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OFFICIAL REPORT
(HANSARD)

Tuesday, February 22, 2005

—
Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Tuesday, February 22, 2005

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

• (1000)

[*Translation*]

COMMITTEES OF THE HOUSE

HUMAN RESOURCES, SKILLS DEVELOPMENT, SOCIAL DEVELOPMENT AND THE STATUS OF PERSONS WITH DISABILITIES

Ms. Raymonde Folco (Laval—Les Îles, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the fifth report of the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities on Bill C-22, an act to establish the Department of Social Development and to amend and repeal certain related acts.

[*English*]

Bill C-22 as well as Bill C-23 represents a recommendation to the standing committee in June 2000 when Parliament had an opportunity to review the report. This is a concrete example of the work of the committee in dealing with legislation.

It is also an indication of the commitment of our government in terms of the Prime Minister's priorities in strengthening Canada's social foundations. We now have a focal point with these two pieces of legislation in our social development.

* * *

• (1005)

ELECTORAL BOUNDARIES READJUSTMENT ACT

Mr. Paul Forseth (New Westminster—Coquitlam, CPC) moved for leave to introduce Bill C-336, an act to change the name of the electoral district of New Westminster—Coquitlam.

He said: Mr. Speaker, it became very obvious during the last election that the name of the riding should be changed. Perhaps you could take notice that we should have private discussions to collect all such similar bills and at another time agree to pass all these bills at all stages.

There are a number of ridings that want a similar effect to my current bill which meets the community need.

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

[*Translation*]

PETITIONS

HIV-AIDS

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, many Canadians generously support the fight against HIV-AIDS and wish to draw to the attention of Parliament to the rate at which HIV-AIDS is spreading in marginalized areas of Canada and the world. They would also like to point out to Parliament that the debts owed by less developed countries hinder the effort to fight HIV-AIDS; that dozens of people are dying of AIDS every day; and that HIV-AIDS funding has not increased since 1993.

The people want Parliament to use its influence to cancel the debts that developing countries owe to Canada, increase funding and ensure that patents do not block access to medicines.

• (1010)

[*English*]

MARRIAGE

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present a petition to the House signed by a number of Canadians, including from my own riding of Mississauga South, concerning the definition of marriage. We have received many of these but I think it is a very important issue that bears repeating.

The petitioners would like to draw to the attention of the House that the majority of Canadians believe that the fundamental matters of social policy should be decided by elected members of Parliament and not by an unelected judiciary. They also point out that the majority of Canadians support the current traditional definition of marriage.

They petition Parliament to use all possible legislative and administrative measures, including invoking section 33 of the charter, commonly referred to as the notwithstanding clause, if necessary, to preserve and protect the current definition of marriage as between one man and one woman to the exclusion of all others.

Supply

Mr. Charles Hubbard (Miramichi, Lib.): Mr. Speaker, under Standing Order 36, I would like to present two petitions from my riding, both dealing with the definition of marriage.

The petitioners indicate that their strong belief is that marriage is a lifelong union of one man and one woman to the exclusion of all others.

Mr. Ken Epp (Edmonton—Sherwood Park, CPC): Mr. Speaker, I am very honoured to present, on behalf of a number of constituents in my riding, yet another petition on the issue of marriage.

These are people who say that this should be decided by elected officials in a free vote and not by an unelected judiciary, and that the government should use all possible legislative and administrative means to preserve the definition of marriage as the union of one man and one woman.

There are all together now I do not know how many thousands of petitions, but this adds 57 to the number of names on that count.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Hon. Raymond Simard (Parliamentary Secretary to the Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Minister responsible for Democratic Reform, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLY

OPPOSITION MOTION—ACCOUNTABILITY OF FOUNDATIONS

Mr. Monte Solberg (Medicine Hat, CPC) moved:

That the House call on the government to implement the measures recommended in the latest Auditor General's report to improve the framework for the accountability of foundations, in particular, to ensure that foundations are subject to performance audits that are reported to Parliament and that the Auditor General be appointed as the external auditor of foundations.

Mr. Bill Casey: Mr. Speaker, I rise on a point of order. So many of our members feel strongly about the accountability of foundations that all Conservative members will split their time for this debate.

Mr. Monte Solberg: Mr. Speaker, I appreciate the opportunity to rise and debate this issue today, which is a very timely one. As we know, the Auditor General reported just last week and in her report provided some substantive and pretty substantial criticism of how the government deals with the issue of money going into foundations.

I will start by pointing out that one of the most basic roles a parliament plays is to ensure that the public's money is well spent and spent in a transparent way. If we look back over the history of

parliament, we discover that parliament was born for that reason. I was doing a little research and found that in 1254 sheriffs of the various counties in England sent knights of the shire to advise the king on finance, precisely because it became pretty obvious, even at that time, 750 years ago, that it was important to have representatives from local areas go and talk to the Crown, in that case, about how money was being spent.

Of course over the hundreds of years since that time, parliaments more and more have played the role of being a check on the expenditures of government, but the only way that can happen is if there is transparency and if the government ensures that the money it brings in through taxation and various levies actually stays within the parameters of parliament, where parliament can actually scrutinize what is going on. That is a very ancient tradition and it has been there for a very good reason.

It is important that we fulfill our obligations to ensure that people's money is well spent. I want to point out that in Canada today people work extraordinarily hard and pay very heavy taxes. As I pointed out yesterday in this place, the average Canadian earning \$35,000 in Ontario pays \$17,175 in taxes, according to the Fraser Institute. Forty-nine per cent of that income goes to taxes. I think that is an outrageous number and I think people would agree.

Apart from the fact that Canadians are taxed too heavily, we want to know that the money being taken from them is actually going to something that benefits them. It is reasonable for Canadians to say that if that amount of money is going to be taken from them, which is way too much, they should at least know that their representatives can scrutinize how it is being spent.

As we know, the Auditor General concluded that the government is not ensuring that there is parliamentary oversight of this spending. There was concern about ministerial oversight. There was concern about the lack of performance audits and the fact that the Auditor General could not go in and audit these various foundations to ensure that the money going in there is actually producing results for Canadians. Because that is the point, of course: this money is not there just to go into a big slush fund to be used in whatever way the government wants to use it down the road. It is there to serve the public.

Since 1997 when the government first started doing this, the Auditor General complained about it and said the government should not do this, that it really is a violation of everything we have always believed about transparency and accountability. Since that time the government has funnelled over \$9 billion into these foundations and \$7.7 billion still sits there today. In other words, the government set up these foundations and the money has been funnelled in, but we are not seeing it used to some good effect for Canadians, with some rare examples.

We know that in the past, although this was not the subject of the Auditor General's report we are talking about today, there has actually been some criticism of how that money is being used by these foundations. There was a news story a couple of years ago about Canada Health Infoway, which is there to ensure that people in the medical community can use high tech services like the Internet to become more efficient. Canada Health Infoway was going to help with that.

Supply

•(1015)

One of the reports that came out indicated that doctors who were using this service found that it was a nightmare, but we as a Parliament have no way of scrutinizing this because we do not get proper reporting, according to the Auditor General. The Auditor General does not have the ability to scrutinize the books of these foundations and cannot do these performance audits to determine if we are really getting value for money.

In the current context that should concern everybody in this place, because in the current context, of course, we have an inquiry right now looking into how \$100 million was misspent by the government through the public works department and the sponsorship program. Thus, I would argue that this is not some academic discussion. I think it has real consequences for Canadians today.

It is the obligation of the government to respect that age-old tradition that Parliament has oversight of the public money, of the public purse, precisely because we do not want to see that money being used for things it should not be used for. We do not want to see it potentially used for things that are completely antithetical to the public interest. We have no assurance of that today. We are not talking about a little bit of money. We are talking about \$9 billion that has been funnelled there. That is a tremendous amount of money.

I want to point out, too, and I think this is an important point, that it was the current Prime Minister when he was the finance minister who made the decision to start doing this. It is important to understand what has happened or why this all occurred initially. Going back to 1997, when the government started running surpluses, it has been absolutely Machiavellian how the government has handled the manipulation of the surpluses that the country has run since that time.

In this case, the government broke all the accounting rules, broke the tradition of Parliament and put this money into these foundations, but that was only the tip of the iceberg. It was \$9 billion. Since 1997, \$95 billion in surpluses that were not forecast has been manipulated in various ways, manipulated so that the public has had no say in how that money would be spent.

I am a member of the finance committee and my friend over here is the vice-chair for the official opposition. When we sit down in the fall and go through the prebudget hearings we have a role to play. Our role, allegedly anyway, is to gather input from the public and provide a report to the finance minister that will give him guidance on what to include in the budget and how to spend the money that the government forecasts coming in. Unfortunately, the government has never really been very upfront with Canadians about the size of the surplus that it has anticipated. In the last number of years since 1997 we have actually had \$95 billion in surpluses that were not forecast by the government. The government consistently lowballed these figures.

One way the government has dealt with this is to create these foundations and slide \$9 billion of that over into these foundations. Again, these foundations are not even doing anything to a large degree today. Some of them have administrations of 30 people and

have spent almost nothing of the hundreds of millions of dollars that they have sitting in accounts. It is not clear what they are doing.

Of course I have heard the protestations from the other side of the House. They say the Auditor General is not criticizing these foundations, which is true, but the point is that the Auditor General really cannot criticize them because she does not have access to their books. It is a very disingenuous argument that members on the other side raise. If the Auditor General had access to the books to determine whether or not Canadians were getting value for money, we might find out that she had some very stern criticisms of these foundations. I would just like to encourage the government to be more honest in its refutation of some of these arguments.

My final point is that justice must not only be done, it must be seen to be done. It may well be that some of these foundations are doing good work, but forgive me for saying that I am not quite prepared to take the government's word for it, especially in the light of sponsorship, the firearms registry debacle and the \$350 million in Davis Inlet that came to no good effect. I would like to know that the Auditor General had the ability to look at those books.

•(1020)

In conclusion, my motion reads:

That the House call on the government to implement the measures recommended in the latest Auditor General's report to improve the framework for the accountability of foundations, in particular, to ensure that foundations are subject to performance audits that are reported to Parliament and that the Auditor General be appointed as the external auditor of foundations.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the House has dealt with this subject on other occasions. We also dealt with it in the Standing Committee on Government Operations and Estimates in the last Parliament. Approximately 20 foundations or so are under the purview of that committee. Notwithstanding what the member said, I was the chair of the committee at that time. I am aware that all but two of those foundations, which are very small, required audits. They have financial audits now.

The member's motion speaks to performance audits, and this is a little different. Performance audits are done under the auspices of a management consulting purview. In terms of opining on the financial or fiscal position and performance of a body with financial responsibilities, it is a financial audit, not a performance audit.

The other point I will raise for the member's comment is he should clarify for the House the variance between forecasted surplus and actual surplus. Could he explain to the House the first point so everybody understands what the timeframe differential is between when the forecast is made and when the final surplus is determined?

•(1025)

Mr. Monte Solberg: Let me deal with the second point first, Mr. Speaker, which is important.

The member has asked when the forecasts are made. The last time a forecast is made in the year before a budget is presented, for instance, is the fiscal update. Then in the budget there will also be some numbers that opine on where the government will be for the current year. At that point, the government has the third quarter national accounts numbers at which it can look.

Supply

Unfortunately, we argue it has not done a very good job of this. I point to last year as a good example. In the budget the government said that the surplus would be \$1.9 billion. When the numbers finally came out in August, the surplus was \$9.1 billion based on the fourth quarter. The government has it within its power to call the forecasters together in April, for instance, when it has the benefit of the new national accounts numbers, to provide an updated projection of the size of the surplus.

This is exactly why the official opposition, the Bloc Québécois and the NDP have recommended that independent forecasters be hired. That is what the finance committee has done. The forecasters are before the committee today to bring forward these numbers. They are now updated numbers that give Parliament a much better idea of the actual size of the surplus.

The first issue deals with performance audits. The member is correct that we are concerned especially about performance audits, but that is vital to the proper operation of government programs. Look at the sponsorship program. Look at Davis Inlet, which is one of the most unbelievably inefficient uses of Canadian tax dollars ever; \$350 million to move a community of 700 people 20 or 25 miles away to a different place in the hope that it would somehow cause them to leave the problems that gripped the community behind, problems like addictions of all kinds.

If we did a performance audit on something like it, I am sure we would determine that this was one of the most colossal wastes of money in the history of the country. In fact, it gave the people, who were in absolute dire straits, false hope. It somehow suggested that they would be helped out of the terrible situation in which they were. It was an absolute disaster and a complete waste of money. It is an example of why it is important to have performance audits for foundations as well.

Mr. Charlie Penson (Peace River, CPC): Mr. Speaker, I am pleased to rise today in the debate on our motion with regard to the Auditor General. I would like to thank my colleague from Medicine Hat, our finance critic, for bringing this subject forward.

It is a very important topic. It is timely in the sense that the Auditor General has again come out and recommended that foundations be put under her purview in terms of auditing. It is also important to tell the House that it is not only the current Auditor General who has made that recommendation.

When the former finance minister, now the Prime Minister, brought this practice into being in 1997, we had a different auditor general. That auditor general, Mr. Desautels, also was very concerned about the practice. I think his concerns have been borne out.

We have seen the corporate sector struggle through some pretty bad accounting practices. I am not sure how the government of the land can lecture the corporate sector on cleaning up their corporate governance, corporate malfeasance, when we have the same kind of practices from our own government. I suggest the government tries to get things off the books for political purposes.

Of over \$9 billion that has been set aside for these foundations, only \$1.3 billion has been spent. This means there is \$7.7 billion sitting in bank accounts or investments by those foundations. The

bottom line is the foundations did not need that \$7.7 billion at all. Why is that important? It is important because this is basically the tax money of Canadians. It is revenue that went into these foundations which has not been used. The money is sitting there gathering interest.

What does that mean to the average person? It could mean a substantial tax cut, or it was overtaxation during that period of time of \$7.7 billion. It is fairly significant, considering that the Liberals brag about their tax cut in 2000 of \$100 billion, although the real numbers are more like \$40 billion. However, when we stack up that almost \$8 billion against the \$40 billion, it would be a significant tax cut.

Yesterday the Auditor General was at the health committee. I was sitting in committee for one of my colleagues. I normally sit on the finance committee. Yesterday the health committee was reviewing the federal government's administered drug program for aboriginal people, the RCMP and the different groups that fall under that purview.

I had the opportunity to ask her questions about why she thought it was important for foundations to be brought under her mandate. She said that it was for the purpose of parliamentarians. The Auditor General is an officer of this House. It also is for Canadians. My analysis of what she said is that in many cases, although there are internal audits done in organizations, the audits are fairly narrow in scope and they do not always uncover some of the problems.

I do not think I have ever seen an Auditor General's report that has been tabled in the House in the almost 12 years I have been here that did not identify some problems in practices with this federal government's administration. The hope is those practices will be corrected, and in many cases they are.

I suggest that if the Auditor General had not identified them, if the credibility of her office was not out there and she did not raise this in a public manner, then they may not have been addressed. In many cases she has to go back and review it, and some of those changes have still not been made.

The office of the Auditor General does Canadians a great service and it should be extended to the business of the foundations.

If we wanted to go to the really hypothetical, we could say why do not pre-fund all departments? That is basically what we are doing with the foundations. However, it is not allowed under the rules of Parliament. It was not allowed up until 1997 when the foundations were brought into being by the current Prime Minister. Then exceptions were made for the foundations. Therefore, if the principle is good enough for ordinary day to day operations in the department, then it is good enough for the foundations as well. I cannot see any harm in having the Auditor General look at these foundations.

One member raised the point that she was not aware of any problems. Looking from the outside, how could anyone see any problems? How could anyone see any problems with the sponsorship scandal? We did not know that some of the agencies even existed. They were hidden from Parliament. Therefore, it is important that the Auditor General has that ability to look at it

Supply

•(1030)

My colleague from Medicine Hat talked about the prebudget hearings, which both he and I sat in for almost two months in the fall and into early December. Hundreds of Canadians and Canadian organizations came before our committee to tell us what their priorities were. Many of them identified the problems with predicting budgets and budget surpluses, and rightfully so. I think for the last seven years the government has underestimated the budget surpluses by almost \$95 billion.

I talked about credibility. The credibility of the government is at stake in these kinds of operations. These Canadians told us that they did not want this practice to continue. They wanted parliamentarians to be better informed about the fiscal numbers. In fact, we discussed that with them. My colleague raised the issue that the finance committee took direction from the House, from the throne speech amendments, that we set up an independent fiscal forecasting process that was responsible to the finance committee. In fact, I will be going over at eleven o'clock to hear the committee's first report, and hope to have questions for it.

What we would have from the fiscal forecasting committee would be a timely analysis of what Canada's fiscal situation would be on a quarterly basis so Canadians, through their parliamentarians, would have a better idea of the current fiscal status of the country. Whether it is surpluses, deficits or whatever, we need to know that because pertinent policy decisions need to be made. Perhaps the finance department has had it in the past but parliamentarians certainly have not, with the exception of the fiscal update in November of last year.

My understanding is that even since November, there have been substantial changes to those numbers. Therefore, if we have that on a timely basis, it would keep us better informed in the same way the Auditor General's auditing reports on foundations could keep us better informed. We could find out whether these foundations were following their mandates.

I think it is a natural flow. In fact, I would go so far as to say it is unnatural that we would exempt the foundations from the Auditor General's scrutiny. I am not sure why the government did that, although it is now clear that there is \$7.7 billion in the banks accounts or investments of foundations that would normally have shown up as larger surpluses than we even had.

It is important to get hold of this. We think the government probably will embark on further endeavours with these foundations or trusts that will not be answerable to the Auditor General. She will not have a chance to look at their books, and that does not serve Canadians very well.

I have great faith in the Auditor General's department. The department does us proud. We hopefully can have better use of taxpayer money. Every time a dollar is wasted, it is a dollar of taxpayer money that could be left in their pockets or better spent in some other way.

It is all about that. Canadians are one of the highest taxed countries anywhere in the industrial world. If we can save some dollars by having less government misspending, that is important. We need the department to fully look at all the books of the operations of the Government of Canada, including the foundations.

If there are further trusts or foundations anticipated in the budget tomorrow, I hope the House will vote to give the Auditor General the ability to audit these organizations.

•(1035)

[*Translation*]

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, I have listened carefully to the speech by my friend and colleague from the Conservative Party.

This is the third time that this recommendation has been made—the second was by the Auditor General and the first by the committee—that the Office of the Auditor General be designated to look into what is happening with the foundations. Each time, the government has given the same answer. I would like to hear the comments of the hon. member about this answer.

The government says that the Auditor General must not be given this right of oversight, because it might cast doubt on the independence of the foundations. That is more or less what we are going to be hearing from the government party all day—that the Auditor General cannot examine the foundations, because doing so would prejudice their strategic or organizational independence, or whatever.

I would like to ask my colleague how he interprets the act of verifying whether money has been well managed and well used. As I see it, that is one thing. Furthermore, does he agree with me that an external audit held to ensure money has been well managed, does not call into question the decisions of the board of directors, the mandate of the foundation, its operating method, its operational strategy or anything else?

Does he feel the government's excuse that this would prejudice the independence of the foundations still holds?

•(1040)

[*English*]

Mr. Charlie Penson: Mr. Speaker, my colleague's question was well put. He asked whether the Auditor General's being able to audit the foundations would inhibit the foundations' ability to act. I do not think it would. I do not think it inhibits the ability of the departments to act on the different programs within the departments that she audits now.

What she does bring to this is a measurement. There is some measurement that the public can see through their parliamentarians of whether the goals of an organization as outlined in its mandate and rules are being achieved.

It seems to me that the more transparency we can bring to this process, the better off we will be. Credibility in the whole process is very important. Canadians are participating less in the democratic process. The voter turnout in the last election was only about 60%. As people are really concerned about the way matters are being handled here in the nation's capital, it has the ability to turn people off in terms of voting. If they think they are not being listened to, or if elected members are not being listened to, or if they are not getting the proper respect, people get turned off in the process.

Supply

The more transparency we can bring to this, the more accountability of taxpayers' dollars, the better off we all will be, especially as it pertains to the corporate sector. The corporate sector has gone through some tough times. I remember the current Prime Minister when he was finance minister giving a speech in Toronto a few years ago. He lectured the corporate sector to get its corporate governance in order. I would give him the same advice.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member seemed to imply that the government is pre-funding things and that is inappropriate. Let me use the example of the millennium scholarship fund. It was set up to provide scholarship benefits to Canadians right across Canada for a lifetime. Some \$1 billion was set up as an endowment and was put into a separate foundation. It has its own board of directors. It is audited. It is reported on through the proper minister to this place.

Does the member believe that setting up the millennium scholarship fund and putting \$1 billion in an endowment to provide for those future scholarships was inappropriate?

