is the trees and the wood in the forest, is farther and farther from the mills. Certainly the situation was different for paper makers in 1929. One example is F.F. Soucy, a fine, efficient mill in Rivière-du-Loup in my colleague's riding. In the wake of the Enron bankruptcy, the holding company for F.F. Soucy has acquired the Daishowa mill in Limoilou, Quebec.

The woody resource is increasingly distant from the factories; forestry workers have to go and cut wood on site. I do not mean any disrespect to the hon. member for Hochelaga—Maisonneuve, but there are not many spruce-fir forests in his riding. They are in the resource-rich regions of Quebec.

Forestry workers have to take their vehicles and leave on Monday at 3 a.m. to arrive at the sites at 8 a.m. They have to climb into their skidders, cut the timber and return home on Friday afternoon.

They do all this with their own vehicles. They have to cover part of their transportation, which is their own responsibility. This comes out of their own pockets. The purpose of this bill is simply to achieve greater fairness.

Since I have just three minutes left, I would like to point out that, prior to the 2000 election, I introduced a bill along the same lines to allow mechanics to deduct from their income the cost of purchasing their tools. As hon. members may know, a young person just out of technical school can easily spend \$15,000, \$20,000 or \$25,000 on tools. These are necessary to work as an automotive technician.

So, in the 2000 pre-election period, I tabled my private member's bill, which was rather along the same lines as this one by my colleague from Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques. Its purpose was to allow young workers as well as experienced workers to deduct the cost of purchasing their tools.

I am anxious to see how the Liberal majority over there will vote on this bill. I would remind those listening, both here and at home, that prior to the 2000 election, the Liberal MPs had voted in favour of my bill, knowing that there was an election coming on November 27, 2000. They voted in favour, so that mechanics could deduct the cost of tools required for their job.

Unfortunately, my bill could not go through the whole parliamentary process because of the election that was called on November 27, 2000. After the 2000 election, I reintroduced the same bill and the Liberal members were hypocritical enough this time to reject it.

This has shown just how hypocritical this government and the members of this party can be if they want to. Before the bill was passed, because there was an electoral campaign going on, they knew that they should visit mechanics shops, or people would take them to task. They voted in favour of the bill before the election, but when the election was over, they rejected the bill.

• (1840)

If these people have any respect, if they have any respect for forestry workers, I challenge them to approve the bill introduced by my colleague.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Madam Speaker, I am very pleased, at the end of these two hours of debate, to have received the support of several members of this House regarding the bill that I proposed.

This brings me back to the original reason for this initiative. Some workers in my riding, in a municipality named Saint-Jean-de-Dieu, must travel to Abitibi—a distance of about 1,000 kilometres—to work in the bush. They must get there with a vehicle that they then

Private Members' Business

use in the bush. This is why they use a very sturdy SUV, commonly called a 4 x 4, which is also a gas guzzler.

However, rather than remain unemployed in their town, these workers preferred to travel 1,000 kilometres from home and come back on weekends. They wanted to be able to absorb some of the costs incurred by agreeing to work that far away because, as some hon. members pointed out in their speeches, these costs ultimately jeopardized their ability to have an adequate income to provide for their families.

This is why, at the end of this presentation, I am now asking all the members of this House to support my proposal.

The hon. member for Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans made a very relevant comparison. Here, on the eve of an election, Liberal members once voted in favour of a bill relating to mechanics, because they were fully aware that, had they not done so, it would have been difficult to explain to their constituents why they had voted against this legislation.

In the current context of the softwood lumber crisis and the reality experienced by these workers, I hope that the House will be as receptive today and that the bill will be referred to a committee, so that it can be reviewed there and become part of the tax legislation, so as to do justice to our forestry workers.

• (1845)

[English]

The Acting Speaker (Mrs. Hinton): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mrs. Hinton): 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 (Mrs. Hinton): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mrs. Hinton): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mrs. Hinton): In my opinion the nays have it.

Adjournment Debate

And more than five members having risen:

The Acting Speaker (Mrs. Hinton): Pursuant to Standing Order 93 the recorded division stands deferred until Wednesday, May 5, 2004, immediately before the time provided for private members' business.

ADJOURNMENT PROCEEDINGS

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

[English]

NATIONAL DEFENCE

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Madam Speaker, I rise in this adjournment debate to draw attention to the deteriorating situation regarding the available troops for the numerous overseas missions and the equipment available for these soldiers.