Mr. Charlie Penson: Mr. Speaker, I think that is pretty irrelevant to the issue. Quite frankly, if the member feels so strongly that this is a good program, and it probably is, what would be wrong with letting the Auditor General have a look at it? I see nothing wrong with it. It gets back to the credibility issue again. If the Auditor General is not allowed to look at it, it creates a problem.

The member raised the other issue about pre-funding. I think he will know, and the Auditor General confirmed yesterday, that departments are not allowed to pre-fund programs. An exception was made for the foundations. The member should know that. If he does not, I would advise him to check the Auditor General's response in the health committee yesterday.

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, I appreciate the opportunity to speak to this issue. It is useful for the House to have debates on important public policy issues. This is certainly one that has been around, but we have to differentiate this in a couple of ways.

The first thing is it seems that whenever we want to inflame debate all we have to do is throw out the aura of some dishonest or inappropriate behaviour. We use words like sponsorship and we do not know what is happening with these foundations. The members really do a great disservice to the people who are involved in these organizations, all of whom subject themselves to very rigorous oversight regimes. The Auditor General herself has said that. To try to confuse what is a substantive policy debate with this kind of unfortunate language and mudslinging debases the debate that we could have here.

What is at issue is a policy disagreement. It is very important that we stay focused on that. To do that let us step back a few years. After 27 years of deficits we dug ourselves out of debt, thanks to the very hard work of the current Prime Minister when he was finance minister, and the government of the day.

I hear lots of talk about the forecasting. In fact the forecasting methods the government uses are as rigorous as we are going to find. It would be really interesting to see the others. What happens is that on a cash flow this year of some \$190 billion, it is enormously

difficult particularly when a big chunk of the revenue comes in the last quarter to determine exactly where we are going to be. The government exercises a very serious prudence regime to guarantee that we do not overshoot because there is no way we want to go back to the old days of deficits. Those are the simple facts of it.

As we got close to coming out of debt, the then finance minister realized that we would likely have a very large surplus toward the end of that first year, and he made a decision. He said the problem was that it is also an accounting issue which the Auditor General talks about. He said at that time that because of the way the rules were currently structured, he could not put any of that money out to do other work.

The reality was, if members will cast their minds back to that time, there were huge concerns about the brain drain, about people having to move to the United States to get quality jobs, about our research communities being depleted. There were huge cries across the country for investments in our capacity to innovate because all of us believe, and I have heard members on the other side express exactly these same beliefs, that if we are to grow as a country, we simply have to develop ways to invest in our innovative capacities. The Prime Minister when he was finance minister made the decision to put 25% of the surplus that year into an instrument that allowed it to carry on in subsequent years.

According to accounting policy at that time, he had to put it out to an independent agency, otherwise it would remain on the government's books and would have gone toward the debt. He made a decision. It was not a shady, hidden decision. He spoke about it; it was announced in the budget. This House looked at the legislation, passed the budget bill, debated it here and approved the expenditure. It was not done in any secret way. It was done on the floor of this chamber with the support of people in this chamber. We set up a facility that brought people of very high reputation, people who unquestionably are leaders in this country, around a table to make decisions on a peer review basis about how we would fund science. That is what was done. It is as simple as that.

We have to try to get to the substantive debate and not play these foolish games. The Auditor General herself has said over and over again that she has no concern about the financing. There is no sponsorship here. There is nothing hidden here. In fact, of these institutions, it might interest members to note that every single one of them produces an audited financial statement. Every single one of them subjects itself to independent evaluation and those reports are tabled here in this House. When I chaired the committee on government operations, there were concerns because they had not been before the House.

It is interesting to note the comments of the member for Medicine Hat about the sheriffs in 1254. Those same actions were the ones that actually created the foundations of the modern House of Commons and its role to oversee government expenditure.

Supply

•(1045)

How many hours does the member spend in committee on estimates? How many times have those members called departments before them to rigorously look at their spending? One of the great failings of the House is that we do not take that seriously and we do not do exactly what the member says we need to be doing.

Those foundations will come before the House and answer questions. We could call any one of them and they would share their financial information. In fact, they would be glad to do it. When I called them and when the chair who followed me called them, there was absolutely no resistance to it.

Any suggestion that there is something shady, underhanded or hidden from public view here is simply wrong. The foundations' audits and evaluations are published on their websites. In many ways one could argue that these organizations are models of transparency. Not only that, the foundations have been enormously successful in their prime missions. The volume of quotes that talk about the good work they have done is extraordinary.

Dr. Adele Diamond from the University of British Columbia wrote, "The Canadian government's vision and foresight in establishing the chairs program was absolutely inspired. Indeed other countries are now scurrying to follow Canada's lead".

There is renewed energy across the country. We no longer have a brain drain; we have a brain gain. People are coming back to Canada to occupy these positions because we have made investments in research. Students are able to go to university because we have invested in them, despite the actions of certain provinces to claw back.

There are always opportunities for improvement. Frankly, I am a huge fan of the Auditor General. I work very closely with her on her comments about government. She provides an invaluable service.

The boundary issue here is the closer we bring these organizations to government, they may as well simply become departments of government and we would lose the ability to carry the funding over fiscal years. Why is that a problem? I encourage members to take this issue seriously and to call the various organizations before them. Members should call the auditor before them to discuss some of the other issues of the funding of research in government. They should call the head of the Canadian Institutes of Health Research who is currently saying that he has a problem in that he cannot plan ahead because the accounting rules are in many ways based on the recommendations of the sheriff in 1254 and do not allow for moving into a more modern kind of accounting.

It is interesting to note that in the auditor general's report where concern was raised about foundations, in chapter 8 she talked about the government's need to go to accrual accounting. This would allow us to account for activities multi-year and perhaps would make it unnecessary to use some of these instruments.

The fact is that in the current circumstances, if we want to manage our cash flow so we do not go into deficit and we want to put some money into the hands of Canadians who can do good work, this is a vehicle that works exceptionally well and has been enormously

successful. I would simply challenge members to put on the table a substantive concern.

The Auditor General also went on in her report to say that she had no concerns about the accounting standards. In fact, she has issued unqualified audits of the government's books every single year. It is important to stay focused on what is essentially a policy disagreement between the auditor and the government. It is a disagreement around whether or not these institutions should be separate.

Members have said that if the government makes a grant, the auditor should be able to audit that organization. We make grants to the United Nations but we do not expect the auditor to be the auditor of the United Nations. We make grants to the OECD, the World Bank and other organizations. We give money to other organizations in pursuit of agreed upon policy goals debated in the House and passed in the House. We do not make it a requirement that the Auditor General be the auditor for all of them.

We do sit down and look carefully at our agreement rules and the text of our contracts with these companies. We simply put in place performance measures that people can look at in order to satisfy themselves that the funds are being used in a way that is consistent with the purposes for which they were given.

Do we want proper information? Do we want proper evaluation? Do we want Canadians to know that this money is being spent? Absolutely. The question is, are they independent of government? It is the government's belief that to bring them in closer puts us in a dangerous position which would make it impossible for us to use these vehicles to fund those important services.

•(1050)

An hon. member: Why?

Hon. Reg Alcock: I hear a member asking why. Let me refer him to chapter 4 of the current audit recommendation. Paragraph 4.17 states:

If the foundations were deemed to be controlled by the government pursuant to this new standard, then payments to them could not be recorded as expenses, since the foundations would then be considered to be within the government reporting entity.

That has been the problem from the beginning. They are not departments. They are instruments of public policy, established by the House in accordance with legislation passed in the House and overseen by standards that have been debated in the House and discussed at committee. They produce independently audited statements and independent evaluations. They report all that information transparently. They appear before the House but they are not departments of this government, which is the fundamental issue here.

I do not reject one of the Auditor General's concerns about the oversight and relationship in terms of the reporting we get from these foundations. We have been working with her. In fact, we have worked with her to implement a number of changes that she has recognized. The new Comptroller General is working closely with her office to see where else we can go to satisfy these concerns.

Supply

The one concern where we do not have agreement is whether or not she should be the auditor of record of these organizations.

However I do have a recommendation to make that I think begins to address this concern, and I would encourage members to look at it.

The member for Repentigny has put before the House a private member's bill, I believe it is Bill C-277, that addresses this question. I believe there is one more hour of debate on that bill and then it will move to committee. I would encourage the House to get that bill into committee where it can call before it various actors, the auditor, myself, certainly, and the foundations. The committee can take a look at this because there may be another way to achieve the goal that the Auditor General wants.

When I get below some of the simplistic criticisms and into the substantive part of this debate, I think members want to be satisfied that there is good oversight, which is what I think we all want.

However the Auditor General has asked for something else, which I think gives us a bit of an opportunity to differentiate here. She has spoken to the need to have the ability to, what is euphemistically called, follow the money audits. When there is a concern she wants to be able to follow the money into the organization.

I think that would be a very fruitful and useful avenue to explore. It would solve a number of problems. It would differentiate between the Auditor General being the auditor of these organizations and bringing them into the government fold, which creates other problems, and allowing her to have the independent oversight that she might like to have to satisfy herself should a concern arise.

I want to read what the Auditor General said last week. She always gets caught and she said this in her previous audit report, that often things that she says are picked up and taken out of context and used as supposed evidence of more serious problems. On CBC last week she said, "We do not have any issues with the people who are there and I would not want any of our comments to be taken as a criticism of the people nor of the activities that are going on in the foundations. I certainly wouldn't want to give the impression either that we think there is anything inappropriate going on in those foundations".

Those were the words of the Auditor General. We can always raise the spectre of things but those are the words of the very person who members are purporting to represent here. The reality is that she says there is no substantive concern, that there is a policy dispute about whether or not these instruments should be part of government.

I should remind members that this House has taken the position by the passage of successive budgets that this instrument is a useful one and it works. These foundations were not created by the snap of a finger of the finance minister. Most of them were created in legislation that was debated and passed here in the House. The money was put before this Chamber and members passed it. Therefore to suggest that somehow this is a shady deal in the backroom is just simply inaccurate.

● (1055)

One more time I hear a member wanting to besmirch the good names of all the people who serve on these foundations and, under the cover of privilege, accuse them of being like the sponsorship.

Mr. Brian Fitzpatrick: Nobody said that.

Hon. Reg Alcock: Please, let us try to rise above that. Let us try to have a debate that is substantive and focussed on the issues at hand.

Managing something as large as the Government of Canada is an important responsibility that we all share, and we particularly share that in a minority. Members have to get focussed on their responsibilities. To simply attack things because it is cute in the public debate or because they will get a headline some day, does a huge disservice to the Government of Canada and to the people of Canada. This is important business and they should be up to it.

● (1100)

Mr. Brian Fitzpatrick (Prince Albert, CPC): Mr. Speaker, last week in the public accounts committee I asked the Auditor General a point blank question. Last week in the House of Commons the Prime Minister, Mr. Dithers, said that the foundations had a lot of transparency and accountability and that there was absolutely no problem with Parliament or anyone else finding out what was going on in the foundations. When I asked the Auditor General whether she shared Mr. Dither's enthusiasm, she said "absolutely no".

Liberal governments, I would say for 30 years, have been undermining the role of government. We can argue that back in the seventies there was restructuring in this place that concentrated power in the Prime Minister's Office and undermined every member of Parliament from carrying out his or her duties.

We now have another Liberal government, under the charter, that backs off from making major policy decisions and allows the courts do it. It hides behind that. Now it is trying to farm out the functions of Parliament to foundations.

I have two questions for the President of the Treasury Board. He said that independent auditors were reviewing the books. I would remind him of Enron. Andersen Consulting was doing audit and consulting work for the same outfit which ended up destroying the organization because it was in absolute conflict of interest.

The government is doing extensive consulting work with major auditing firms that are also doing audit work. I would like him to respond to that clear-cut conflict of interest in the context of Enron and good governance.

Hon. Reg Alcock: Mr. Speaker, it is unfortunate that the context of the member's question is contained in his opening remarks where he wishes to use a cute phrase or just a little dismissive phrase in naming the Prime Minister, which, frankly, undercuts the debate he wishes to have here.

Is he now asking whether it is true that there were problems discovered in Enron-Andersen, WorldCom, here with the CIBC and others? Absolutely. Is he also asking whether it is true that the Ontario Securities Commission and the U.S. government with its Sarbanes-Oxley reforms took action to fix those things? Absolutely. Is he asking whether it is true that it is the history of man that we constantly discover ways in which we can improve? It is of great value that we do in fact do those improvements.

However if he is saying that all private accounting firms are somehow corrupt, he is simply wrong, and to even suggest that is just so outrageous it debases the debate.

He should look at the names of the people who serve on these foundations. They take their responsibilities seriously. They have independent audits and independent evaluations. The Auditor General herself has said that she has no concerns. The member is substituting his short, quick nine second clip, political debate for the intelligence of others.

[*Translation*]

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, I have a comment to make and a little question to ask the President of the Treasury Board.

If the foundations are a model, if other countries come to look at what our foundations are and how they work, if they are a model of transparency, if the Auditor General says that in large part they are good, if his government and everyone watching us says they are good, why does he not want the Auditor General to look at how these foundations are managed? I agree with him that we must not stoop to the demagoguery of the Conservatives and say there is a sponsorship scandal in all the foundations. I am sure that they are all well managed. However, if they are all well managed, let us accept the proposition. That is my comment.

When the President of the Treasury Board says—and I thank him for it—that Bill C-277 is tabled in this House, this bill must go to committee and the Auditor General called in for that to happen. I am sure that he is quite familiar with the parliamentary legislative process. So his party has to support Bill C-277. My question is this: does the President of Treasury Board and his party support Bill C-277?

• (1105)

[*English*]

Hon. Reg Alcock: Mr. Speaker, the member asked why, if we agree with all of the other aspects of transparency and accountability, we would be opposed to having the Auditor General as the auditor of these particular foundations. My answer very simply is that it is because of the nature of the private organization. For example, we transfer sums to the Province of Quebec. Should the Auditor General be the auditor for the Government of Quebec? The answer is no, because it is a separate body. There is a boundary area.

All we are saying is that there are lots of ways to get accountability and oversight but we think the danger is that the closer we pull the foundations into the government the more quickly they will lose their independence, which is a serious concern and the concern at the heart of this.

Supply

The member asked whether the government would support Bill C-277. I do not support Bill C-277 in principle as it calls for doing what the motion calls for, which is automatically appointing the Auditor General as auditor, but I would be prepared to support the movement of Bill C-277 to committee in order to have this conversation in a proper forum.

It is unfortunate because we have an opportunity with that bill to have a substantive debate about this. I would welcome that debate and participate in it. What we have here is a headline chasing motion that wants to make an important public policy decision like that, which is irresponsible.

I would suggest, if the member is willing, that if we were to get it into a committee in a form that would allow us to look for a solution to the problem that he wishes to solve, I will be his ally.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, the President of the Treasury Board cited the Auditor General a number of times and seemed to indicate that there was an ideological difference between the Auditor General and the government on this question of auditing foundations. I certainly disagree because the Auditor General has been very clear that she does not feel there is satisfactory knowledge about how the funds are being used within the foundations given that we do not audit them.

He also mentioned the issue of independent evaluations. I asked the Auditor General about the number of foundations that had completed independent evaluations. Her office said that it had found five foundations which had completed independent evaluations but that most had not.

I asked a second question on the number of funding agreements that give the government authority to terminate the agreement if defaults are not remedied. The Auditor General found only five funding agreements that had this provision. Most did not.

Then I asked how many funding agreements contained a right for the minister to recover unspent funds on winding up. Her office found only seven funding agreements that had this provision to actually recover unspent funds upon winding up. In most cases we do not even have the right to terminate the agreement if defaults are not remedied.

On the issue of the 11 recommendations, 7 recommendations were rejected or not implemented by the government, which is a failure rate of two-thirds. Is the new Liberal standard of satisfactory performance when something fails two-thirds of the time?

Hon. Reg Alcock: Mr. Speaker, let me go back to the member's opening statement when he said that since there were no audited financial statements how could we understand them. It is simply untrue. Every one of them has audited financial statements and every one of them posts an operational plan.

Supply

Let me be clear on this. The Aboriginal Healing Foundation, the Canadian Foundation for Innovation, Canada Health Infoway, the Canadian Millennium Scholarship Foundation, the Canadian Health Services Research Foundation, Genome Canada, the Canada Foundation for Sustainable Development, the Canadian Foundation for Climate and Atmospheric Sciences, the green municipal investment fund, the Federation of Canadian Municipalities and the Pierre Elliott Trudeau Foundation are the foundations in question. Every one of them has an independent evaluation report that is on its website and can be tabled in the House.

Members should spend some time looking at this. It has only been in recent history that they have even been called before the House.

I would encourage the member to give some support to his obvious strong feelings about that and suggest that the committee, on which he sits, call the foundations forward to have this conversation with them. However to simply do it based on a headline is not very functional.

• (1110)

[*Translation*]

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, for starters I would like to thank the President of Treasury Board—something that is not done very often in the House of Commons—for having just said, if I understood correctly, that he would support Bill C-277 after the second hour of debate. He said that he did not agree with the principle, but he wanted Bill C-277 to go to committee, where the debate would be held

With the avowed support now of the President of Treasury Board for Bill C-277, I am very pleased to learn that I will have the unanimous support of the House when we vote on this bill. It will therefore move along quickly; it will go to committee to be studied, as the President of Treasury Board wishes and as I do myself. I thank him therefore for his support this morning during the debate.

However, I have a few little concerns in his regard. During the debate, he said that the Auditor General could not be asked to audit the books of foundations because money is transferred to them and that, otherwise, this would mean the Auditor General could be the Auditor General of the UN. But the web site of the Office of the Auditor General, contains the following and I quote:

The Office of the Auditor General audits a number of United Nations agencies and has served as one of the auditors of the UN itself. The Office has also been one of the most prominent supporters of training programs for auditors from national audit offices of developing nations—

Since the Auditor General can audit the UN because the government transfers funds to it, according to the President of Treasury Board, she can therefore audit foundations. But he says she cannot. For example, the government transfers funds to Quebec and other provinces, and the Auditor General cannot audit this money. Therefore, on the strength of this, she cannot audit foundations.

I will return to my speech in a minute. I just wanted to take this opportunity to intervene with the President of Treasury Board, because there is not really much opportunity to do so during the 10 minutes allotted for questions and comments.

So the President of Treasury Board was saying that if the federal government transfers money to a province, for example Quebec, the Auditor General cannot audit it.

I know, Mr. Speaker, that I must give my speech. I am just making some comments...

The Deputy Speaker: I remind the hon. member that this is the time allotted for debate and not a time for questions. He may continue.

Mr. Benoît Sauvageau: Mr. Speaker, I am well aware that I am to debate the motion. However, we do not have much time, during the 10 minutes allowed for questions and comments, to address the President of the Treasury Board. That is what I am doing before resuming my speech.

Was he saying that if the federal government transfers funds to a province, such as Quebec, the Auditor General has no right of oversight; consequently, she is unable to investigate the foundations.

However, under the Canada-Quebec-municipalities infrastructure program, whereby each party pays one-third of the costs, money is transferred between the federal government and the province, and the Auditor General has the right of oversight because it is for a federal-provincial-municipal program. She used Quebec as an example, saying that even if there were transfer payments, funding for this program was properly administered.

There are other instances of transfer payments, for example in health, where the department must ensure a follow-up of such funding. But since the Auditor General has been auditing UN files and programs cost shared by the federal government, the province and the municipalities, according to the President of the Treasury Board, she could therefore audit the foundations. But he says no.

This is how we arrive at the point of trying to find, in an instructional approach, not a demagogic one, how and why the Auditor General ought to have an overview of the foundations, and how the government's reasoning, i.e. the foundations' independence, does not hold up to any kind of close scrutiny.

I am totally in agreement with the President of the Treasury Board when he says that caution is required. Saying that the Auditor General ought to be able to vet the foundations is not saying that the foundations are mismanaged. I am not saying that every foundation has its own sponsorship scandal. I am not saying that funds are necessarily being pillaged. What I am saying is that we have a right to know. If they are properly managed, properly administered, properly controlled—as the President of the Treasury Board says they are—let them open up their books and prove it.

Some administrators of foundations have even told me that the Auditor General had to be allowed to come and that they would be only too pleased to show her how well they manage their affairs. Yes, they did support Bill C-277, they told me, because they were proud of the way they were administering the foundations and the foundations' funds. There was no problem.

Others called me to indicate their disagreement, but not out of fear of being found dishonest, or any such thing. If I am not mistaken, it was Canada Pension Plan, which has a federal-provincial transfer, and they asked me to raise the possibility of such an audit. I am totally in agreement with that. If it cannot be done for some legal or accounting reasons, I do not want to show any disrespect for the law and regulations.

If a foundation cannot be included in such an audit for this or that reason, it will be excluded, and parliamentarians along with the Canadian public can be told why it cannot be audited. This is why the Auditor General always adds, at the end of her recommendation, the phrase “with a few exceptions”. These exceptions will have to be defined at the committee stage. We will be able to do it there, and I am glad of that.