As the member of Parliament for the riding of Renfrew—Nipissing—Pembroke, which includes Canadian Forces Base Petawawa, I take a special interest in the women and men who serve our nation as members of Canada's armed forces.

Federal Liberal budget cuts that removed 25% of the department's budget through the 1990s have resulted in placing Canada's military in a state of crisis. This is being confirmed by many separate independent bodies, such as the Royal Canadian Military Institute, the Conference of Defence Associations and the Auditor General, to name a few.

The House of Commons Standing Committee on National Defence and Veterans Affairs, on which I serve, came to the same conclusion while the current Minister of National Defence chaired the committee.

The new Prime Minister has been quick to repeat the same spending announcements to make it seem as if new money was being provided to our military. Yet, the last federal budget provided no new additional funds to make up the budget shortfall that has been identified.

The well respected Auditor General has identified a \$1.3 billion annual deficit in the operations budget of the Canadian armed forces. The Auditor General has further estimated a \$30 billion deficit in equipment funding by 2012.

Canadians need to be reminded that Canada is at the bottom of the G-8 and NATO countries in defence spending. It shares the bottom with tiny Luxembourg, Iceland and those NATO nations when it comes to money spent as a percentage of our economy.

Already this defence deficit is affecting our nation in the high Arctic with other nations challenging our sovereignty and claiming Canadian territory. Without the resources to defend our vast geographic area, Canada has sent a signal to the rest of the world that surrender by default is Canada's defence policy with this Liberal government.

The Canadian Forces have been continuously borrowing from the capital equipment budget in order to make up the operational budget shortfall. The Canadian forces have been unable to pursue the equipment projects that are necessary to improve or even simply renew the current capability.

That was the point of my question to the minister, by robbing the capital budget to fund the operations budget shortfall, the gap between equipment and capability continues to widen.

In Canada's military the people must remain our number one priority. The decision to increase Canada's operational tempo, particularly on overseas missions, is reducing our military to a state of near collapse. Manpower in the regular forces has fallen by about 30% over the last decade. Soldiers in some units are serving in back to back rotations overseas, with virtually no rest at home and no time with their families.

With the increasing number of sick days being taken by soldiers, our troops are sending a not too subtle message that something must change.

I and the new Conservative Party recognize that some very difficult decisions must be made and made quickly. There will be trade-offs. The Canadian Forces need more money today if they are to continue operating in a sustainable way.

Lately, there have been too many missions with too few people. As one military spouse put it to me bluntly, "What good is danger pay if your husband does not come home?"

• (1850)

Hon. David Price (Parliamentary Secretary to the Minister of National Defence, Lib.): Madam Speaker, I thank the member for the question. It certainly gives me an opportunity to talk about what our government has been doing, all the good parts.

First of all, as the member opposite well knows, defence is certainly at the forefront of the government's agenda which we have talked about since December.

The Speech from the Throne, budget 2004, the new national security policy as well as recent investments in key capital equipment, all highlight the government's ambitious security and defence agenda.

Regarding the Prime Minister's announcements on new search and rescue aircraft, the quotations are in the mail right now. The mobile gun system, which was recently announced, was a new project. That was not one that has been hanging for years, as the member opposite had said.

The maritime helicopter project is one that has been hanging for years, but on the other hand it has probably been good in many ways because we have a great bidding process. We have some really good competitors out there and the type of equipment we are going to get is going to be much more advanced than what we were looking at before.

The other project of course is the support ships, which is very important. This is something that has been talked about for awhile but has come up and we are moving ahead much quicker than what was planned before.

When we talk about budget 2004, we certainly put a lot forward there, but we have to remember that the budgets of 1999, 2000, 2001 and 2003, all had huge defence increases in them. This clearly demonstrates the government's commitment to defence. In fact, the member opposite said that there was no money in budget 2004. There was roughly \$1.6 billion in new funding for national defence.

Mrs. Cheryl Gallant: That was just to cover the operation.

Hon. David Price: The member opposite is saying that was to cover the operation, but she was just saying we were robbing out of capital to cover operations.

In fact, that is what we are doing here. We are putting money into operations, money for the incremental costs for Haiti and Afghanistan. That is exactly what we were supposed to be doing. We are not taking the money out of National Defence. We had separate money that went directly in for those costs.