This recommendation by the Auditor General is not something that just dropped out of the sky yesterday. It relates to a recommendation subsequent to an April 2002 Auditor General report. Three years ago, she wrote:

Substantial amounts of public money have been transferred to foundations. I am concerned by the limits placed on Parliament's ability to scrutinize them.

While the President of the Treasury Board is in the House, I will quote two other facts which bother us and which suggest that the Auditor General should have oversight over foundations. In her Status Report, tabled February 15, in paragraph 4.64 she says:

However, some sponsoring departments informed us that they had first learned of the amount to be paid to foundations only when federal budgets were announced.

I think this is rather worrisome.

● (1115)

Tomorrow, the Minister of Finance will present a budget in which he will announce that some foundation will receive \$3 billion more. The sponsoring minister will then say he did not know it, he did not ask for it, he did not apply for it, and that he is finding out as the budget is brought down. Is this normal? I do not think so. I could ask that question of the President of the Treasury Board.

However, in the same report, the Auditor General has a table showing the foundations. The hon. member for Sudbury told us that it was not known how many foundations could come under the Auditor General's scrutiny: tens, hundreds, thousands. The cancer foundation of Lanaudière region is not there. The foundation to preserve the shores of the St. Somewhere River, in someone's riding, is not there. There are eight foundations mentioned on page 4 of chapter 4 of the Auditor General's report.

There are a number of questions to be asked about this table, Exhibit 4.2. For example, Canada Health Infoway Inc. was founded in 2001. Four years ago, the federal government gave \$1.2 billion to Canada Health Infoway Inc. Today, Canada Health Infoway Inc. has \$1,200,002,000 in its account. It received \$1.2 billion and now it has more. That is amazing. If this foundation has respected the government's mandate for it, despite its independence, to assist in disseminating health information—and this is not an investment fund like the Caisse de dépôt et placement du Québec; it is supposed to be a foundation—we can see that it has more money now than it did four years ago. Can we ask questions? I think so.

Supply

There are other interesting examples, such as the Endowment Fund, which is a group of funds that includes the Pierre Elliott Trudeau Fund. The Endowment Fund was set up in 2001-02 and has granted \$10 million in subsidies. It received \$389 million to set up, has granted \$10 million in subsidies, but cost \$11 million to administer. Can we ask why it cost \$11 million in administration fees to grant \$10 million in subsidies? I am not saying this is wrong, I am just saying it might be questionable.

Then there is Sustainable Development Technology Canada, which was set up in 2001 and received \$350 million. Since 2001, it has granted—sustainable development technology is the environment minister's hobby horse—some \$6 million. Any idea how much it cost to administer? Seven million dollars. The administration costs outweighed the value of the grants. This is something the Auditor General might want to look into.

Do you understand, Mr. Speaker—and Mr. President of the Treasury Board—that this raises questions? I am not a big tax expert, nor am I very good at counting, so I will not dwell on the interest earned column, because I see that—although I am a poor administrator, at least I am not as bad as some people—some figures are not as good as others. To receive \$2.5 billion and to be unable to earn interest on that amount might be a management problem.

This is not a scandal like the sponsorship scandal, but, if, through these statements, the Auditor General has some questions or leaves us with some questions, then it seems to me that we should get to the bottom of this.

First we are told this can adversely affect the foundations' independence. Yet, when a foundation receives all its funding from the federal government, it is not exactly financially independent, is it?

● (1120)

Earlier, I asked the member for Peace River, if I am not mistaken, how taking a look to see if the money is properly managed can adversely affect a foundation's strategic decisions. As far as I am concerned, a foundation such as, for example, the millennium scholarship foundation—I should point out here that we want all foundations to be abolished—gives scholarships to a number of students. If the Auditor General takes a look to see if the foundation's budget is well managed, the mandate of the millennium scholarship foundation will still be to give scholarships to students. I do not really understand the government's argument about the independence of foundations.

Second, the member for Mississauga South said that these foundations are audited nevertheless. He is a qualified accountant who knows there are two types of audits: financial audits and value-for-money audits, or performance audits.

Supply

Calculating that an organization received \$100 million and spent \$100 million is internal auditing. Such auditing is conducted in every department. However, determining whether this \$100 million went to the brother-in-law of André Ouellet's sister-in-law and was used to take trips, drink champagne and so on, is another type of auditing called value-for-money auditing.

It is true that audits are now conducted in departments and foundations. It is true that foundations are subject to internal auditing. What the Auditor General is asking, and what we are asking is that these foundations be subject to external audits.

I do not want to hear all day long that there is an audit. It is also true that there is an external audit, because I know the member for Mississauga South will mention it.

However, it is the board of directors that decides who will do the audit. In the case of Canada Post, it was discovered that the board of directors, which was friends with the director and CEO, appointed external auditors who were not accountable to the government, but to the board. There may be a problem here.

Why, as parliamentarians, would we agree to give \$9 billion to foundations and say that we do not want to know what is going on? If it is true that we do not want to know because this money is being properly administered, and if it is true that we do not want to know because there are internal audits, I must inform the Liberal member that each department has an internal audit branch. Why are we asking the Auditor General to look at all this then? Is it because they are all corrupt and all thieves? No, not all of them are. It is because we want to know how these funds are being administered. And the same is true for the foundations. The Auditor General called for this in April 2002. The Standing Committee on Public Accounts called for this in May 2003. The Auditor General called for it again this year and there is a bill that, I learned this morning, the government will support. So, it is about allowing the Auditor General to have the right of oversight for the eight, possibly twelve, major foundations which are currently funded by taxpayers' dollars.

Of these foundations, for the benefit of the member for Sudbury, it is not about, for example a anti-cancer foundation in her riding and where the volunteers could say—because that is what she said in her first intervention—that if the Auditor General audits the anti-cancer foundation cancer in her riding of Sudbury, it may be because there is something suspicious going on. The Auditor General will not go there. She could, if the bill passed, look at the operations of the Canadian Foundation for Innovation, which received \$3.6 billion. Here is a surprising fact: there is still \$3.1 billion left. It did not spend much.

Mention has also been made of the Canada Millennium Scholarship Foundation, the Canada Health Infoway, the endowment funds and Genome Canada. With regard to the latter, the Auditor General is verifying if it is a foundation under its letters patent of incorporation or if it is not an independent organization.

There is also the Aboriginal Healing Foundation, the Canada Foundation for Sustainable Development Technology and the Canadian Health Services Research Foundation. In my riding, I have no volunteers at Canada Health Infoway. I do not have any volunteers at the Aboriginal Healing Foundation. This is to reassure

the member for Sudbury who was saying that she was afraid the Auditor General would go to the private foundations in her riding. I do not wish to get into this.

• (1125)

I merely want to ensure that we have a right of oversight over the eight foundations which have received \$100 million or more from the federal government over a 12-month period, as the Auditor General called for in 2002 and again in 2005, as the committee called for in 2003 and as Parliament will shortly as well. I think this is only right.

The Auditor General said the following in 2002:

The audit found:

significant gaps and weaknesses in the design of delegated arrangements;

limits on what the Auditor General can look at, which prevents her from giving Parliament proper assurance that the use of federal funds and authorities is appropriate;—

She is not saying they are mismanaged, simply that she does not know whether or not their use is appropriate.

—the “parking” of billions of dollars of the public's money in foundations, years before it is to flow to the intended recipients;

little recourse for the government when things go wrong;

limited opportunity for Parliament to scrutinize these delegated arrangements.

If the Auditor General called for this in 2002 and again in 2005, if the President of the Treasury Board says he has nothing to hide, if the Standing Committee on Public Accounts has been calling for it on numerous occasions, I am sure that everyone will agree with this opposition motion presented today by the Conservatives. We will therefore have the pleasure of seeing full unanimity within the House of Commons.

Now, in connection with Bill C-277, I have just learned this morning that everyone will be in favour, and thus there will be another opportunity for full unanimity within the House of Commons. After study and a rational and informed analysis of the matter, we will make it possible for the Auditor General to audit certain foundations. If, for legal or technical reasons, certain others cannot be audited by her, we will at least have been given an explanation to pass on to the public.

• (1130)

[*English*]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member for Repentigny is an experienced parliamentarian and a skilled debater. I do not find very much in his speech that I would disagree with.

Canadians would want us to say as a matter of principle that where Canadian taxpayers' dollars were involved there should be an accountability and reportability mechanism. Therefore, I do not know whether or not there is any reason not to support the motion.

The member however talked about the independence a lot of foundations would have and he somehow suggested that since the board of directors get to pick the auditing firm that there may be a problem.

Just to protect my profession, I want to remind the member that the auditing and accounting profession is guided by the professional practices of the Canadian Institute of Chartered Accountants through the handbook. It makes its business based on its word and its credibility. Without that credibility, it is out of business.

Having said that, my question for the member has to do with how we get to the point which he has raised so well about how we keep in touch with the foundations on their performance. The Auditor General herself does not even look at every department every year. She reports on selected ones and over a series of years we might have a full cycle.

However, the Standing Committee on Government Operations and Estimates has assigned to it the responsibility for reviewing these foundations as part of the overall estimates process each and every year.

I wonder if the member would concede that it is not just simply sufficient to rely on the Auditor General to do all things for us, that in fact members of Parliament, through the committees and their other work, also have a responsibility to look diligently at the operations of foundations.

[*Translation*]

Mr. Benoît Sauvageau: Mr. Speaker, I am very pleased to see that the hon. member for Mississauga South is going further and not simply limiting himself to the matter before us today. I believe he already sees the bill going to committee for study.

Of course, the hon. member is correct about the fact that if we grant the Auditor General the power to investigate foundations, the Office of the Auditor General will not do an exhaustive audit of all eight or ten of the foundations every year. Nevertheless, the office will be able to audit all of these foundations whenever it sees fit. That is what we want. The Auditor General does not audit all departments every year, but she can audit any of them.

The Standing Committee on Governmental Operations and Estimates may examine other departments or look at a chapter of the Auditor General's report, although that is usually sent to the public accounts committee.

I agree completely with the hon. member. If we vote in favour of today's motion by the Conservatives, if we vote in favour of Bill C-277 and we say in committee that the Auditor General will audit a particular foundation in a particular year, and that all the others will be examined by the Standing Committee on Governmental Operations and Estimates, that is perfectly correct and a good idea, in my opinion, and I think, in the opinion of all members. It will be debated in committee, but I would be in favour of this idea right now.

[*English*]

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Mr. Speaker, what we are really talking about today is accountability. I want to address a somewhat related issue to accountability and have the hon. member comment on it.

There is an ongoing discussion about moving government departments out of the city of Ottawa, out of the national capital

Supply

region, to shore up Liberal support in other regions. I will just quote a report that came out of the *Regina Leader-Post*:

Liberal MPs from Atlantic Canada have made it particularly clear that he shouldn't repeat the kind of cuts that hit their region very hard a decade ago and led to the loss of 20 Liberal seats in the 1997 election, said McCallum.

The Deputy Speaker: Order, please. I would like to remind the member for Nepean—Carleton not to name members but to use their title or their riding names please.

• (1135)

Mr. Pierre Poilievre: Mr. Speaker, the report goes on to quote the revenue minister saying:

I think the lesson that we learned...is regional balance is crucial and the vividness of their (Atlantic MPs') view on that has to do with the experience and also the election of 1997.

In other words, he wants to make decisions on reallocating government departments based on the 1997 election results. This is an issue of accountability, and here in the national capital region it reminds us of when Jean Chrétien and David Pratt moved the tax processing office out of Bell's Corners, killing jobs in my constituency.

I have a question for the hon. member. Why is it that Liberal politicians' jobs are more important to the government than the jobs of my constituents?

[*Translation*]

Mr. Benoît Sauvageau: Mr. Speaker, I will reply to the hon. member by saying that, in connection with the debate on transferring funding for child care, for example, Quebec should have its fair share without conditions. It seems to me that first we could recognize the fiscal imbalance and look at the exchange between the Liberal governments in Quebec City and Ottawa.

If the two ministers manage to agree, a system of child care could be established that would be better for all parents in Quebec and would provide a better work-life balance for more families.

Hon. Diane Marleau (Parliamentary Secretary to the President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, would the Bloc Québécois be prepared to consider the possibility of letting the Auditor General have oversight of amounts of money, without being obliged to audit all the foundations? She could be free to report on this subject, without acting contrary to the foundations' wishes as regards their annual audit.

Mr. Benoît Sauvageau: Mr. Speaker, I thank the hon. member for Sudbury for her question. To begin with, I will tell her the same thing I told the hon. member for Mississauga South. I appreciate the fact that her question looks forward to the debate in committee.

Is it a matter of overseeing money or of allowing the Auditor General the right to oversee the foundations? I think that this question can most certainly be asked of the Auditor General during consideration of Bill C-277 in the Standing Committee on Public Accounts. At that time, she will be asked how, in her opinion, oversight of foundations should be ensured. She will explain this to us parliamentarians, and we will appreciate her responses and her comments.

Supply

Is it by a management audit of the use of resources? Is it by following the money trail? The Auditor General will surely enlighten the Standing Committee on Public Accounts and parliamentarians on the technical and accounting terms.

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I have listened to my friend's speech with much interest. I would now like to focus on a very particular situation. The government's inaction in ensuring that the foundations are correctly audited is detrimental to the reputation of those foundations, and that is a situation which cannot be justified.

Take for example the Canada Foundation for Innovation. The Auditor General has said that it ought to be audited. We know about projects funded by this foundation, which produce tangible results.

However, we are presently faced with the fact that, so far, the government's inaction has contributed to undermining the reputation of these foundations. Is what we want to propose not an opportunity to separate the wheat from the chaff, to be able to say what is working and what is not? And in the end, why could an hon. member not ask for an audit to be done of a particular foundation? In the end, we could proceed as we do for the departments.

Mr. Benoît Sauvageau: Mr. Speaker, my colleague is totally right in pointing out that the purpose is to increase public confidence in these foundations and even determine how relevant the foundations and their mandates are.

If we agree with the statement of the President of the Treasury Board that the foundations in question are well managed and administered, that they are carrying out their mandates—to the point of being the envy around the world, with foreigners coming here to study how the federal government put them in place—that they are transparent and are a model, since the President of the Treasury Board once said he had the “bestest public service in the world”, we must have nothing short of the “bestest” foundations in the world.

If we have the “bestest” in the world, let us also make it obvious to the Auditor General. She will be delighted.

• (1140)

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I will be sharing my speaking time with the hon. member for Churchill, who, as we know very well, has battled for years in this House to ensure that proper use is made of public funds.

It is my pleasure to rise today to speak in support of this official opposition motion. It reads as follows:

That the House call on the government to implement the measures recommended in the latest Auditor General's report to improve the framework for the accountability of foundations, in particular, to ensure that foundations are subject to performance audits that are reported to Parliament and that the Auditor General be appointed as the external auditor of foundations.

[*English*]

I am speaking in favour of this motion for a number of reasons, one of which is that it is based on my own private member's motion, Motion No. 181. It is one of the first I submitted in this House as a new member of Parliament, on November 1, 2004, and that motion reads:

That, in the opinion of the House, the government should appoint the Auditor General as the external auditor of foundations...and ensure that adequate mechanisms are in place for a broad scope audit of all delegated arrangements.

We are in favour of this motion because of what we have seen with the refusal of the government to take into consideration and to follow up on what is very clear from the Auditor General, that is, to follow the direction that she has indicated she needs to take to make sure we are having the appropriate use of public funds. She needs to be able to audit these delegated arrangements, these foundations.

In a sense what we have seen from the government is the old Liberal arrogance making its reappearance with this refusal to in any way accept the auditing of foundations when it is very clear that there is a problem, when it is very clear that the Auditor General is not aware if we are having a satisfactory use of public funds, and when it is very clear that the Auditor General has raised concerns.

As I mentioned earlier and will mention in the course of my presentation today, most of the foundations do not have in place the type of contract that really makes it clear to Canadian taxpayers across the country that the funds are being used and verified in an appropriate way.

Since we are seeing this reaction from the government, it is very important that in all corners of the House we consider this motion today. I certainly hope that the motion will be adopted with support from all four corners of the House, but if the government refuses to support it, it is very clear that in this minority Parliament three corners of the House will be sufficient to adopt the motion, which would be in Canadians' interests.

The facts are very clear. Nine billion dollars in grants have been provided to these foundations since fiscal year 1996-97. In fact, in the last four years the amount of money in these foundations has almost doubled. To this day we now have \$7.6 billion in Canadian public funds that has been sent to these foundations without the appropriate oversight. That is unfortunate.

The Auditor General has called for a broader scope of responsibility. She has been very clear that she needs to be able to monitor and audit those funds. How does the government reply? It has said it will not allow that appropriate type of auditing.

We saw last fall as well that the government was very reluctant to allow the Auditor General to play the important role that she does. We saw the Liberal government actually withholding funds, believe it or not, from the Auditor General's department and pushing her to the point where she would have had to lay off 85 staff members. In other words, she would not be able to do the good and effective job that she does on behalf of Canadians. It was only with pressure from this and two other corners of this House that we were able to push the Liberal government back and finally have acceptance of funding for the Auditor General. The staff was not laid off and the Auditor General could continue to do the good work she does in monitoring federal departments.

Supply

Now we are going beyond that. We need to stop this game of hide and go seek. We need to be able to monitor effectively the funds that are going into these foundations. We have enough cause for concern with the sponsorship scandal, the boondoggle around employment and the employment insurance fund, and the huge missteps around budgeting with the fact that when small budget surpluses are forecast we actually see large budget surpluses coming out.

We have some real concerns about this government's ability to sit down and monitor finances in an honest and prudent way and in a way that benefits all Canadians. It is not as if the need is not out there. We have seen a tripling of homelessness in my area in greater Vancouver. We have seen a health care crisis that led to closure of hospitals. We have a child care crisis. We have increasing child poverty. There are needs across this country that are not being met and we have the Liberals playing games with appropriate monitoring of public funds.

• (1145)

The Auditor General was very clear in her report about her concerns around foundations. I will give a brief resumé of some of the recommendations that she put forth and what the status is in terms of how the government has reacted since this issue was raised by her a few years ago.

She recommended that, in new or amended funding agreements, sponsoring departments should seek to ensure that evaluations commissioned by foundations meet recognized evaluation standards. I raised that question with her when we had the opportunity to discuss her report. She said that five foundations have completed those independent evaluations that meet recognized evaluation standards. Most of the foundations are not doing that, despite the fact that it was very clear in the Auditor General's report that this recommendation needed to be followed.

She also said in her report that eight funding agreements gave sponsoring ministers the authority to undertake compliance audits but none were planned or under way at the time of her audit. The ability existed, but the government did not follow up. There were no compliance audits even though the opportunity exists in many of the funding agreements to make sure Canadians are getting good value for money.

The Auditor General also talked about adjustment mechanisms. When a foundation is clearly not meeting its purpose, or when circumstances have changed, a mechanism needs to be put into place to ensure that value for money is met. She recommended that the adjustment mechanism should not rely on the allocation of additional funding and revisions to the funding agreement. Right now the mechanism available is to put more money into the foundations and that is how we negotiate an adjustment mechanism. The Auditor General raised the alarm around funding agreements in regard to making sure that the government has the authority to terminate the agreement if defaults are not remedied.

As I mentioned earlier, in most cases there are no provisions under funding agreements to ensure that the government has the opportunity to terminate the agreement if a foundation is in default. In most cases, Canadians' interests are not being looked after by this government.

Finally, the Auditor General also was very clear that funding agreements need to give the minister the right to recover unspent public funds upon the winding up of the foundation. Many of the funding agreements do not have this provision. We are now facing a circumstance where the Auditor General does not have the power to intervene. When defaults are found, how they are recovered is a matter of some speculation because the Auditor General cannot do that work, and in most cases the funding agreements do not allow the termination of the agreement. In many cases, ministers representing this Parliament do not even have the right to recover unspent funds upon the winding up of a foundation.

Right now we are basically operating on faith. As I mentioned earlier, given the spending scandals of this government, my faith in its ability to handle the financial management of this country responsibly is, to say the least, in question. The challenges are enormous. As we see increasing poverty and a decrease in the quality of life for most Canadians, this government continues to play hide and seek with public funds. That is a shame. That is why we in this corner of the House will be supporting the motion.

• (1150)

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Mr. Speaker, the hon. member made an impassioned plea for accountability and I cannot help but agree with him. He was extremely eloquent in making that case.

I want to speak to the broader issue of accountability here today. The revenue minister stated in the House recently that he wants to spend millions of dollars by moving major government departments out of the capital region to shore up Liberal support in other regions. This reminds my constituents of the time when Jean Chrétien and David Pratt moved the taxation processing office from Bell's Corners to, let us guess where, Shawinigan, killing Nepean's jobs in order to save Jean Chrétien's jobs.

I wonder if the hon. member would stand in this House and agree that the jobs of public servants are more important than the jobs of Liberal politicians.