Maybe we should talk about, and the member opposite is certainly aware, Roto 0 and the people who went to Afghanistan. They did an incredible job there. We must congratulate them for that. Regarding the equipment they had, the member opposite was also at the SCNDVA the other day when we had General Leslie before the committee. He explained very clearly to a question posed of whether they had the necessary equipment. He replied that everything they asked for, they got. There was no question and no problem for capital expenditures and operations. They got everything they needed, so that has been very clear.

I want to mention the role of our reserves in Afghanistan. They have done an incredible job over there. We talk about the three *Ds* as our policy now. When we go into a country that has problems and we are going to work there, it is not just defence. We go in with defence, diplomacy and development. Our reserves are doing a lot of the development work. That is incredible and it is an incredible role for Canada to take up.

•(1855)

Mrs. Cheryl Gallant: Madam Speaker, the military brass knows better than to ask for what it does not have.

If we as a nation are going to require individuals to go into harm's way, we have an obligation to equip them so as to minimize the risk of injury or death. Having served with the defence minister on the Standing Committee on National Defence and Veterans Affairs, I know that he is a proponent of the interoperability with our allies. I would suggest that the minister extend that perspective to equipment as well as shared defence capabilities.

I recommend that rather than warming over old announcements, the Prime Minister must pursue an honest policy when it comes to our military, with real funding announcements that represent real dollars.

The deterioration of Canada's military has been gradual and insidious. Let us plan for the renaissance of our defence capabilities to once again secure Canada's position among nations as an active and viable participant in the world community.

Hon. David Price: Madam Speaker, the member opposite mentioned NATO and what we are doing at NATO. I think we do an incredible job and NATO thinks we do an incredible job.

Adjournment Debate

We are looking at long term spending. We are looking at capital expenditures. We are talking now of \$27.5 billion over the next 15 years.

The member opposite also mentioned that we were at the bottom of the list in spending at NATO. In actual fact, we are number seven in dollars spent. We are actually about midway and climbing that rope very, very quickly.

As for looking at interoperability, we go much further than that. We are sitting down with our NATO partners and looking at the different things we can do to complement each other. One of them, of course, is the air to air refueling. We are working with Germany in setting up that type of equipment. When we go into NATO operations, we will actually be servicing other countries. That is just an example of some of the things we are doing.

GOVERNMENT ASSISTANCE

Mr. Bill Casey (Cumberland—Colchester, CPC): Madam Speaker, I appreciate this opportunity to again raise an issue that I raised on April 26. Just to give a little background, it revolves around the Nova Scotia brown spruce longhorned beetle situation in the Halifax regional municipality. I read that the Minister of Agriculture was compensating British Columbia farmers because the Canadian Food Inspection Agency made regulations that caused farmers there to lose their entire inventory.

In Nova Scotia, the Canadian Food Inspection Agency made regulations that are causing Nova Scotia woodlot owners to lose their entire inventory because of the brown spruce longhorned beetle.

One is a flu and one is a beetle, but it is the same agency, it is the same situation, it is the same Department of Agriculture, and it is the same impact. The business operators are losing their entire inventory.

For British Columbia, the minister responded by sending them cheques, actual cheques. I think the government has spent several million dollars to compensate the farmers in British Columbia for their lost inventory because of the CFIA regulations.

However, for Nova Scotia the minister replied in the House that the government is working closely with the industry. I do not know why the government discriminates against Nova Scotia. I am not sure what Liberals have against Nova Scotia as opposed to British Columbia, but British Columbia is getting cheques and Nova Scotia is getting the response that the government is working closely with the industry.

Adjournment Debate

With all due respect, the minister asked his officials to have a conference call with me to help me understand this. It was a good conference call. It was explained to me that the Canadian Food Inspection Agency would authorize mills to process this timber in a certain way as long as the mills agree to a stringent set of circumstances to ensure that the beetle did not proliferate or go anywhere else.

This sounded good to me. I appreciated the feedback. I went back to the woodlot owner who had raised the issue with me. He said that the mills will not let the lumber in. They will not take on the responsibility because the regulations are too stringent.

In a coincidence, this morning I received an e-mail from a woodlot owner. I will read a few lines from it:

My experience and that of others is one of total frustration. The [CFIA] says they have worked with the industry to have mills certified and it is now up to the private sector. The mills are not interested because the requirements are too stringent.

So as for the information I received in the conference call, those people may have meant well, and they may have meant that this was a solution, but it is not a practical solution. It is not working.