Mr. Peter Julian: Mr. Speaker, the member for Ottawa Centre has been extremely impassioned to ensure that the public service does not become another victim of the old Liberal arrogance coming back.

In this corner of the House we are appalled by the fact that there has been no consultation for this plan, a plan that was thrown out or leaked a few days ago, and apparently may be in the budget tomorrow. Again, there has been no consultation with the public service or with people, who have in mind the best interests of the country, to ensure we provide adequate services. It is the same situation we saw with Bill C-31 and Bill C-32. Things were tossed into the middle of this Parliament without appropriate consultation or without appropriate development of a plan.

If it comes out tomorrow in the budget, we will oppose that portion of the budget in the same way we will fight for the interests of Canadians to ensure the budget is a budget for Main Street and not another budget for Bay Street.

Supply

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, my colleague mentioned the situation with Bill C-31 and Bill C-32. We voted in the House and rejected that plan. Once again, the government wanted to move forward to split two departments, spend taxpayer dollars and have Parliament rubber stamp it. I know the opposition parties got together and voted against that.

The member drew the similarity with what has taken place with these foundations. Could the member expand a bit further on that?

Mr. Peter Julian: Mr. Speaker, we see the old Liberal arrogance coming back. It is as if the government did not understand the message of June 28, 2004. What we saw that with the introduction of Bill C-31 and Bill C-32. There was no plan or consultation.

The Auditor General has clearly indicated that we need to have this oversight provision to ensure we see value for money, for Canadian public funds, on foundations. However, the government simply seems to refuse to allow that to happen. To compound the refusal, a few months ago the government withheld funding for the Office of the Auditor General. It took intervention from the other three corners of the House, led by the New Democratic Party caucus I should add, to push the Liberal government back and to ensure the Auditor General's Office was adequately funded.

We again see the old Liberal arrogance creeping up. I believe it will be up to the other three corners of the House to ensure that we put the government on the right road, which includes no more hide-and-go-seek with public funds, no more refusal to have adequate vetting of public expenditures and no more secret buddy-buddy agreements with Liberal appointees. We saw a repetition of the sort of serial nature of these agreements where Liberal appointees would have bottomless expenditure accounts that supposedly met Treasury Board guidelines. We saw that with Canada Post and the privacy commissioner, high-flying Liberal nominees and appointees not subject to prudent and appropriate use of public funds.

Unless we in the three corners push the Liberals in the right direction, we will see what we have seen over the last 10 years, which is the quality of life of most Canadians going down while the Liberals seem to be engaged in a feeding frenzy to ensure their friends get public funds, and that would be a shame.

• (1155)

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, I will start my comments by responding to some of the comments made by the treasury board minister. He seemed to suggest that there was outside auditing of these foundations and that somehow was good because the people involved in these businesses were trustworthy.

The member from Mississauga touched on that as well, that we should automatically trust people in these types of businesses of auditing because they would never do anything wrong. Like people in lots of different businesses, we always get some who are the bad apples in the crowd. There must be in place good measures to keep tabs and keep on track with how the money should be spent.

The reason I am prefacing my further comments is because we are talking about Canadians having respect and trust for the Office of the Auditor General. Members would be hard pressed to find a Canadian who does not believe what the Auditor General says. Both the

Auditor General and the Office of the Auditor General have the utmost respect of Canadians, without question.

The Liberal government does not have the respect or the trust of the Canadian people. My colleague from Burnaby has indicated that by referring to the June 28 election. There was not resounding support for the government. Canadians told the government that it had to do things better if it expected a majority government. Canadians wanted the government held to task because it was not doing the job properly.

As my colleague for Burnaby—New Westminster has mentioned, we have Liberal arrogance. He mentioned it as being old Liberal arrogance. I have been around for a while now, and I call it continuing Liberal arrogance. This arrogance has followed through year after year with little regard for Parliament and Canadians.

The government believes that somehow taxpayer dollars become the private dollars of the Liberal Party and the Liberal government. Once the money gets in, it is their money and they do with what they wish. They set up foundations here and there and appointment people to boards without any regard for the prudent spending of taxpayer dollars.

I will refer to a couple of the foundations. First, I want to read a section from the Auditor General's reports so Canadians will know some of her comments. She said:

From 1996–97 to 2003–04, the government transferred more than \$9 billion to foundations—\$1.2 billion in 2002–03 alone and \$400 million in 2003–04 (Exhibits 4.1 and 4.2). These are up-front payments made many years in advance of need. With transfers of this magnitude, concerns about the accountability of foundations have grown. This audit examined 6 sponsoring departments...

The Auditor General's report as a whole is quite large. If individuals want, they can take sections of it and look at her comments.

With regard to the foundations, some which are mentioned in the report, she talks about money being upfront and long in advance of need. I would suggest that might be a tiny area where I might disagree. There is a lot of need out there. We have seen dollars being set aside, again with no real accountability to Canadian taxpayers as to exactly how it is flowing through. There is no real accountability to Parliament. The accountability to taxpayers comes through Parliament.

I will mention the foundations that jump out. Endowment funds are sitting with \$389 million in them. There has been \$10 million in grants set out. There is \$48 million in interest. This is a balance of \$416 million of taxpayer dollars that were supposed to do something for Canadians.

We have the Canadian Health Services Research Foundation and the Canada Health Infoway Inc. These services are needed. The dollars are not going out, interest is being collected, directors are being paid and taxpayer dollars are sitting there. Again, there is a question about exactly how the Liberal government looks at setting aside that money in budgets and how it incorporates it into different areas

Supply

• (1200)

I come from the Churchill riding and represent a number of first nation communities and individuals who have gone to residential schools who have tried to get claims heard for their residential school time. There have been some good stories from the residential schools, but for the most part there have been some seriously horrendous stories, such as the loss of language and culture. They are being ripped from their families as a result of the residential school process. The saddest part is we have a government, through the residential school claim process, that has spent millions of dollars on lawyers. Now it is going to spend millions of dollars on private investigators. It has paid out a pittance in comparison to what it has spent and what it has paid to residential school claimants.

I have met a number of people in my riding who are in their later years in life. They will not live much longer because they live in the most strenuous conditions that people have ever lived under as far as poverty. They do not have the best housing, they have poor health and numerous other problems.

We have the Aboriginal Healing Foundation, which its intentions were very good. I review its annual report each year. It has some really good projects. I know people in my riding have made representations for funding through the Aboriginal Healing Foundation, and there have been some good projects.

However, some I thought were rather questionable. If anyone has read the report, a project on the review of the aboriginal healing fund was done. Imagine that. We set up a foundation and out of that foundation we give funds to someone to report on the aboriginal healing fund. When I know the need in the first nation communities in my riding and the healing that needs to be done, I have to question it.

The most striking area I question is this. Of all these foundations, the percentage of dollars received went toward administration costs. The fund was set up in 1998. I believe the intention of the fund was to have it run for about nine or ten years. As of this report, there is only about \$13 million left. Three hundred and fifty million dollars was put into the fund. There was \$86 million in interest. That did not shock me because of the first two or three years of the aboriginal healing fund, groups in my riding were saying that they had been trying to get at the fund because they wanted to do certain things. There were some really good proposals, but nobody received funding. It was absolutely unconscionable.

We wrote letters to the board of the aboriginal healing fund and questioned the government on it. Finally some of the dollars started to flow. Let me tell the House where \$43 million went. It went to administration. I have a serious issue when \$43 million goes to administration. We have other funds that operated with \$1.2 billion and they spent \$30 million on administration. The saddest part of all is first nation members throughout the country do not have access to a parliamentary oversight of those dollars. Under the aboriginal healing fund, this is not required, and that is a serious issue.

I know dollars need to be spent on administration, but there is no way that \$43 million should have been spent on administration when we have the needs in the communities and urban centres as well. It is not just the first nation communities. People from the residential

schools are living in the cities and towns throughout the country, and they have no oversight of the aboriginal healing fund. It is absolutely unconscionable.

• (1205)

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, the member for Churchill made a very impassioned and eloquent intervention. She mentioned the aboriginal healing fund and that \$43 million was expended in administration charges, much more than 15%. Given the fact that there is great need in the member's riding and across the country, it is quite appalling that so much would be spent on administration rather than dealing effectively with the issues at hand and the great need that is out there.

What does the member think is motivating the government in this respect? Why does the government seem to be refusing to acknowledge the importance of having an appropriate auditing function in place through the Auditor General who, as she mentioned, very clearly has credibility across the country and the confidence of Canadians? Why is the government resisting bringing in the Auditor General to verify the \$9 billion that the federal government has put into the foundations?

Mrs. Bev Desjarlais: Mr. Speaker, there is a pessimist in me after being here year after year and dealing with the Liberal government. I know the President of the Treasury Board does not like hearing this but there is a belief that the Liberals, as my colleague from Burnaby—New Westminster mentioned, are playing hide and seek with the money.

The government wants to control who is operating with the money but it does not want Parliament to have any say in the matter. There is misbelief over exactly what is happening with the money. I am not suggesting that all the people on the boards of directors or the auditing firms are criminals; I am not suggesting that for one second. The reality is that a lot of Canadians think that there is underhandedness going on because the government will not let the Auditor General in. The perception is absolutely one of mistrust of the government, and rightly so.

There are a number of issues about the use of taxpayers' dollars. There is the Gomery situation and everything we are going through with the Gomery inquiry right now. We hear of numerous appointments after election time. We have heard that 22,000 employees may possibly be moved from the national capital region for political purposes. There is no trust in the government, but there is trust in the Auditor General.

Why is the government doing it? Probably the Liberals want to have control without Parliament and taxpayers having control, and rather disgustingly so. Usually when one is talking like that, one is talking about corrupt third world governments. We hate to see that as the Government of Canada.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I understand the member's concern. I wanted to be a little focused on this question because I think there is a way to achieve support for what is being asked.

Supply

The motion refers to ensuring that the foundations are subject to performance audits. That is not the traditional fiduciary audit. I do not think there are any people in this place who would disagree that we have to ensure that foundations are discharging the purpose for which they were set up.

The last part of the motion refers to the Auditor General being appointed the external auditor of foundations. This causes some difficulty simply because departments are not even audited every year. This would actually require the Auditor General to audit each and every foundation each and every year. I wonder if the member would not agree that it is not really necessary. Maybe she would agree to seek an amendment that the external audit requirement not be a requirement.

• (1210)

Mrs. Bev Desjarlais: Mr. Speaker, I do not think there should be an issue with whether or not an audit is done every year or every couple of years. The reality is that we want the Auditor General to oversee it. I heard some comments from across the way, but yes, give the Auditor General more dollars and let her do that.

When one is dealing with \$1.2 billion in a foundation and there is a total of \$9 billion of taxpayers' money, I do not think Canadians would object to an audit being done every year. If the Auditor General had that information from year to year, it would not involve the same timeframe each and every year because the information would be available which would make it easier to do the audit.

Mr. John Williams (Edmonton—St. Albert, CPC): Mr. Speaker, I am glad to speak to this motion. This is not something new that has come along. We have heard so much about how much money is in these foundations.

Let us go back to the supplementary information in the Public Accounts of Canada 2001-02 on the first page where the Auditor General said:

Since 1997, the government has recorded as expenditures some \$7.5 billion in transfers to various foundations to achieve its public policy objectives, even though most of the money is still in their bank accounts and investments accumulating interest. As reported last year, I am concerned with the accounting for these transfers.

That was in 2001-02. She went on to say a number of other things about the same situation on page 1.35 of the Public Accounts of Canada:

Economic substance would be better represented in the Government's financial statements if expenditures were recorded in the years when the foundations make grant payments to the ultimate intended recipients or use the money themselves for the Government's ultimate intended purposes.

She went on to say:

[This] leads me to question whether these foundations are truly "arm's length" from the Government, and therefore whether the Government's accounting for transfers to them as if they are "arm's length", is appropriate.

The Auditor General went on to say:

I am also concerned about the accountability and governance of the foundations—in fact, more concerned than about the accounting for transfers to them—for a number of reasons, including—

She referred to chapter one of her April 2000 report for more details. She concluded by saying:

I urge the Government to change its accounting policies as they relate to the foundations to properly account for the substance of these transactions.

In the next year, 2002-03, the Auditor General said much the same thing in the supplementary information to the public accounts on page 2.29 and so on. In 2003-04 again in the supplementary information she said the same thing. She said on page 2.28 of the 2003-04 public accounts:

I have also expressed concerns about the accountability regime for the foundations and that accounting considerations may be preventing the Government from making all the necessary improvements. In other words, the accountability and governance structures for the foundations may be influenced by the desire to ensure that transfers to foundations can be treated as expenses immediately.

She is concerned about the government manipulating the perception of what is going on. Going back to when the government took over in 1993, members may recall there was a big deficit at that time. What did the government do? It created not for profit organizations called the airport authorities, so that they were off the balance sheets as they were required to go out and borrow billions. We know that the Greater Toronto Airports Authority has borrowed about \$4 billion or \$5 billion to build that new airport, all guaranteed by the Government of Canada. We are the last resort if they cannot pay their bills, but there is no mention in our financial statements that we are on the hook for the airport investments around the country.

Who has ever heard of Milit-Air? Milit-Air is a not for profit organization going into capital markets and borrowing \$720 million? A not for profit organization is in debt because it got an absolute no cut, guaranteed contract, series of payments from the Government of Canada to Milit-air, that went down to the United States and bought some jets so it could give them to Bombardier to train our air force personnel. We are on the hook for this \$720 million debt that Milit-Air borrowed on the capital markets, but it does not show on our financial statements.

Then the economy improved. The tax revenues are coming in and now we are in surpluses. What does the government do? It says, "Let us turn this thing around. Rather than having off balance sheet borrowing, we will have off balance sheet investing foundations, a great idea. Set them up at arm's length from the government and give them all kinds of cash but do not expect them to spend it". It would be nice if we could believe the President of the Treasury Board when he talks about the great probity in these financial institutions, but we know how it is.

• (1215)

Eric Maldoff, the person who was in charge of Canada Health Infoway, was a former adviser to Jean Chrétien and is known as being a very close friend of the Prime Minister. He made a \$10,000 donation to the Liberal Party. He was a lawyer at Heenan Blaikie in Montreal, the law firm which was home to Pierre Trudeau and now to Jean Chrétien. He became the head honcho at Canada Health Infoway. When he moved on, along came Mr. H. Arnold Steinberg. Mr. Steinberg also gives money to the Liberal Party and is now the top dog at Canada Health Infoway.

Supply

When we talk about Heenan Blaikie, that bastion of liberalism, Mr. Roy Heenan, the number one guy himself, is chair of the board of the Pierre Elliott Trudeau Foundation which got \$125 million of taxpayers' money. Mr. Heenan has also made \$8,000 in donations to the Liberal Party since 1993. This is Liberal largesse that we are talking about. This is about looking after one's friends.

The point is that when we were trying to get the Auditor General to look into these things, I asked a lot of questions about how much these guys were getting paid, how big were their expense accounts and what they were actually doing. The answer was that it was arm's length and the government could not tell us because it did not know. That is why we have a concern. It is stacked with Liberals, Liberal appointees and Liberal friends.

I have no idea why these lawyers think they know all there is to know about health infoways and other things like that. Is it that they happen to be good Liberals? I guess that being good Liberals makes them knowledgeable on these issues, or maybe it does not and they just get paid as if they may be knowledgeable on these issues.

The taxpayer has a right to know. That is the intent of today's motion. If they are that good and deserve the big paycheques for doing the job, let us know what they are doing. That is not a lot to ask, is it?

Getting back to the Auditor General's reports, this one is dated April 2002. Chapter 1 is titled, "Placing the Public's Money Beyond Parliament's Reach". The President of the Treasury Board acknowledged this morning that Parliament's role is to supervise the cash and here the Auditor General is saying that public money is now beyond Parliament's reach.

In addition, exhibit 1.3 in that chapter states things that these organizations are required to do, such as reporting expected performance to Parliament. It is a simple thing like a corporate plan; one would expect that to come here, but for the Canadian Foundation for Climate and Atmospheric Sciences, no. Reporting performance results to Parliament? No, it does not do that either. Reporting audited financial statements to Parliament? No, it does not do that. Reporting evaluation results to Parliament? No, it is not into that either. How about ministerial oversight? Strategic monitoring by the minister? No, it does not have that. Ministerial direction and action? No, it does not have that either. Departmental audit and evaluation? That is not done around here. Those are the types of things the Auditor General is telling us.

Exhibit 1.4 is about performance expectations or information on results reported. The Canadian Foundation for Climate and Atmospheric Sciences does not do that. The green municipal enabling fund and the investment fund do not look after that either. We find these types of things all over the place.

Getting back to the real nub, let us talk about the roles and responsibilities of federal appointees to boards of directors. Remember that we were talking about Liberal appointees. In exhibit 1.6 the Auditor General states:

Most of the federal appointees told us they were not responsible for reporting back to senior officials of sponsoring departments or to the minister on the activities or accomplishments of the arrangements.

I rest my case. This is an affront to democracy. It is an affront to Parliament. The government seems to think it is just great that it can take \$7 billion of taxpayers' money and set it aside to spend when it feels it is appropriate, maybe a week before the election, or for a great big announcement saying it will do this, that or the next thing and use that money to pay for it. Parliament is being abused. That is why we put forward this motion today.

• (1220)

Mrs. Bev Desjarlais (Churchill, NDP): Madam Speaker, I want to thank my colleague from across the way who has been on top of many of these issues for a great period of time. We almost need one or two parliamentarians who are able to take something by the horns and stick to it because there are so many shenanigans that seem to take place around here that it is hard to keep on top of them all. Part of what we are doing here in supporting this motion is following through or trying to keep on top of those issues.

The Auditor General recently sent out a package to members of Parliament. It stated that one of the most important roles of Parliament is to hold the federal government to account for its use of taxpayers' dollars, and to do this effectively, parliamentarians needed objective and fact-based information about how well the government raises and spends public funds.

That is what we are here for. The Auditor General is there to review taxpayers' dollars and the expenditures of them, but if we cannot get that information, we cannot do our job. She is calling on this government to give us that information.

I always knew there were ties to Liberal connections to different appointments and a couple of Liberal colleagues were in the back grinning. There are probably Liberals out there thinking "Great, I am going to be a liberal, I am going to make money, this is how I am going to do it". Each and every Liberal who thinks like that is talking about taking taxpayers' dollars.

I want them to remember each and every person in this country who does not have a decent roof over their head, who cannot access health care that they need because of the misuse of taxpayers' dollars and let their lives be on the their conscience.

Mr. John Williams: Madam Speaker, I have to agree with my colleague from the New Democratic Party that it is those people who are well connected, who have already made their money who can find their way to the ear of the people who make these appointments by the Liberal Party and then they just feather the nest, courtesy of the taxpayer. The taxpayer gets to fork out the cash, the Liberals' friends get to live in luxury, and we as parliamentarians cannot get that information.

The member from the New Democratic Party also talked about the aboriginal plight and that is serious. We are talking about provisions for corporate plans and annual reports. This is where we are saying this is what we are going to do. Give us a chance and we are going to do this.

Supply

All the foundations in our sample except for the Aboriginal Healing Foundation and the Canada Millennium Scholarship Foundation are now required by the funding agreements to provide corporate plans each year to sponsoring ministers. That is paragraph 4.25 in chapter 4 of the February 2005 report of the Auditor General. These are the two most important foundations.

We know the problems in the Aboriginal Healing Foundation. For education, the interest alone could pay the tuition of tens of thousands of kids going to university, but Liberals keep it in the bank and say this good public policy. We put money into foundations such as the Canada Millennium Scholarship Fund to help kids get an education, to help this country prosper, but the money is sitting in the bank and Liberals tell us that this is good public policy. Shame on them.

• (1225)

[*Translation*]

Mr. Benoît Sauvageau (Repentigny, BQ): Madam Speaker, I was listening to the hon. member for Prince Albert, who gave me one more reason to justify the Bloc Québécois opposition when the millennium scholarships was set up. At the time, we had asked for Quebec's share of the money to be transferred to the Government of Quebec so that it could continue to manage its bursary and loan system as it had been doing for many years. I agree with the hon. member when he says that money deposited in bank accounts should not stay there. He is, in effect, saying that the Bloc was right to oppose the creation of these foundations.

I would like the hon. member to comment on this, but first I will quote part of the opposition motion:

That the House call on the government to implement the measures recommended in the latest Auditor General's report to improve the framework for the accountability of foundations—

One measure that could be taken is to support Bill C-277, an act to amend the Auditor General Act (audit of accounts). This would give the Auditor General the right to examine the foundations.

Since the President of the Treasury Board said that this bill corresponds to the Conservative motion, I would ask the hon. member for Prince Albert whether he thinks Bill C-277, as presented by the Bloc Québécois, could be used as one of the measures to resolve the issue of transparency with these foundations.

[*English*]

Mr. John Williams: Madam Speaker, I would like to acknowledge the member who just spoke. He is the sponsor of Bill C-237. I hope and I recommend that it gets the support at second reading and moves on to committee so that we can see that this can make a difference to enhance the accountability.

Accountability is where it is at and this government shies away at every opportunity. This Parliament must get it back and ensure that the government is held accountable for every dime it spends.

Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC): Madam Speaker, during the last election campaign, I heard time and again from people in my riding that if they were to send me to Ottawa, they wanted to ensure when I got to Ottawa that I would do a couple of very important things. They wanted me to ensure that I would protect taxpayers' dollars, that the government would be

accountable to the taxpayers, and that I would stop, as best as I could, government corruption and government waste.

The particular situation we have here today, when we are speaking of these foundations, is all that is wrong in government. The concern that my riding constituents expressed to me about their fears that this government is wasting taxpayers' dollars, that this government is corrupt, and they gave specific examples of things like ad scam—

Mr. Paul Szabo: Madam Speaker, I rise on a point of order. With respect, to be corrupt is an illegal act and the member is, in his statements, saying that the government is corrupt. I believe it is unparliamentary and he should withdraw those words.

The Acting Speaker (Hon. Jean Augustine): The point of order asks that you withdraw the word "corrupt".

Mr. Tom Lukiwski: Madam Speaker, if I may clarify, I was referring to what my constituents were telling me. If I have misspoken and called the government corrupt, then I unreservedly withdraw that comment. My constituents were telling me that they believed that there was corruption in this government with particular emphasis on the ad scam program.

I am not suggesting that the foundations are another ad scam, but there are earmarks and some very striking similarities to the problems that occurred within the sponsorship program. There is no real accountability to taxpayers. These foundations were set up at arm's-length to the government. They are not attached to any minister and do not report directly to any minister.

That is a grave concern and we have heard that said many times by other speakers in the House today. The government does not have any authority over many of these foundations unless a foundation does not act within its mandate or within its funding agreement. Other than that, the government cannot hold these foundations accountable. Any foundation that receives taxpayers' dollars should not work that way.

Parliament has been around for hundreds of years, and one of its basic premises is to ensure that taxpayers' dollars are protected. When voters across this country elect members of Parliament, they do so trusting in their parliamentarians to protect their hard earned dollars. The way the foundation system is structured today does nothing of that. It does not protect taxpayers' dollars. It does not ensure that taxpayers' dollars are appropriately spent because there is no accountability back to Parliament.

I recall during the last campaign when the Prime Minister was speaking of the sponsorship scandal he said that he was mad as hell and would get to the bottom of it. He would ensure nothing like that occurred again. He spoke of things like government transparency and accountability. What I find most amazing is the fact that the very person uttering those words was the finance minister at the time when the foundations were established.

How can the Prime Minister on one hand say that he is outraged at what happened with the sponsorship scandal, and yet on the other hand he was the very finance minister who approved setting up these foundations which could result in very similar actions with respect to the sponsorship scandal that we are all outraged about?

Supply

My colleague from Edmonton—St. Albert made several references to grants given to individuals or organizations through foundations that appeared to have direct connections to high officials within the Liberal Party and Liberal supporters. That is eerily similar to what happened with the sponsorship scandal. These types of things must be stopped.

Canadians across this great land distrust governments in general. One of the reasons they lack trust in politicians and government is because of situations like this. They see their hard earned dollars being turned over to a foundation that has no responsibility to report back to the Parliament of the day. They feel that parliamentarians are not protecting their dollars.

We must resolve this. We need to have parliamentary oversight. Parliament needs to have more direct control over these foundations and their spending, or lack of it. It is wrong for Parliament to turn over \$9 billion to a series of 17 foundations and tell them they can do what they wish with the money, that they will not be audited by the Auditor General, that they will not have to report back to any minister of the Crown regarding spending, and that they can determine how this money should be spent with no interference from the government. That is wrong.

• (1230)

A private business could never be run with that lack of accountability and yet the government has decided to put over \$9 billion into foundations and ask Canadians to basically trust it and trust the foundations. Taxpayers are not being told how the money is being spent. No performance audits are being done. The Auditor General will be prevented from auditing these foundations and the taxpayers are being asked to trust the government.

We now find out that over \$7.7 billion have been left in the foundations and have been sitting there unreported for many years. To my understanding, the government of the day when it transferred money considered this but put this down on its books as an expense item. It is not an expense because the \$7.7 billion is still sitting there. It was a transfer of funds.

A couple of things come to mind, which have been mentioned before but bears repeating. When the government was projecting modest surpluses, the reality was that there was a far larger surplus. The money sitting in these foundations, which was not spent, could have been used by the government for a variety of other purposes but, more important, had Canadians known about this money they would have been able to express their desire for what to do with this additional money.

To put things in a term of reference with which I am familiar, \$7.7 billion is larger than the provincial budget of my home province of Saskatchewan. We have \$7.7 billion sitting in a foundation or a series of foundations with no parliamentary oversight and no control by the government as to how that money will and could be spent.

I honestly hope that those who administer and control these foundations and who make the decisions on where the money should be spent, such as grants to universities, hospitals or other worthy projects, are working on behalf of Canadian taxpayers. However we do not know that. We must ensure that there are proper accountability practices put in place to protect Canadian taxpayers.

My fear is that if this is left unchecked there is a possibility that the money could be used strictly for political purposes. Some of the members opposite groan and moan. My colleague from Edmonton—St. Albert has already pointed out a number of examples of where some of this money went to firms that seemed to have direct Liberal connections.

What would stop that from happening? Where is the accountability? We thought the sponsorship scandal could never happen. There are laws against that too, if I am not mistaken. It seems that laws were broken with respect to sponsorship. Could they not have the same effect here?

The Auditor General has made a series of recommendations on how to clean this up. All we are asking is that the government listen to the Auditor General and follow through with her recommendations.

• (1235)

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I know the member is new to the House but by now he should understand that members should be accurate in their statements.

The member said that the surplus was higher than it should be because of the \$7.7 billion that have been put into the foundations. What he did not say is that the Auditor General herself is not of the opinion that the money has not been properly accounted for in the public accounts.

The Auditor General is in agreement with how the money has been accounted for. It is improper for the member to suggest that somehow these amounts should have been recorded as expenses and they were not. That is not the case and the Auditor General confirms that.

Second, the member says that we need the Auditor General to protect taxpayer dollars and how they are spent. As the former chair of the Standing Committee on Government Operations and Estimates, I can say that each of these foundations has a contract that lays out in very explicit detail what it must and must not do.

These foundations are all subject to audit. They are all subject to report to Parliament. They all have clauses stating that if the money is not fully used once there mandate is over then the money goes back to the government.

I simply say to the member, with the couple of examples that I have given, that rhetoric is fine but there should be some basis in fact of what the member is representing. Unfortunately he has in his speech mentioned a couple of items which are simply not the case.

Mr. Tom Lukiwski: Madam Speaker, I believe the member opposite said that I believe all but two of the foundations are subject to outside audits. All I am suggesting is that the government follow through with the Auditor General's recommendations. Why are these foundations not subject to the Auditor General's audit? It is a simple question.

Supply

The hon. member said that the Auditor General cannot do them all. I must point out that in the last election campaign the Conservative Party was the only party, I believe, that said we would increase the level of funding for the Auditor General's department to allow her and her department to hire more staff to go into all departments, agencies and foundations like this. Why do we not spend more money where it should be spent, in the Auditor General's department to allow her and her staff to audit all of these foundations?

• (1240)

Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.): Madam Speaker, I congratulate the member on his off the cuff remarks and his opinions on that. Everyone can have an opinion and it would be wrong to deny anyone an opinion.

The member supports the Auditor General's view that the foundations should be audited by the Office of the Auditor General. Other people may hold a different view but the hon. member has a valid view.

I will ask the member another question in a different light because some would suggest that many members on his side of the House think that the foundations should not exist at all. I wonder if that is the view of the member and if he would not recognize the work and complexities that are carried out by the foundations.

Some members have explained that in some cases it is difficult to name the Auditor General as the external auditor because the foundations are not controlled by the federal government. It might be an organization created in partnership with the provincial governments or, in some cases, with the private sector where the federal government is but one of the many partners. Therefore it is difficult to impose our auditor as opposed to other auditors being chosen by all the provinces, territories and the federal government together.

What these foundations have often achieved have been making some great investments in Canada using funds which sometimes are available from the federal government. These foundations can find investment opportunities in Canada in research over years to give stability to the researchers, because they can do what the federal government cannot do. The funds give them the stability over a multi-year approach using those funds and having the security of those funds.

I think the member would agree that it is a valid way to invest in research. If he does not agree with the existence of the foundations, could he please tell the House what his alternative approach might be?

Mr. Tom Lukiwski: Madam Speaker, the short answer to a long question is that no performance audits are being done. How can one truly ensure that the money is being well spent without performance audits? I am quite sure that in certain instances the money is being very well spent on very worthwhile projects and institutions but we do not have any performance audits.

We have already heard some examples of where money was, in our opinion, in my opinion and in the opinion of others in the House, very inappropriately spent.

To have a blanket statement saying that all money spent by these foundations is done so in a very worthwhile manner, I cannot agree with that. We need performance audits to determine that.

Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.): Madam Speaker, I am pleased to have the opportunity to speak to the motion by the hon. member for Medicine Hat.

I am also pleased to have the opportunity to speak today on Canada Health Infoway Inc., also referred to as Infoway, and its accountability framework.

Canada Health Infoway Inc. is an independent, not for profit corporation that was created in 2001 with a mandate to accelerate the adoption of electronic health information systems such as electronic health records and telehealth.

Infoway's members are the 14 federal, provincial and territorial deputy ministers of health. Infoway is equally accountable to all 14 members.

[*Translation*]

Infoway operates as a collaborative federal, provincial and territorial mechanism in which all jurisdictions are equal partners. Infoway's members all have a stake in its performance given that electronic health information systems are, and will continue to be, funded jointly by all jurisdictions.

[*English*]

All jurisdictions, federal, provincial and territorial, face similar challenges in funding the development and deployment of electronic health information systems, such as electronic health records and telehealth applications.

The funding provided to Infoway is for the purpose of easing the fixed costs of the initial development and the cost to replicate and deploy the system across Canada. This collaborative approach yields both cost and time savings.

The Government of Canada made its first investment in Infoway in March 2001 as a direct result of the agreement by first ministers in September 2000. The purpose of the investment was to accelerate the development and adoption of modern systems of information technology with a focus on the electronic health record.

Since then, additional funding has been provided on two occasions. In 2003, \$600 million was provided for electronic health records and telehealth applications in support of the first ministers accord on health care renewal of February 2003 and again in 2004, \$100 million went to support the development and implementation of a national public health surveillance system with a focus on infectious disease monitoring.

This upfront funding gives Infoway financial stability and allows it to develop and support multi-year partnerships and projects.

• (1245)

[*Translation*]

Infoway's accountability is addressed through funding agreements governing the use of funds. There are two funding agreements, one governing the electronic health record and telehealth area and the other the health surveillance area.

Health Canada followed the guidance and direction of central agencies during the development of these agreements.

[*English*]

These arrangements were developed taking into consideration many factors. Especially important to the discussion today are the accountability provisions of budget 2003 and Infoway's unique structure making it accountable to all its members.

The agreements balance these factors and contribute to ensuring that Infoway can operate as a collaborative, federal, provincial and territorial mechanism in which all jurisdictions are equal partners.

Health Canada believes that the reporting and accountability requirements for Infoway are sound. Health Canada reports on Infoway's plans and progress in its reports on plans and priorities and departmental performance report.

As mentioned earlier, the federal, provincial and territorial deputy ministers of health are the members of Infoway. The members set the strategic direction for Infoway and ensure that these align with those of the provinces and territories.

[*Translation*]

Infoway works with its members targeting its investments toward the priority needs of individual provinces and territories. Infoway's members have unanimously endorsed all of its business plans. Infoway regularly provides progress reports and plans to members and all of these may be shared with ministers.

In this way, all federal, provincial and territorial ministers are kept informed of Infoway's progress and issues.

[*English*]

Infoway has a board of directors consisting of 13 directors. Seven of the directors are appointed by the members and the remaining six independent directors are elected by all members.

The measures of accountability reflect the unique, multi-jurisdictional structure of Infoway and are consistent with good corporate governance.

They include, first, an annual audit of its financial statements by an independent auditor. Infoway's financial statements must be prepared in accordance with generally accepted accounting principles. The financial statements and the auditor's report must be made available to the members and to the public.

Second, an annual report to include performance results relative to the business plan, which was mentioned earlier, and an overview of expected results are also made available to the members and to the public.

Third, an annual business plan for the upcoming year is presented to members and a summary is made available to the public.

Supply

There is an annual compliance audit specific to the terms and conditions of the funding agreement with the Government of Canada. This report is made available to all 14 members. At least every five years there is an independent third party evaluation to measure overall performance in achieving the outcomes identified in the funding agreement, the first of which must be completed by March of next year.

Infoway has initiated additional detailed reporting and governance practices and has also adopted a phased and gated funding approach, requiring that funds only be disbursed once pre-set milestones are met.

Health Canada is committed to the effective oversight of Infoway. In 2003, the department worked closely with Infoway to include the accountability provisions of budget 2003 in a new funding agreement which was required because of the \$600 million additional investment and made significant improvements to the reporting and accountability measures. Health Canada also reached an agreement with Infoway to apply the new accountability and reporting requirements to the previous grant, the \$500 million provided in 2001 to Infoway.

Some of the specific enhancements in 2003 were annual compliance audits, annual business plans and default and recovery provisions, all of which were mentioned today during debate.

• (1250)

[*Translation*]

On behalf of the government, the Treasury Board Secretariat has indicated a willingness to explore the Auditor General's recommendations that will further improve the accountability framework while at the same time respecting the independence of foundations and enabling the effective pursuit of policy objectives.

[*English*]

The bylaws of Infoway specify that the members appoint the external auditor of the corporation. Therefore, their concurrence would be required for the Auditor General of Canada to be appointed as external auditor.

[*Translation*]

I do not know whether all the provinces will agree that Canada should be responsible for the independent audit of an entity such as Infoway. However, the rules in place will allow for discussions with all members, based on recognized practices, on an external audit.

[*English*]

It may be that Infoway would be one of the few exceptions noted in the Auditor General's report, given Infoway's federal, provincial and territorial membership.

Health Canada will work closely with federal counterparts and will follow the accountability framework for foundations established by central agencies.

Supply

Implementation of an interoperable electronic health record is an immensely complex endeavour that will not happen overnight, but there is evidence that Infoway is achieving progress toward its goal of having the basic elements of an interoperable electronic health record in place across 50% of Canada, by population, by the end of 2009.

Infoway's efforts to date have focused on the start-up phase of the organization, the need to plan carefully so as to make the best use of funds, and the implementation of the basic components of the electronic health record. Infoway has now committed a total of more than \$180 million in over 90 specific projects in all provinces and territories across Canada.

Infoway has made progress on the electronic health record components, including electronic health record architecture and standards, registries for clients, providers and locations, diagnostic imaging systems, drug systems and laboratory information systems.

An electronic health record solution architecture for Canada has been developed and accepted by all jurisdictions to ensure a pan-Canadian, interoperable electronic health record. This architecture will guide electronic health record development and implementation in all provinces and territories.

[Translation]

Infoway has developed investment plans with each jurisdiction covering three years, thus, ensuring the Infoway's priorities and investment plans are aligned with the priorities of each jurisdiction.

Infoway work was supported by the first ministers in September 2004 in their 10-year plan to strengthen health care. As well, the recent Health Council report recommended increased commitment to the rapid adoption of electronic health records and telehealth technologies.

[English]

There is recognition that the pace of implementation needs to be faster so that the health system can reap the benefits of modern electronic health information systems. Infoway is working with the jurisdictions to see what can be done.

Progress toward an electronic health record is being made and Infoway is playing a vital role in achieving this progress.

Funding agreements are in place governing the use of the transferred funds and these agreements meet the accountability requirements set by central agencies. Key provisions include annual reports, annual business plans and annual financial and compliance audits. The first program evaluation will be reported by March 2006. Health Canada will work with Infoway and central agencies to include any new accountability requirements identified by government.

I do want to point something out for the record. There has been mention in the debates from across the way about the question of the integrity, I suppose that would be the proper term, of the use of these funds by these organizations and the characterization of the comments of the Auditor General.

I would like to point out that I do not want to put words in the Auditor General's mouth, but the Auditor General was at the health

committee yesterday, as she had been at the public accounts committee, speaking about this point and about her report to Parliament and taking questions from members.

When the question was asked about how these funds were used within government and if there were any abuses, this was her response from the record of yesterday:

Madam Chair, the concerns we have about foundations are not related to any concerns about abuse within the foundations. We have tried to make it very clear that any remarks in our audit findings related to foundations shouldn't be viewed as criticisms of the foundations, nor the people that work there. It's really about the accountability to Parliament over public funds and the amount of information that is available to Parliament. It's not driven by a concern that there may be something untoward going on in foundations, not at all.

Those are the words of the Auditor General.

As I said in discussion earlier, members can have differing views. They can support 100% the auditor's findings. Others might not support 100% of the recommendations of the Auditor General. That is a matter for debate. Reasonable people can disagree, but I would hope that reasonable people would not improperly misuse the words of the Auditor General to cast aspersions on the fine men and women working within the foundations to try to achieve goals that are to the value and the benefit of all Canadians.

• (1255)

[Translation]

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, I would like to ask a question of the parliamentary secretary responsible for health. I appreciated the information he gave me about Infoway. On the Infoway web site, the chair of the board of directors says in his message:

What could be more exciting and rewarding than the opportunity to lay the information and communications foundation for the health care system of tomorrow? Canada Health Infoway (Infoway) is a unique organization dedicated to advancing the development of Canada's health infrastructure—

This is what it says on the chair's web site. My questions are therefore in this regard.

I find it a little hard to understand and I am going to ask the parliamentary secretary to explain some things to me. According to what the chair of Health Infoway says, it is exciting and interesting, and the foundation is dedicated to advancing the process. So how is it that the foundation was established in 2001 with \$1.2 billion in funding from the federal government, according to the Auditor General, and now there is \$1.2 billion and another \$200,000?

I think that everybody in this House will agree that there are health needs but there does not seem to be money to meet them. Four years ago, the Canada Health Infoway was given \$1.2 billion. Now the foundation has made money with the investments given to it.

This is my first question. Does he think that this is normal?

Second, they earned interest, so they gave out grants. They gave \$51 million in grants out of the \$1.2 billion. But to provide the \$51 million in grants, the administration costs were \$30 million. Maybe that is normal. Let us compare.

The Canada Foundation for Innovation gave out grants worth \$1.2 billion, and the administration costs were \$39 million. The Canada Millennium Scholarship Foundation awarded \$1.1 billion in grants, and the administration costs were \$47 million. We are talking about \$1.2 billion and \$1.1 billion, but here we have \$51 million in grants. One might say that there is quite a discrepancy and it cost \$30 million in administration costs.

My second question: does he think that these administration costs are normal?

I had a third question in regard to interest. His department manages two foundations, namely the Canada Health Infoway and the Aboriginal Healing Foundation. Since 2001, the Canada Health Infoway has been given \$1.2 billion. It has received \$83 million in interest. The Aboriginal Healing Foundation has received \$350 million—a lot less—and has managed to make an additional \$3 million in interest.

My third question: since there seem to be some problems with the administration costs, the return on the interest earned and the grants awarded—because it is not normal for a foundation to have \$200,000 more now than it did in 2001—first, how does the Secretary of State explain these realities about the Canada Health Infoway? Second, does he support the idea of having the Auditor General take a look at what is going on?

• (1300)

Hon. Robert Thibault: Madam Speaker, the hon. member has asked a number of questions. Excellent questions, to be sure, but they make certain suppositions which are not completely correct.

First, the initial endowment was not \$1 billion or \$1.1 billion. It was made in three phases, according to the agreements. The first was some \$100 million, the second \$600 million, and the third another \$100 million.

The organization wants to have an Infoway system in place by 2009, which will meet the needs of about half the population of Canada. As I was saying in my speech just earlier, we are in the planning phase. These funds are invested, that is true. We have found the best possible return. We now have \$180 million in commitments for 90 projects. However, I do not know whether or not all the money has been paid out at this point.

The hon. member asked me certain questions about administrative expenses. These are excellent questions. I am sure that the president and the vice-president of Infoway will be happy to appear before parliamentary committees to respond to such questions, since they know the answers.

How is this program being managed? As I was saying, it is managed by all the provincial and territorial partners. The deputy ministers are members of the board of directors, and private-sector regulations are used. These people have certain knowledge and certain skills. I am sure that they are asking these questions and verifying these things. An external audit is being done.

As for the question on the Aboriginal Healing Foundation, unfortunately I do not know the details. However I will be happy to take note of this so that I can provide the hon. member with the information later.