Once again I ask the Liberal government to treat Nova Scotia the same as British Columbia. It is the same Department of Agriculture. It is the same CFIA. It is the same problem. The business people are losing their inventories for the same reasons. I ask the government to compensate the Nova Scotia business people in exactly the same way that it has compensated British Columbians.

• (1900)

Hon. Georges Farrah (Parliamentary Secretary to the Minister of Agriculture and Agri-Food (Rural Development), Lib.): Madam Speaker, I am very pleased to respond to the question the hon. member for Cumberland—Colchester posed regarding the effects of hurricane Juan and the brown spruce longhorned beetle eradication program on woodlot owners in Halifax.

Hurricane Juan downed thousands of trees, some of which are located on a number of woodlots within the brown spruce longhorned beetle ministerial area. Woodlot owners within this area are unable to harvest the trees damaged by the hurricane because fallen timber within the brown spruce longhorned beetle regulated area must be processed in a way that stops the spread of this devastating pest.

Over the past four years, three separate regions of Canada have been affected by the introduction of invasive pests. In all three regions the CFIA has carried out aggressive eradication actions resulting in the removal of many trees. We are currently reviewing our options in terms of compensation for trees ordered for removal and destruction in order to control these invasive forest pests.

I understand that this is a very difficult time for woodlot owners in Nova Scotia and we are doing what we can to help them. The CFIA is working with all parties involved to determine acceptable salvage methods to prevent further spread of the pest. To date, many of the options are not economically acceptable to the various parties.

Many feel that the restrictions in place do not allow for the harvest of timber within the zone. The CFIA has taken the position that all of these restrictions are in place to ensure that the spread of these pests

is stopped. In doing this, the CFIA is keeping within its mandate to protect the forests and the forest industry of Canada.

To assist woodlot owners, the CFIA is actively assessing all proposals to move wood from the ministerial zone on a case by case basis and is continuing to assess various options, including chipping. In addition, local CFIA staff have been working with the provincial and federal authorities in identifying areas of infestation in support of the disaster relief initiative by the province of Nova Scotia for hurricane Juan. However, the brown spruce longhorned beetle has the potential to devastate Canada's spruce tree population. We must do all we can to ensure it does not spread.

Mr. Bill Casey: Madam Speaker, I appreciate the answer from the parliamentary secretary, but I want to point out to him that this is different in Nova Scotia.

In the other areas he mentioned that suffered from the longhorned beetle infestation, it is different because eventually the woodlot in those three other areas will be able to harvest their lumber. In Nova Scotia they are not going to be able to harvest their lumber because it is already down. They could harvest it today, this minute, except for the CFIA regulation which says that because of the longhorned beetle, they cannot harvest it. They cannot move it. They cannot take it to a mill. They cannot do anything with it.

I did not hear a complaint from the woodlot owners until the trees were knocked down because they knew that eventually they could harvest their trees. The trees are down now and must be harvested now but because of the CFIA regulation, they cannot be. It is different from the other situations.

I totally agree that every effort must be made to ensure that the beetle does not move around or expand its area. We totally support that position.

Again I come back to the avian flu issue in British Columbia. Compensation was provided for chicken farmers and therefore, compensation should be provided for the woodlot owners in Nova Scotia.

• (1905)

Hon. Georges Farrah: Madam Speaker, I will speak in French. The hon. member will understand.

[*Translation*]

I think that it is important to mention that the Canadian Food Inspection Agency had some say on this specific clientele. As I said in my speech, it is in trouble and we must do everything possible to help it.

The Department of Agriculture and Agri-food must create programs for this clientele. The problem that we have at this point is that compensation programs that we have are more for farmers. It is not that woodlot owners are not in trouble. This is why the minister will do everything possible to ease the situation.

We must also understand that the minister must work with his own programs. In this sense, to be quite honest, I agree that our program criteria do not respond to this specific clientele that needs help.

It is not because the Canadian Food Inspection Agency deals with a specific clientele that the department automatically creates a program affecting this clientele. This is the whole problem and we are aware of it.

Adjournment Debate

I sympathize with my colleague who is facing this difficulty. We will examine the situation and, if we can help this clientele, we will do so, because we know that it is deserving.

[*English*]

The Acting Speaker (Mrs. Hinton): The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 2 p.m. pursuant to Standing Order 24(1).

(The House adjourned at 7:06 p.m.)

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