Supply

The hon. member was also asking whether I support the having the Auditor General to conduct an audit. I am sure that all the jurisdictions involved, the provinces and territories, will want their auditor general to be in charge of the audit. This is, however, not a federal organization, but an organization which is responsible equally to all of the jurisdictions. Therefore the terms of the audit will be as they wish. Thus far, there has been unanimous consent on all of the planning details. So I will not impose my preferences. These people are doing excellent work. As has been said many times now, I am sure that they will be happy to appear before the committees concerned.

• (1305)

[*English*]

Mr. Ken Epp (Edmonton—Sherwood Park, CPC): Madam Speaker, I find it quite incredible that Liberal speakers responding to this motion are quite consistent in saying they do not want to do what the Auditor General has asked them to do.

The role of the Auditor General is to provide for accurate, reliable, and trustworthy accounting practices when accounting for the use of taxpayers' money. The Auditor General in this report has pointed out, and it is specifically stated, that she is not talking about the advisability of the funds or the use of them. Yet, the Liberal members keep questioning whether or not we support the use of these foundations.

That is not the question. It is not the motion today. The motion is simply to provide for accountability and proper reporting to Parliament on how taxpayers' money is being used. I think it is a very legitimate question. It is also true that the Auditor General has said explicitly that the government has responded to the complaints in such a way as to basically say it is not going to do what she asks it to do.

The purpose of the motion today is to say to the government that the Auditor General is recommending it. The official opposition supports it. We find support from the other opposition parties. We are saying that the majority of people in this Parliament believe that these changes ought to be made.

I would like to ask the member who just spoke why there would be this reluctance to give accountability to Canadian taxpayers? Why not simply do it? If there are questions, acceding to the motion today and doing what it asks will simply improve the trust of Canadians. Why do the Liberals not want that? Are they in fact literally hiding things in these, as we refer to in our terminology, slush funds? Is that actually accurate? I cannot believe that.

Hon. Robert Thibault: Madam Speaker, if the member cannot believe it, it is probably because it is not true. It would be difficult to believe.

He posed the question of whether we agree with the Auditor General and do we implement the recommendations of the Auditor General. Absolutely, almost all the time and sometimes the Auditor General may make some recommendations that pose certain challenges.

Supply

Sometimes she may, or he as the case may be through the years, make some recommendations on which government has a different view; however, it tries to achieve the goals that the Auditor General puts forward in a different manner.

I have been to many committees where she has made presentations and I have heard very little about the refusal of the Government of Canada to implement recommendations of the Auditor General. I have heard her express malcontent about the pace of change on occasions, as it is with Parliament.

In this case, what I have suggested, and I use Infoway as an example, is that there are times when it is not as simple as one would immediately think. Infoway has 13 equal partners. It is difficult for one partner to impose its auditor as an independent external auditor to the 12 other partners.

Mr. Rob Merrifield (Yellowhead, CPC): Madam Speaker, it is a pleasure for me to speak to the motion before the House today. It is an important motion because it is about accountability, which is something that the government has been lacking in over its tenure for the last decade or so.

This issue is about the fundamental trust relationship between taxpayers, the people who work hard every day to contribute toward building this nation, and those who are entrusted with the responsibility of spending those dollars in an effective and prudent way on their behalf.

We have to look at what happened with respect to the sponsorship scandal, which has been cited by many as one of the worst disasters in Canadian history as far as accountability is concerned. That has yet to be played out. We hope that the government will look under every rock as the Prime Minister has suggested. We hope that he will become agitated with respect to the lack of accountability regarding the sponsorship scandal.

Another example of the lack of accountability by the federal government is the gun registry. The government told Canadians that the gun registry was in their best interests and would only cost \$2 million. It would be a self-supporting registry. We found out a few years later that it would cost taxpayers over \$1 billion and would never fulfill its obligations.

We have seen a lack of trust develop between elected representatives and Canadians. Cynicism has crept into the electoral system with less than 60% of Canadians voting in a federal election. This is because Canadians feel that we in the House are corrupt. This lack of accountability reflects on all of us. We feel we need to stand up and defend the workings of the government. We must ensure that the government is totally transparent in all its workings if we are truly going to regain that trust.

I would like to pick up on the comments made by the parliamentary secretary about Infoway, which is probably a fine foundation. There may be nothing wrong with the foundations that were set up with \$9 billion from the government.

Infoway was started in 2001 with \$500 million. In 2003 another \$600 million was put into this foundation to allow the medical records of patients to follow them, which is a noble cause. It was given another \$100 million in 2004. A total of \$1.2 billion was given to Infoway so it could come up with a high tech program allowing

medical records of patients to follow them. This could save countless numbers of lives.

It is not that we are worried that the money was spent inappropriately. This foundation earned \$50 million just in interest on that money in the last year alone. There is perhaps more money in Infoway today than there was four years ago.

The problem is not whether the money was misused or whether it was transparent. An audit needs to be done to find out whether performance has been received for the dollars that were spent and for the money that was set aside to accomplish a goal for Canadians. This is important with respect to Infoway.

Our health committee knew there were serious problems with adverse drug reactions and with the countless number of deaths in this country because of addictions to prescription medications, the way drugs were prescribed by physicians, and the way pharmaceutical companies promoted their products to physicians. A large number of deaths occurred as a result of that.

The health committee travelled across the country last spring. We laid our report before Parliament in late March or early April indicating that in our estimation there were approximately 30,000 deaths per year as a result of these drug problems. The election came in June, just before the Baker-Norton report was filed.

● (1310)

We had these individuals come forward to the health committee two weeks ago to give us an explanation of what their findings were. They found that we were right and that there were 24,000 deaths in Canada per year from adverse events in our hospitals, our high tech primary care hospitals.

This does not include the number of deaths because of adverse events in our seniors' facilities, where we know that drug consumption is much higher. It does not include those individuals who die because of addiction to prescription medications such as the benzodiazepine line of drugs. In the last six months we have seen the amount of products that we thought were safe in Canada but were pulled from the shelves.

Would Infoway have saved those lives? Infoway certainly could have saved many of those lives. We know that if the medical records follow the patient a much better transparency and accountability will take place. We will link the physician, the pharmacist and the patient together with a computer program that will look at those adverse events.

Last year I brought forward a motion in the House when we realized the numbers were so drastic. The motion passed, thank goodness. My motion was that it be compulsory to report an adverse event when a physician or front line health care worker saw it.

Nothing has happened in that regard to this point. I understand in talking with the Minister of Health that he is concerned and is perhaps going to have a proposal on the table soon. We sure hope so. The motion was passed in this House because only 1% to 10% of the adverse events that are actually taking place are even reported, so we have no tracking measure whatsoever.

The importance of Infoway is not a point of discussion in today's motion. It is a very important program, but we do not know what is going on in Infoway. The reason the Auditor General would like to take a look at it is that we do not have a performance measure or a performance audit to find out if this money is being spent appropriately or why it is not being spent.

I will go into this because the parliamentary secretary talked about it. The parliamentary secretary said that Infoway is joint, between the provinces and territories and the federal government, and this is true. We have the top end bureaucrats, the health minister and the deputy ministers from each of the provinces and the federal government sitting on this Infoway panel. We know that the sponsorship scandal also had top level bureaucrats sitting on it.

What we see with Infoway is that the money has not been applied to what it was intended to be applied to. Why has this happened? Each one of these 24,000 deaths, as reported in June, has a life story. There are parents, children and victims around that death. They are not just numbers. They are not just stats. They are real people. They are real Canadians and they deserve to be protected as much as we possibly can.

The question in this motion is not so much about whether we should be transparent and have the Auditor General take a look at these foundations. That is a given. A few hours from now we will stand in this House and vote on this motion. The question will not be, "Should we support it?" The question will be, "Why should we not support it?"

If I were sitting on the government side and I had applied \$1.2 billion of taxpayers' money to a foundation, I would want to know why it is not being used where it was intended to be used. I would want to know that there is some accountability. If this government does not stand and support this motion, then the question has to be asked, why would it not want that accountability for the people it represents? That becomes the question.

This was brought to my attention over a year ago. We have had the Auditor General at the health committee. I posed a question at that time. I asked if she was concerned with Infoway and the \$1.2 billion and the lack of what was coming out of it. She said yes, and not only Infoway, but all of the other foundations that are not only outside the purview of the Auditor General to examine but also outside freedom of information or the ability to be able to access the information act. There are no other eyes that we can look at and ask the question, "Is there accountability in these foundations?"

This is a motion that should be supported by every one of the 308 members of this House. I would implore each of them to look very carefully at this motion and in a non-partisan way and transparent way stand and vote for this motion. It is very important for the trust level of Canadians and very important in getting to the bottom of where this money is and how it is being applied for the best interests of Canadians.

• (1315)

Hon. Diane Marleau (Parliamentary Secretary to the President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Madam Speaker, I have a question.

Supply

I agree that there has to be some kind of performance audit wherever and whenever the Auditor General wants to go, but does the member really believe that it is absolutely necessary over and above looking at giving her the chance to follow the money and do performance audits?

Does the member really believe that she should be the external auditor for each and every foundation, to do the audit each and every year, something she does not even do with departments in the Government of Canada? Does he not think that these foundations can have the choice of picking their auditors for their yearly audits?

Meanwhile, yes, we should change the rules to allow performance audits by the Auditor General, for her to do what she does for the Government of Canada everywhere. To me, that makes a lot more sense. I would certainly be prepared to support the member's motion if he were to remove the last part which says that the Auditor General has to do everybody's audit every year.

• (1320)

Mr. Rob Merrifield: Madam Speaker, I disagree. I would lay it out this way. We have the responsibility and the opportunity to call Canada Health Infoway before the health committee. As vice-chair of the Standing Committee on Health, I know we can do that, and we have done that. We know where the money is. It is not about counting the beans. It is about making sure there is a performance measure in place so that the money applied to this program is actually used where it should be and in a timely way. There was \$1.2 billion set aside back in 2001 and absolutely nothing has come out of that.

As an example, Alberta is probably a year and a half or two years ahead, according to most of the experts, as far as medical records following the patient is concerned. Alberta has applied \$15 million to that compared to this \$1.2 billion to Infoway and it is on track for having all medical records follow patients by the end of this year, linking physician and patient. Alberta, with one-tenth of the population of Canada, can do that with \$15 million.

I am not necessarily an accountant, but I can do the math. When I see that \$15 million can achieve this for a tenth of the population of Canada, it means that ten times that amount, which is only \$150 million, should be able to achieve it for all of Canada. But there is \$1.2 billion that has not been applied to where it needs to go and the government is saying it is going to take not 10 years but 20 years. We had Michael Decter in the health committee saying this should happen not in 20 years, by 2020, but by 2010. In five years from now, all medical records should follow patients.

Why is it not being done? We have no performance measure to guide it and no second set of eyes on this money. That is why we absolutely have to do more than just count the dollars. We have to make sure that the dollars are applied where they need to be applied because lives are being lost as a result of our tardiness.

Supply

Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC): Madam Speaker, I have a question for the member. We heard the parliamentary secretary make comments about the negative aspects of this motion, but I find it very amazing that yesterday that same parliamentary secretary voted against a health committee motion to give the Auditor General the ability to audit Infoway, among other foundations related to health.

Unless he is against transparency, accountability and performance measures, why would the parliamentary secretary vote against the health committee motion, which passed with the support of all three opposition parties? Could the member comment?

Mr. Rob Merrifield: Madam Speaker, it drives home the point that I made in my speech. If I were sitting in the chairs of the individuals from the government side, I would be the first one to be calling for a performance audit on the moneys applied to these foundations and not being used appropriately. I would want another pair of eyes making sure that the money was being used appropriately.

If the individual members from the government side vote no, as the parliamentary secretary did at health committee yesterday, the suspicion falls back on them. Why would they vote no? Why would they not want accountability? Why would they not want the performance measures so that whatever is there can be improved? This is money that would be very well spent on the Auditor General.

A few hours from now when we stand in the House to vote on this motion, I and all Canadians will find it very interesting to see if the government will do the right thing or whether it will hide behind the curtain and not do what needs to be done for transparency, accountability and regaining the trust of the Canadian people.

Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC): Madam Speaker, the issue of accountability is very important, especially in light of the recent scandals of the current government and the waste of taxpayers' money.

I think Canadians are a compassionate people. They appreciate the fact that we have a society where we try to look out for one another. Canadians also appreciate the value of a dollar. They do not appreciate moneys being wasted, and this government has demonstrated time and time again that it is able to waste billions of dollars without any accountability.

The latest Auditor General's report detailed how government foundations are beyond the scrutiny of the auditors. As of March 31, 2004, \$9 billion had been paid to foundations.

Often this money is paid up front, many years in advance of the actual need. The Auditor General's report expressed concerns about the governance and accountability of the foundations themselves and the accounting for government transfers to the foundations.

Several of the largest government foundations are either directly or partly mandated to address health issues.

Canada Health Infoway was established to accelerate the development of electronic patient records. It has received \$1.2 billion, yet has spent only a fraction of this amount.

As many as 24,000 Canadians are dying each year due to adverse events, including prescription error. It is inexcusable that the implementation of electronic records, which could significantly reduce these adverse events, is progressing very slowly. The money is there, yet it does not seem to be used in the way it was intended.

The Canadian Health Services Research Foundation is mandated to support research to improve the organization, management and delivery of health care services. As of a year ago, only a fraction of the \$152 million the foundation originally received had been spent. In eight years, nearly \$200 million sat in a bank account while the organization, management and delivery of health care services have deteriorated.

These two foundations fall directly under the purview of Health Canada. However, there are other foundations that, although not sponsored by Health Canada, still cover health related issues under at least part of their mandates. A few of these foundations are Genome Canada, the Canada Foundation for Innovation and the Aboriginal Healing Foundation.

With all these foundations, a familiar pattern repeats itself. Hundreds of millions of dollars transferred to improve the health of Canadians sits unused. No one can say exactly what effect the money had or where it has been spent. Foundations lack the most basic fundamentals of accountability. They are not answerable to Parliament through a minister, the Auditor General does not have access to them, and Canadians have no idea if they are getting value for the \$9 billion they have forked over.

The Auditor General also indicated that the government has no authority to interfere in the management of these foundations unless they are in violation of their funding arrangements. Thus, if the government's priorities change, the taxpayers and the government itself are powerless to redirect the foundations. In other words, there are no checks and balances in place to prevent, let alone detect, mismanagement and waste.

The Liberals continue to deny the Auditor General access to foundations for no good reason. They claim that foundations are doing good work for Canadians, but if that is the case, why does the government not allow these books to be open? If they are doing good work, what do they have to hide?

Obviously the lessons of ad scam have been lost on the government. The Auditor General has repeatedly recommended that foundations be subject to closer scrutiny, yet the Liberals offer weak excuses and ignore her suggestions. They continue to toss money to foundations despite the absence of needed accountability measures. There is little ministerial oversight. Parliamentary oversight is non-existent. Outcomes are not reported at all. External audit regimes suffer huge gaps.

● (1325)

To paraphrase the Auditor General, there is a lot of data but very little information. That little progress has been made since the Auditor General first made the recommendations in 1997 demonstrates a total and utter contempt by the current government for her office and for Parliament itself.

Supply

There is hope that the situation can be changed. Yesterday the Standing Committee on Health passed a motion requesting that the federal government appoint the Auditor General to provide external performance audits on health related government foundations. This motion passed with the support of all opposition parties. The Liberals however voted against the motion which indicates that they are against transparency and honesty when dealing with taxpayers' money.

It should be noted that the Auditor General stated at the meeting yesterday that her office often audits departments and agencies on the recommendations of committees. It is my hope that the Auditor General will follow the health committee's recommendation and submit government foundations to full scrutiny.

The issue is not just about government accountability. Canadians already know that the Liberals cannot be trusted with the public purse. Therefore the need is obvious that government foundations be subject to strict accountability and checks and balances.

This issue also concerns the health and well-being of Canadians, making it far more serious an issue than the loss of \$100 million to Quebec ad firms. The fact that the Liberals, the supposed saviours of our health care, or that is how they try to portray themselves, instead of using these foundations to save lives would use them as a front to hide budget surpluses is truly unbelievable. The issue demands extra vigilance not only to protect taxpayers' money but also to ensure that commitments made to health are honoured.

I am a user of the health care system and I am also a taxpayer. It is very important to me that the services that I require are provided. It is my hope that Canadians do not have to endure some of the challenges that I have had to endure in the health care system.

As a taxpayer it is also my hope that my tax dollars are used appropriately so those who need the money can get the money, and that inefficiencies are not occurring. Unfortunately I fear that these foundations are not performing the way Canadians intended, or perhaps even the way the people who set up the foundations intended. There is simply no way of knowing.

Given the government's track record on ad scam, the gun registry boondoggle, the HRDC fiasco and countless other examples of waste, it is completely appropriate to give the Auditor General the power to review the foundations to ensure not only that government tax dollars are not being wasted but that the services these foundations were set up to provide are indeed being provided in a cost effective and timely way.

It is very important to support today's motion. Any party or members who do not support the motion I think leave a cloud of uncertainty over them that suggests they are not in favour of transparency, accountability or value for the taxpayer's dollar. I hope that all parties support the motion.

• (1330)

[*Translation*]

Mr. Réal Lapierre (Lévis—Bellechasse, BQ): Madam Speaker, everyone is expecting elected representatives to be beyond reproach. It is therefore quite appropriate that decisions made by hon. members be transparent, so that members can be accountable for them to their constituents.

We must recognize that accountability in connection with the establishment of the many foundations put in place by this government is totally non-existent. The fact is that it is rather unusual to sink billions of dollars into programs without these investments being subject to external audit.

Ideally, the Auditor General is the best choice for scrutinizing the existing foundations inside and out. We are told that there are already audit mechanisms in place for these foundations, but we must recognize that they do not have as much authority as anything the Auditor General could do.

I would like to ask this question of my hon. colleague, the government member opposite, who so brilliantly orchestrated such a subterfuge. What reasons could there be for all Canadian taxpayers agreeing to the creation of a structure involving huge amounts, without those responsible being subject to even the most basic accountability?

• (1335)

[*English*]

Mr. Steven Fletcher: Madam Speaker, there was a technical problem and I did not hear the first part of the member's question, but in principle we are all Canadians and we are all contributing to these foundations. Therefore, we deserve to know if these foundations are providing the resources and services that are necessary for proper and effective health care in Canada.

The Liberal government seems to continuously waste Canadian taxpayers' money on all sorts of things and that is just where the Auditor General has the power to audit. I think most reasonable people would see the fact that the Liberal government seems to be restricting the Auditor General's ability to audit the foundations as a suggestion that the Liberal government has a lot to hide and that there may be more funny business to be found. That seems to be the only reason the government would take the position that it has, as recently as last night at the health committee.

I hope that for all our friends, from Quebec to B.C. and all the points in between and in Atlantic Canada see that these books are indeed audited for the greater good.

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I will repeat what I stated earlier, that wherever taxpayer dollars are involved, we should have the assurances that there is accountability. I would certainly support that aspect of the motion.

Each of these foundations does have an auditor. It has an annual report. It is reported to Parliament. There is an external auditor who goes through the process.

Specifically the motion calls for a performance audit but it also calls for the Auditor General to be appointed the external auditor for foundations. I have some difficulty with that.

Supply

The government operations and estimates committee, of which I am the past chairman, reviewed many of these foundations. It was very clear that the Government of Canada was not the sole funder of all of these foundations, and in fact did not have the majority of the members of the boards of directors. As a consequence, there are some of these foundations where the federal government does not have the authority, discretion or jurisdiction to appoint the Auditor General as the external auditor.

Having said that, I wonder if the member would consider asking the mover of the motion to amend the motion to add after the words “external auditor of foundations” the phrase “where such decision is the jurisdiction or discretion of the federal government”.

Mr. Steven Fletcher: Madam Speaker, the motion is completely valid. The Auditor General should have, and must have, the ability to audit these foundations. What the member is suggesting is a way of undermining the integrity of the motion.

Again I find it very disturbing that transparency, accountability and a wide dissemination of accurate information seem to be things the Liberals continue to reject. It is like the facts are an obstacle to—

• (1340)

The Acting Speaker (Hon. Jean Augustine): Resuming debate. The hon. member for Portneuf—Jacques-Cartier.

[*Translation*]

Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ): Madam Speaker, first, I would like to point out that I will be sharing my time with the hon. member for Jonquière—Alma.

Over the past few years, the Prime Minister transferred \$9 billion to the various foundations. Of this, \$7.7 billion has yet to be used. It is essential that the Auditor General have access to the accounting data of these various foundations and report on them to this Parliament, which is the trustee of the taxes paid by Canadians and Quebecers. That is essential.

Through my hon. colleague, the Bloc Québécois introduced Bill C-277, which I supported. Hon. members will understand that we are in favour of this motion. To us, it is the least objectionable solution; of course, our preference would be for the abolition of these foundations, which this government is using as part of its trick to reduce surpluses and hide from parliamentary scrutiny the amounts previously mentioned.

Why do we think that the foundations should be abolished? I will be brief. The foundations are unacceptable for a number of reasons. They are unacceptable because parliamentarians lose control over the mission of the foundations. They are unacceptable because parliamentarians do not know whether these foundations are managed properly in accordance with the various policies of this Parliament. They are also unacceptable because, as I mentioned earlier, they have served too often to hide the budget surpluses of the current government and Chrétien government preceding it.

In addition—and this is an eminently Quebec concern—I think that the role played by foundations is really unacceptable because they have been used too often to trample—and I weigh my words carefully—on the jurisdictions of Quebec and the provinces. For example, there are the Foundation for Innovation, the Millennium Scholarship Foundation, the Health Services Research Foundation,

the Canada Health Infoway. If there are areas that are clearly the jurisdiction of the provinces and Quebec, they are health and education. In addition, these foundations are outside the application of the Access to Information Act.

The foundations exist. What do we do? Let us ensure, as parliamentarians, that we know very clearly what is being done with these funds. The very person to exercise this financial control over the foundations is the Auditor General. I want to underscore this because, in a very important opening, the President of Treasury Board acknowledged this morning the importance of Bill C-277, which would give the Auditor General this responsibility. He said that he agreed with referring Bill C-277 to committee for further study.

This is essential because we, as parliamentarians, want to give the Auditor General this mandate so that at least there is some control over the financial operations of the foundations. The Auditor General must have access to the books. I said it before on another occasion. The government regularly states of course that the accounts are audited by experts. That is certainly true, but what do these experts do?

They really audit what I would call the basic accounting of these foundations. In the end, I am quite certain, the external auditors will recommend that the figures are correct according to generally accepted accounting principles. The Auditor General can go much further than that. She can comment on how these funds are managed and whether they are always fully in keeping with the mission of these foundations and the wishes of Parliament.

In her follow-up report of February 15 on the accounting of foundations, the Auditor General made a point that is important for people to know.

• (1345)

On the audit, she mentioned that, overall, progress was unsatisfactory and that the foundations were largely unaccountable. She mentioned that the transfer of funds to these foundations continues to keep public funds—not private but rather public funds—from an effective parliamentary review.

Furthermore, given the importance of the amounts at stake, she was concerned about the lack of proper accounting to Parliament. Ultimately, this is what it comes down to. These amounts were taken from workers and our fellow citizens. And we as parliamentarians are being told that we cannot do a proper examination in order to see how these funds are being spent. This is truly unfortunate.

Supply

As I said, we are in agreement. And with Bill C-277, we are going to give the Auditor General the tools she needs to act as auditor or joint auditor for the following organizations: crown corporations; bodies established by acts of Parliament and to which the Government of Canada has paid \$1 billion or more over any period of 12 consecutive months; any corporate entity without share capital, to which the Government of Canada paid \$1 billion or more, in money or in kind, over any period of 12 consecutive months and in respect of which the Government of Canada has, either directly or through a crown corporation, the right to appoint or nominate a member of the governing body.

The government is doing its best to earn a reputation as an open government, one that promotes transparency and that says, contrary to reality, its estimates are realistic and correct. If the Auditor General is given access to the figures of the various foundations, if she can do her job as guardian of public funds, then she could—we all hope—confirm what the government is saying. However, if this is not the case, she will be able to say so. She will be able to tell all parliamentarians whether the amounts that were—I will not say misappropriated because it is perhaps too strong—but whether the amounts allocated—to put it politely—to the various foundations were spent correctly or not.

It is our job as parliamentarians to be able to reach this conclusion, to have the tools we need to do this and to report back to the public.

Last weekend, I had the pleasure of a meal with my father-in-law, and the first topic of discussion he raised was this: “How is it possible that, with all the money there is in those foundations, you people have not a word to say about it?” I would have loved to defend the foundations, but what could I do as an MP? The only answer I could give was: “Yes, you are right. We have no control over that money. The government does not want us to. It blocks access to the Auditor General, the key instrument.” I added: “Don't worry. We are onto it. I have supported a bill to bring about some concrete control, and we will not give up.”

I am very pleased, as I have already said, with the openness offered to us this morning by the President of the Treasury Board, in order to get the bill referred to committee. It can then be examined in detail and we will be able to get to the bottom of the matter as far as the funding allocated to the various foundations is concerned.

What we are dealing with here is a fundamental principle of democracy: the public must know where and how the taxes the government collects are spent. These taxes are essential to the government's mission, and that is perfectly all right. That mission, however, must be fulfilled properly.

Care needs to be taken to ensure that there are no more incidents like the ones we have witnessed in recent years. I will mention just the one: the sponsorship scandal, that's it. Because of that alone, the Auditor General must ensure that the funds in the foundations are properly spent.

• (1350)

[*English*]

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Madam Speaker, the parliamentary secretary across the aisle stated a few minutes ago that she would support our Conservative

motion calling for performance audits of foundations only if it would not be the Auditor General who would do the audit. She stated that if we would drop this requirement from our motion so foundations could choose their own auditors, she would support it.

This seems to me to be one of the most baseless reasons for not supporting our motion. For the Liberal government, a government that has brought this nation some of the greatest scandals in our history, the sponsorship scandal, the HRDC boondoggle, the gun registry, to say that it welcomes accountability but not from the independent parliamentary appointed Auditor General is absurd and speaks of how little it desires transparency.

I ask my colleague in the Bloc this Why does he think the government does not want the Auditor General, who has been extraordinarily effective and who has developed tremendous expertise at exposing the corruption of the government, to audit these unaccountable foundations?

[*Translation*]

Mr. Guy Côté: Madam Speaker, my Conservative colleague has asked an excellent question. That is one reason why it is so important for the Auditor General to have access to the foundation's figures.

If the government is as transparent as it says it is, if it has the interests of the people of Canada and Quebec at heart as it says it does, if the money involved is managed well by the foundations as it says it is, I do not understand the logic of not allowing the Auditor General to confirm what the government says. It would be quite proper and normal.

As I was saying earlier, there is a basic principle of democracy at stake. This money has been collected by the government but does not directly belong to it; this money belongs to the workers of Canada and Quebec, because it has been taken out of their pockets for the public good.

It would, therefore, be a matter of course for us as parliamentarians to get the correct information. The person who can give it to us is independent of the government and reports to Parliament. This person, in the current system, is the Auditor General.

It is healthy and normal for questions to be raised. I shall briefly suggest a few.

For example, the Canada Foundation for Innovation began receiving funding in 1997. It has received \$3.651 billion. After nearly eight years, it has only given grants totalling \$1.23 billion. What did the government gain by putting nearly \$3.5 billion into it, when nearly eight years later, just over \$1 billion has been paid out in grants? Moreover, we see that \$39 million of that has been spent on administration.

Supply

These are questions that all of us as parliamentarians are entitled to ask, since our constituents ask us the same questions. The person who can provide answers in this situation is the Auditor General.

[*English*]

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I do not think many members in this place would disagree with the need for accountability wherever taxpayer dollars are concerned.

I have a concern with the motion, and I have asked questions about it. I would like to ask the same question of the member from the Bloc. The last part of the motion states that the Auditor General be appointed as external auditor of foundations. I am aware that there are at least a couple of foundations in which the Government of Canada is not the exclusive funder. In fact, it does not have the majority of board members on the foundation. Therefore, it does not have the discretion or opportunity to appoint the Auditor General.

Would the member concur that a small amendment would be required to the end of the motion which would say, "foundations where the Government of Canada has the authority and jurisdiction to do so"?

[*Translation*]

Mr. Guy Côté: Madam Speaker, unfortunately I may well be mistaken because, unlike government members, I do not claim to know it all. However, as regards the various foundations, it seems to me that most if not all the funding is provided with public money.

In my opinion, the fact that members of the public or people from various organizations or companies in the private or public sector, sit on the boards of directors should not, in my opinion, prevent the Auditor General from examining the books of these foundations.

Earlier, I referred to the Canada Foundation for Innovation, which is not the one that we are most concerned about. I would like to mention another case that is of concern to me as a parliamentarian and regarding which I would like to get some answers: Sustainable Development Technology Canada—

• (1355)

The Acting Speaker (Hon. Jean Augustine): I apologize for interrupting the hon. member, but we must resume debate. The hon. member for Jonquière—Alma.

Mr. Sébastien Gagnon (Jonquière—Alma, BQ): Madam Speaker, first, I want to congratulate the hon. member for Portneuf—Jacques-Cartier on his excellent presentation. Our new colleague, who is our deputy finance critic, has a lot of expertise, particularly since he recently took part in a prebudget tour and came to the Saguenay—Lac-Saint-Jean region. He explained a number of issues about which people in my riding may have wondered. I was very pleased and proud to see him, and also the hon. member for Saint-Hyacinthe—Bagot, who also took part in the tour.

Today's issue was a source of great concern to our voters, including in my riding. Many economic development areas are currently affected in my riding of Jonquière—Alma and in the whole Saguenay—Lac-Saint-Jean region. When we talk about these foundations and the fact that they are not audited by the Auditor General, people are entitled to be concerned. It is to their credit. Indeed, considering the astronomical amounts of money, the billions of dollars involved, we have every right to be concerned. We also

have every right to think that it is important that these foundations be audited.

I am fortunate to sit on the Public Accounts Committee and to be able to check what the government does and how it spends its money. However, I want to focus on the Auditor General's mandate and her importance to the parliamentary process and healthy public management. I am very proud of the work the Auditor General can do. She clarifies a lot for us.

I call on all hon. members to join me in supporting this motion. This motion will help improve accountability and also ensure that the Auditor General can conduct this external audit.

At some point, we should perhaps the question the significance of having these types of foundations outside the government reporting environment.

Early in my career, I had the opportunity to be the director general of a major fund for the Government of Quebec. It had been created in the spirit of the Quebec youth summit. I was in charge of a \$240 million fund to help young people in Quebec. I should point out that the Auditor General was involved in the activities. From the moment the fund was established, the Auditor General became involved in the process, even when the fund was being set up, to ensure, for the good of all young Quebecers, that it responded to their needs and expectations properly.

Indeed, it is not always easy to work with someone as important as an auditor. Sometimes it can disrupt the department or the employees, but I believe it is always with the idea of having better accountability.

I also want to draw your attention to the objective of achieving results. It is essential to establish funds the way the government did with the Canada Millennium Scholarship Foundation. Allow me to come back to this because I have already expressed my opposition to it. When funds are outside the government reporting environment, and existing agencies are given certain flexibility in using them, it is important to ensure their original purpose and the reasons they serve the public are respected. In my experience, I was lucky to have the important cooperation of the Auditor General.

STATEMENTS BY MEMBERS

• (1400)

[English]

BRAMPTON

Hon. Gurbax Malhi (Bramalea—Gore—Malton, Lib.): Madam Speaker, Brampton is now Canada's 10th largest city with the second busiest construction market in the nation. Construction is booming. In fact, the city hit an all time high of \$2.7 billion in new construction last year. Much of it was residential construction, which enjoyed a 50% increase over 2003. That made Brampton number one in Canada for residential construction value.

Brampton's average house price hit \$260,000 last year compared to \$242,000 in 2003. City officials are managing this growth with a growth management plan.

I would like to congratulate the city councillors in Brampton for putting together a plan that balances new construction with the need for sustainable development. It will provide a number of new economic opportunities for everyone who works, lives and plays in the city.

The growth Brampton saw in 2004 reaffirms its place as a major urban region. In fact, with stable growth Brampton should remain among Canada's growth leaders for a long time to come.

* * *

HEALTH CARE

Ms. Belinda Stronach (Newmarket—Aurora, CPC): Madam Speaker, the Minister of Health will visit Newmarket and Aurora this weekend for a \$125-a-plate political luncheon.

While the minister stops in our community, it is important that he not come away thinking all is well and that he sees the challenges that face our health care system.

While there, he should visit the Southlake Regional Health Centre where wait times force residents into my constituency office. He should speak with his provincial counterpart to encourage that the federal health dollars transferred to the province be delivered to the regional cancer centre as promised. The minister must also be reminded of the shortage of doctors and nurses in the area.

He should also know that many of my fellow citizens are very concerned about plans to run electricity transmission lines through our back yards. I believe he and his department have a responsibility to regulate the EMF risk as a public health issue.

I invite the minister back to Newmarket and Aurora any time for a public town hall meeting to discuss the better delivery of health care for our community.

* * *

CANADA EXPORT AWARDS

Ms. Anita Neville (Winnipeg South Centre, Lib.): Madam Speaker, I wish to offer my sincere congratulations to a constituent and a friend, Mr. Ed Shinewald, who, as president of Melet Plastics in Winnipeg, has just been awarded the 2005 Canadian manufacturers and exporters excellence award.

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Melet Plastics, a company that specializes in injection moulding, moulds up to half a million plastic parts per day which are used in automobiles, medical devices, agricultural equipment and other unique products.

Melet's secondary line, AmbuTech, produces a line of canes and accessories for the visually impaired which are being sold around the world. In the last three years its export sales have soared by 180%, clearly a Winnipeg company well led, well run and helping people in all corners of the world.

I congratulate Ed and all of the very dedicated employees for this notable achievement.

* * *

[Translation]

THE ATTIKAMEK

Mr. Marcel Gagnon (Saint-Maurice—Champlain, BQ): Madam Speaker, despite the numerous battles that they had to fight for their survival, the Attikamek in the northern part of the Mauricie region never gave up. The obstacles in their way taught them that they have to fight without giving up and face adversity, whether it is related to housing, employment, the environment or the preservation of their language.

Yesterday was a day of celebration for the Attikamek. They celebrated Attikamek Language Day. They succeeded against all odds in preserving their language, Attikamek, which is reminiscent of their history and which they will use to transmit that history to their descendants.

Bloc Québécois members are pleased to join me in congratulating Grand Chief Awashish and all Quebec Attikamek, and in wishing them the best of luck for the future.

* * *

[English]

WORLD POND HOCKEY CHAMPIONSHIP

Mr. Andy Savoy (Tobique—Mactaquac, Lib.): Madam Speaker, it is with enormous pride that I rise in the House of Commons today as the MP for Plaster Rock, New Brunswick, home of the now famous World Pond Hockey Championship.

Plaster Rock is a small town with a whole lot of spirit and a whole lot of spunk. The townspeople have combined their love of the sport and their love of the community to turn a frozen lake into a field of dreams for hockey purists around the globe.

This year's tournament drew 96 four-man teams from 8 provinces, 16 states, England and the Cayman Islands, not to mention media interest from CNN, TSN, ESPN and the list goes on.

S. O. 31

The tournament returns to the traditional roots of Canada's game, playing hockey as it should be played: with fun, fellowship and old fashioned values. It stirs fond memories of open air matches from earlier times, turning 40-year-old men into 14-year-old kids.

I have had the privilege to play in the World Pond Hockey Championship and to preside at its opening and closing ceremonies. I know firsthand the tremendous preparation and hard work that goes into organizing an event of this size and stature.

I want to congratulate the organizers on another hugely successful World Pond Hockey Championship and may they be rewarded for their efforts with a new arena.

* * *

• (1405)

HEART AND STROKE FOUNDATION

Mr. Greg Thompson (New Brunswick Southwest, CPC): Mr. Speaker, February is heart and stroke month. The Heart and Stroke Foundation of Canada report card for 2005 issues a wake-up call for all Canadians.

Cardiovascular disease accounts for the death of more Canadians than any other disease. In fact, this year over 80,000 Canadians will die. Thirty-five per cent of all male deaths in Canada are due to heart diseases. For women the toll is even higher. Thirty-eight per cent of all female deaths in Canada will be due to cardiovascular disease this year.

Most of us know someone, family or friend, who has experienced firsthand the devastation of heart disease or stroke. One in four, or approximately eight million Canadians, have some form of heart or blood vessel disease or are at risk of a stroke.

The Heart and Stroke Foundation of Canada urges all Canadians to make a concentrated effort to live a healthy lifestyle and reduce those sobering statistics.

* * *

HEART AND STROKE FOUNDATION

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, as the hon. member just mentioned, February is heart month. It is the time of year when thousands of people on behalf of the Heart and Stroke Foundation donate generously of their time and money. The funds go directly toward continued research.

Heart disease and stroke continue to be the number one killer of both men and women in Canada each year. It is likely that each one of us will be directly or indirectly touched by heart disease or stroke at some time in our lives. It is important for Canadians to know that they can make a difference.

I applaud the efforts of those who have joined in the fight. Again, it is because of the thousands of volunteers, canvassers, donors and countless others that important advancements in medical research can be made.

[*Translation*]

CHILD CARE CENTRES

Mr. Stéphane Bergeron (Verchères—Les Patriotes, BQ): Mr. Speaker, I would like to draw attention to the excellent child care services provided in Quebec, particularly in the riding of Verchères—Les Patriotes. In fact, two child care centres operating in Sainte-Julie were awarded three prestigious prizes at the annual gala of the Montérégie's child care centre organization on October 30.

The Grande Ourse child care centre received the golden award in the “family spirit” category, and the silver award in the “some people and others” category, for the quality of services provided to its clientele.

The “rare find staff member” award was given to Adrienne Parent, from Sainte-Julie, for her great generosity and tremendous dedication since the Julie-Soleil child care centre first opened, in 1978.

I also want to congratulate the Montérégie's child care centre organization on its 30 years of existence, and I sincerely thank the 123 child care centres belonging to this organization and caring for some 25,000 children in the region.

* * *

[*English*]

VETERANS AFFAIRS

Ms. Yasmin Ratansi (Don Valley East, Lib.): Mr. Speaker, on January 6 the Minister of Veterans Affairs invited all Canadians to bring forward any information regarding Canadian Forces servicemen and women who have died while on duty in Canada or serving overseas since October 1947, with the exception of the Korean War.

To date, Veterans Affairs Canada has identified more than 1,200 members of the Canadian Forces whose names will be entered into a seventh Book of Remembrance to be titled “In the Service of Canada”.

Veterans Affairs Canada is asking families of deceased CF members and the Canadian public to view the names of the men and women already identified and to submit any other names that may be eligible for the book.

[*Translation*]

I invite the hon. members and all Canadians to visit the VAC website, under the “Past Features” heading, and to click on “The Seventh Book of Remembrance” icon.

[*English*]

In the year of the veteran we would like to enlist all Canadians in this campaign to remember these brave Canadians who served our country with duty and honour. Recalling them by name—

• (1410)

The Speaker: The hon. member for Wild Rose.

GOVERNMENT OF CANADA

Mr. Myron Thompson (Wild Rose, CPC): Mr. Speaker, this is my 12th year in the House of Commons. I arrived here looking forward to improving life for the average Canadian.

I know all members in the House have met the average Canadian and have knocked on their door during elections. I am sure they still remember them, or do they?

Average Canadians worry about paying their bills, about raising their children and about the safety and health of their family. Here in this House where the air is rare, we debate philosophical issues that we feel will affect the average Canadian, such as same sex marriage. Is the government so far out of step that it feels the average Canadian thinks this should be the most important piece of legislation passed?

I have to admit that I admire the Prime Minister's passion for same sex marriage. I just wish he had the same passion for issues like tax relief, true health care reform, fighting child pornography, corrections reform, and the list goes on.

I beg the Prime Minister to remember who he works for. His paycheque is signed by the average Canadian.

* * *

CANADIAN TIRE FOUNDATION FOR FAMILIES

Hon. Roger Gallaway (Sarnia—Lambton, Lib.): Mr. Speaker, I wish to highlight last Sunday's successful national launch of the Canadian Tire Foundation for Families jumpstart program here in the capital region.

Less than one-third of Canadian children from low income families participate in organized sports and recreation. Jumpstart is a community-based charitable program from the Canadian Tire Foundation for Families that helps kids in need participate in organized sports and recreational activities like hockey, soccer and swimming. It is delivered by a nationwide network of local chapters that are made up of leaders from our local communities, including volunteer agencies, sports and recreation associations, as well as Canadian Tire dealers and petroleum agents. It aims to help 20,000 children in its first year alone.

I offer my congratulations to Martha Billes, chair of the Canadian Tire Foundation for Families; Wayne Sales, president of Canadian Tire; and the many partner organizations that are helping Canada's disadvantaged kids get physically active.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, on the eve of the federal budget, the rumour mill has been running non stop about changes to the employment insurance program. We are not about to forget the Liberal Party's election promises, or the \$46 billion surplus in the EI fund.

While the workers are asking for major changes to the program, to allow them to qualify and to eliminate the gap, the government turns around and cuts premiums by 3¢, as a favour to the Conservatives.

S. O. 31

Yet, the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities made the point in its latest report, with 20 recommendations stressing that the need for changes to be made to EI by the government.

It was recommended that benefits be calculated on the basis of the best 12 weeks of employment over the past 12 months and that the qualification requirement for new entrants be set at 360 hours.

The Liberal members who were defeated in the last election know that employment insurance is a major issue. It is therefore important that tomorrow's budget reflect these needs, in order to respond to our country's seasonal economy.

* * *

[English]

THE PRIME MINISTER

Mr. Jim Abbott (Kootenay—Columbia, CPC): Mr. Speaker, last week the highly respected international magazine *The Economist* gave the Prime Minister the title Mr. Dithers. Now the whole world knows what British Columbia residents have always known.

The Prime Minister breezed through B.C. during the last election throwing around promises and assuring voters he would end western alienation, but what has he done? Dither.

He is dithering over the pine beetle infestations ripping through B.C. forests. He continues to dither as the U.S. still holds \$4 billion in Canadian softwood lumber duties, half of which belong to B.C. companies. Vancouver has become even more vulnerable to organized crime as he continues to dither over possible decriminalization of marijuana. The Fraser River salmon fishery has been mismanaged to a point where we have lost one-quarter of the salmon in the river.

The Prime Minister's dithering has dragged on for years. West of the Rockies, British Columbians are telling the Prime Minister to stop dithering, keep his promises and start putting his government to work for British Columbia.

* * *

[Translation]

CHAMBER OF COMMERCE AND INDUSTRY OF CHÂTEAUGUAY

Ms. Denise Poirier-Rivard (Châteauguay—Saint-Constant, BQ): Mr. Speaker, it is my pleasure to congratulate and thank the Chamber of Commerce and Industry of Châteauguay for the contribution it has been making for the past 25 years to the social and economic development of our community.

This group of merchants and business people from Châteauguay not only contributes to the vitality of the city, but it also has a strong influence on regional social and economic issues.

Oral Questions

The Chamber of Commerce and Industry of Châteauguay brings together more than 400 members, who, over the years, have invested time and energy in promoting our city and our region. For each of them, their involvement has been, is and will be a proud moment that they will never forget.

The Bloc Québécois wishes long life to this organization and thanks its many members for their 25 years of economic and community action.

* * *

• (1415)

[English]

ARTS AND CULTURE

Mr. Rahim Jaffer (Edmonton—Strathcona, CPC): Mr. Speaker, I want to read a quotation from the Minister of Canadian Heritage.

They are becoming more multicultural themselves and now they're getting really proud of who they are. They want to get rid of the image of cowboys drowned in oil.

She was talking about my home province of Alberta. I suppose we as Albertans should be glad that she has finally discovered us and that she is amazed to discover that in Alberta the only culture is not agriculture, and art is not the guy who runs the local grain elevator.

In my riding of Edmonton—Strathcona we have one of the liveliest cultural scenes in the entire country. For the past 23 years, one of the largest theatre events in the world, the Fringe Festival, has been held every summer in Old Strathcona, and the Edmonton Heritage Festival is a one of a kind showcase of the multicultural diversity of my city and my province.

If the minister would care to join me on a tour this summer of Edmonton—Strathcona, I am sure we could expand her cultural horizons. She would continue to be amazed that there is in fact culture in places other than in her own mind.

* * *

[Translation]

THE ENVIRONMENT

Hon. Raymond Simard (Saint Boniface, Lib.): Mr. Speaker, it seems that the Conservatives have finally stopped attacking the true laws of nature, such as the fundamental laws of physics and chemistry, by refusing to recognize the scientific principles of global warming.

In fact, just a few months ago, we heard the empty rhetoric of the Conservatives and their leader that the man-made effects of climate change were nothing more than a scientific hypothesis and that carbon dioxide had never been considered a health risk.

We hope that the Conservative Party has finally realized what we on this side of the House have already known for quite some time. Climate change is real, and attacking this problem can only benefit this country's economy and environment, as well as the health of Canadians.

We hope too that the Conservative Party has finally seen the folly of advancing pseudo-scientific principles. We hope that now the Conservatives will stop making these erroneous statements.

[English]

NATURAL RESOURCES

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Mr. Speaker, the Department of Fisheries and Oceans seems to be poised to grant approval to reopen the Tulsequah Chief mine in northwestern British Columbia.

Previously, the DFO was on record with concerns about how this project would affect the salmon bearing streams and caribou herds of the Taku region. After a closed door meeting with lobbyists for the mining company and the province of British Columbia, the DFO inexplicably changed its position and is now pushing the project forward.

This project is tearing the local community apart. The elected leaders of the Taku River Tlingit First Nation are very concerned about the potential impact on the resource role planned for this project. The Supreme Court ruled last year that we need a land use management plan prior to the project's existence.

It is time for leadership from the Minister of Fisheries and Oceans on this file. It is time for him to step up to the plate and to halt the approval of this project until the environmental sustainability issues surrounding the project are adequately addressed.

ORAL QUESTION PERIOD

[English]

NATIONAL DEFENCE

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, in a frank revelation today the new Canadian ambassador to the United States said that the government is already part of the missile defence program. He said this in spite of the fact that the Prime Minister has been telling the House and Canadians for months that there has been no agreement and no decision taken.

How could the Prime Minister secretly make this decision, so clearly breaking every commitment he has made to the House and to Canadians?

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, every member of the House knows exactly what has happened here. Everybody knows exactly what our ambassador said this morning.

We agreed to a Norad amendment which would allow our American partners, for the security of North America, to obtain the threat assessments and the information they need to make decisions to deploy missiles or other forms of defence. We did that in order to help them.

We have yet to make any decisions in terms of ballistic missile defence. That decision will be made in accordance with Canadian needs and a Canadian appreciation of our strategic interests in support of the defence of North America. That is all there is to it.

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, that just does not accord with the government's statements.

Oral Questions

All parties in the House agreed that there would be a vote before we became part of missile defence. Now Frank McKenna is saying the decision has been made. He is saying we are part of it.

Is the minister saying that the government's new star ambassador to the United States is a liar?

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, this is an extraordinary turnaround in the House. Before the election that gentleman was standing up here saying: "Why aren't we in BMD?", "Why aren't we in Iraq?", and "Why aren't we doing this with the United States?" Now, it is "We don't want to know about this" and "We want to keep our distance".

The government has been clear. We will make a decision about ballistic missile defence in the interest of Canada and in the interest of Canadians.

What the ambassador said today was that we are helping with Norad, which is what we have always done and which every member of the House knows. The Prime Minister has been clear. All of us have been very clear on it.

• (1420)

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, unlike the Liberal Party, this party will never agree to a proposal we have never even seen.

[*Translation*]

Yesterday, in the House, the Liberal government, through this minister, reaffirmed that it would not participate in the missile defence shield. However, today, Ambassador Frank McKenna is saying the exact opposite.

Why did the government break its promise to make the details of this project public and hold a vote here in Parliament, before taking part in it?

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, all the ambassador said was that we signed the amendment to Norad. If this comes as a surprise to the leader of the opposition, it certainly comes as no surprise to us.

We have talked about this in the House on numerous occasions and we will talk about it again. The decision as to whether we will take part in the missile defence shield is a separate discussion. The question is whether or not we will take part in delivering these missiles. That is in the future. I assure the House that no such decision has been made.

[*English*]

Mr. Peter MacKay (Central Nova, CPC): Mr. Speaker, yesterday in the House the Minister of National Defence said:

We will enter into an agreement with the United States if it is in the interest of Canada—

This clearly indicated that we are not part of the program now.

Newly appointed Ambassador Frank McKenna said clearly today that Canada is already part of the missile defence program now. Surely Ambassador McKenna has been briefed on this important file. Surely Mr. McKenna would not misspeak on such an important issue before a parliamentary committee.

My question is for the Deputy Prime Minister. Who is being factual, the ambassador or the minister?

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, I just had lunch with the ambassador. I want to assure all hon. members that there is no problem between the ambassador, myself, the Deputy Prime Minister, or the Prime Minister.

It is clear what the ambassador is seeking to do. He is telling our American partners that we are active with them in defence of North America and in appreciation of the threats that come to North America. That is why we did the Norad amendment. In many ways he was quite correct in saying that this is all that Canada needs to do to help our American allies in this situation. It was a perfectly obvious thing for him to say. It does not change the Government of Canada's policy whatsoever.

Mr. Peter MacKay (Central Nova, CPC): Mr. Speaker, I hope they communicated more clearly over lunch.

Last summer, Canada agreed to Norad's monitoring of incoming missiles. Last August, this minister said:

This decision does not affect or in any way determine the ultimate decision as to whether Canada will participate in missile defence.

Mr. McKenna's statements today clearly contradict that position. This government is either operating in the dark or dithering again.

When will the Parliament of Canada have a full debate, with all the facts, on missile defence? Or is Canada's position already a done deal?

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, let me assure the hon. member and other hon. members of the House that Canada's position is not a done deal.

We will decide about whether we are going to participate in the aspect of ballistic missile defence, which involves its determination of how it works and ultimate deployment in the interest of Canada, in the appropriate way and we will discuss it with members of the House. The Prime Minister is anxious to do that. We will make that move when it is appropriate.

The fact that we signed the Norad agreement is of no surprise to anybody in the House. It was a natural thing to do in order to help our American friends in understanding threats to North America and we will always participate with them on that.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, Frank McKenna, the new Canadian ambassador to Washington, has stated categorically that Canada was already part of the missile defence system.

How can the Prime Minister say that he wants to ensure there will be no weaponization of space, when his ambassador is instead confirming that Canada is already involved in the missile defence program?

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, I should begin by pointing out that the Bloc leader has mixed a number of things. The first point to be made is that the weaponization of space is not part of the missile defence shield program.

Oral Questions

The second point is that, as I have just told the hon. members, we have amended the Norad agreement, which is totally logical as far as threats to North America are concerned. The hon. member is well aware of this because the PM phoned him directly to inform him of it.

We continue to work with our American friends, but as far as their missile defence program is concerned, we will make the decision when the time comes, when it is the right time for Canada.

• (1425)

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, here we have one more mixed up Liberal. After the Prime Minister's gaff about Lebanon last week, when he told us that he had not said what everybody had heard him say, now we are being told that Frank McKenna was not clear. But he was very clear. He said "We're part of it". What the Prime Minister told me is that the decision to participate in Norad had no connection at all to missile defence.

Will the minister admit that the Prime Minister has misled the public by stating that the Norad amendment did not mean de facto Canadian participation in the missile defence shield, as Frank McKenna has just stated very clearly? He did not seem to be mixed up like the minister.

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, it is a fairly clear matter of logic. Even the Bloc can understand, I believe, that there is a difference between assessing a threat that may be dangerous, exchanging information, cooperating with a friend, understanding this information, and making the decision to launch a missile. That is a different thing, a different stage. That is what we are looking at. The Prime Minister said that we will never get to that stage without first consulting the House and making a decision in Canada's best interest.

Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ): Mr. Speaker, the government has clearly told us, here in this House, and the minister has just repeated it, that participation in the Norad agreement has nothing to do with the missile defence shield. His main spokesman in the United States, in Washington, says "We are in Norad and when you are in Norad, you are part of the missile defence shield." It is perfectly clear. He even asked, "What more do the Americans want?"

How can the minister maintain such confusion? Perhaps it is because his government wants to do things by the back door—

The Speaker: The hon. Minister of National Defence.

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, what I do not understand at all in this House full of intelligent people is that we agreed to the Norad amendment with the knowledge of everyone here a few months ago, in August.

Mr. Bush, the President of the United States, was here last month. He asked us to be part of the missile defence shield. The Bloc now claims to be surprised that we are already there. It seems Mr. Bush was also led astray. Mr. Bush does not know that we are not part of it.

These are ridiculous arguments. We are not part of the missile defence shield. We will make that decision according to our—

The Speaker: The hon. member for Roberval—Lac-Saint-Jean.

Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ): Mr. Speaker, the fact is the government is absolutely pitiful when it comes to this important issue. It does not dare face reality. It does not want to tell the public that it is having its arm twisted and that we have joined the missile defence plan. That is what Frank McKenna said in simple terms during a committee session.

I have the following question for the minister. The Prime Minister said he would require guarantees in writing before joining the plan. So, where are those guarantees?

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, I believe confusion reigns in the House on this matter through no fault of hon. members on this side. We have always been clear. We have contributed to the Norad amendment in order to work with our American friends on assessing threats to North America. We will take a decision on deploying a missile defence shield once we have all had a chance to discuss it with our colleagues in this House. That way all Canadians will understand the nature of our solution.

[English]

Mr. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, thank you very much.

Some hon. members: Hear, hear!

• (1430)

The Speaker: It is obvious that all hon. members are glad to see the member for Toronto—Danforth back and we welcome him, but he has the floor for a question. The hon. member for Toronto—Danforth.

Mr. Jack Layton: Mr. Speaker, I thank the members for their kind wishes over the past week. It was very much appreciated.

My question too is for the Minister of National Defence. We are very happy that he had a nice lunch with the ambassador, but what we want to know is who was out to lunch on this whole question.

This morning we heard the ambassador to the United States designate say that Canada was already a part of missile defence. Yet we have the Prime minister, apparently speaking on behalf of Canadians, saying that we are not yet there and that we have not made a decision. They cannot both be right.

The question for the Minister of National Defence is this. Which one of them is wrong and will we get a retraction?

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, I am happy to welcome the hon. member back. He may have lost his appendix, but he has not lost any of his usual verve for life, so it is great to see him here in the House.

However, I want to assure him that it is possible to work with our American friends, and tell them we are helping them in terms of a threat assessment to North America. I know the member has some problems about dealing with the United States. I know his party basically does not want to go there. However, on this side of the House we want to work with our American friends because we believe the defence of North America can only be done by two of us working together.

Oral Questions

Mr. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, what Canadians would be concerned about is we have an ambassador talking to the American leadership saying, with a wink, wink, nudge, nudge, that we are already really a part of it. Meanwhile we have the Prime Minister saying that we have not made a decision. The House of Commons is supposed to make the decision on this.

Will the Minister of National Defence communicate to the Prime Minister the necessity of demanding a retraction now, today, from the ambassador designate so we clear this up once and for all?

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, in the absence of the Minister of Foreign Affairs, I would not comment on what diplomats do in terms of winking or nudging or anything else.

However, I think it is very clear to all members of the House that we as a government are making the policy for this country, and this policy will be made in the House and it will be made by our Prime Minister. We work with the Americans on threat assessment, and we will determine in our own time in accordance with our own schedule and our own priorities whether we participate in ballistic missile defence for the good of Canada and Canada's interests alone.

Mr. Gordon O'Connor (Carleton—Mississippi Mills, CPC): Mr. Speaker, this is like the gang who could not shoot straight. Who is in charge of missile defence? The Minister of National Defence, the Minister of Foreign Affairs, Canada's ambassador to the United States or the Prime Minister.

We have been told in the House on a number of occasions that amending the Norad agreement would not commit us to ballistic missile defence. Today the ambassador to the United States said that Canada was now part of the ballistic missile system.

Have we been misled? Who are we to believe? Is Canada now effectively part of the ballistic missile defence system?

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, it seems to me that recently in the House members in the party opposite were saying that Mr. Bush was here, asked us to join the ballistic missile defence and what were we waiting for? Obviously the hon. member is confused or perhaps he has not been listening to his previous rhetoric.

I will repeat for his benefit and that of members of the House that we are participating with our American allies in understanding what goes on in the space above us. That is what Norad does, and the ambassador was right to say that this is how we are helping our American friends.

This is not the same as sending a missile up to intercept another missile. That decision will be taken in due time by the Prime Minister in the best interests of Canada.

Mr. Gordon O'Connor (Carleton—Mississippi Mills, CPC): Mr. Speaker, deals are being made by the government without involving the House. Yesterday in response to my question the minister told the House that a decision had not been taken on missile defence. This was contradicted today by the ambassador to the United States. Both seem to be talking for the government, yet they are saying diametrically opposed things. Canadians need clarity.

Would the minister confirm which one is providing the facts and which one is providing the fiction?

• (1435)

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, maybe the hon. member, who I know is a very decent guy, will help get clarity for Canadians and the House if he would just stop asking the same question over and over again when a very simple answer has been given.

I gave the answer. We did the Norad amendment. It was a good idea. We are working with our American friends. We want to work with them in understanding the threats to North America because our security is involved.

Whether we involve ourselves in a system of anti-ballistic missiles is another discussion. It involves a different stage of what we are talking about here. We will do that in our own time. The Prime Minister will make his decision in the interests of Canada and the security of Canadians.

Mr. Stockwell Day (Okanagan—Coquihalla, CPC): Mr. Speaker, we have consistently maintained that Canada's friends and enemies should know where we stand on critical issues. The confidence of Canadians and of our allies has again been shaken this week. There is the ongoing fiasco in the Prime Minister's Office, and this time it is on something as critical as the defence of our country and the defence of our continent.

I am asking if the Prime Minister would please dust off that international policy statement that is gathering dust on his desk. It is fossilizing there. Would he please blow the dust off of it, bring it out and let our friends and allies know where we stand on missile defence?

Hon. Dan McTeague (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Mr. Speaker, the hon. member knows full well that in this House and in this time, this country will do what is right at the time of our choosing. We also will make sure that when it comes to the ever evolving, changing world out there, of which the hon. member is obviously not aware, we will do what is right in time because there are a number of considerations.

We will not simply do it because the member demands that we get an IPS immediately. We will do it at a time and choosing that is right. We will get the policy options correct in order that all Canadians, including Parliament, will have an idea as to how to achieve an objective response to a darn good paper.

Mr. Stockwell Day (Okanagan—Coquihalla, CPC): Choose the 21st century, Mr. Speaker, so we could know.

[*Translation*]

The Prime Minister's inability to decide on anything continues to demonstrate the confusion in our foreign policy. Today the Minister of Foreign Affairs is saying there were more important interests than the national interests of Canada. This strange statement is alarming.

Will the Prime Minister tell us what interests he thinks are more important than Canadian interests and explain why he allows the Minister of Foreign Affairs to behave this way?

Oral Questions

Hon. Dan McTeague (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Mr. Speaker, this government will take the necessary time to ensure that the threats weighing on the world and Canada and the issues important to all Canadians are examined properly. All the facts will be considered in detail to ensure a clear understanding of today's world, especially in the context of globalization.

* * *

TAXATION

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, the Premier of Quebec repeated, "the fiscal imbalance has not been resolved—the federal government continues to swim in surpluses while Quebec can barely balance its budget", in education, for example. Another perverse effect, according to Mr. Charest, is that the fiscal imbalance encourages Ottawa to intrude in Quebec's areas of jurisdiction.

As the Quebec premier and all of Quebec are asking, will the federal government use tomorrow's budget to recognize the fiscal imbalance and take concrete measures to correct what is "obvious to everyone but itself".

[English]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, there is no fiscal imbalance and there never can be a fiscal imbalance. The Government of Quebec, like every other government, has access to the same revenues as does the federal government. Indeed, the hon. member is conducting an inquiry as we speak. The finance minister from Nova Scotia has said the same thing.

There is no fiscal imbalance between the provinces and the federal government. There may be some fiscal imbalances among the provinces.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, in addition to encouraging interference by the federal government, the fiscal imbalance has slowed Quebec's development. The Quebec minister of intergovernmental affairs is categorical that, "fiscal attrition" threatens to compromise Quebec's distinct nature.

Instead of choking Quebec until it becomes a province like the others, will the federal government, which has the ample means to do so, attack the fiscal imbalance in tomorrow's budget, by taking specific measures?

• (1440)

[English]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, the federal government has over the past number of years addressed a number of the issues raised by the hon. member.

One must bear in mind that taxpayers in Canada send their taxes to the Government of Canada for priorities of the Government of Canada. Provinces can tax and seek their revenues for their particular constituents. Therefore, there is and can never be any concept such as fiscal imbalance.

[Translation]

Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ): Mr. Speaker, last year the Minister of Finance predicted a \$1.9 billion surplus, and the final figure was \$9.1 billion, that is a margin of error of 450% for the year 2003-04 alone. Experts are predicting a surplus of between \$25 billion and \$33 billion for the next three years, while the Bloc's forecasted figure for the same period is \$29 billion.

Will the Minister of Finance admit that all serious predictions give him the manoeuvring room necessary to solve fiscal imbalance once and for all?

[English]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, we just completed a very useful two hour meeting with three fiscal forecasters. It was an interesting and instructive exercise. One said that we would have revenues going from about \$196 billion up to \$214 billion. Another said that they would go from \$198 billion up to \$210 billion, another \$12 billion. Another said that they would go from \$195 billion up to \$209 billion, somewhere around \$13 billion.

One can appreciate, given the range of information and the difficulties that are necessary in projecting forward those numbers of years, that honest people will disagree as to what the forecast should be.

[Translation]

Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ): Mr. Speaker, when the same economic model is re-used, the same errors are repeated. Over the past eight years, the department has been off by \$87 billion in its forecasts of the surplus. Come on now.

Does the Minister of Finance intend to open his eyes and use the next budget to settle fiscal imbalance once and for all and to use his enormous surplus to at least meet the urgent needs of the population?

[English]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I am sure that members of the House would be interested in knowing that a 1% error is essentially a \$4 billion swing in revenues. Bear in mind that the forecasts that are being put forward as of tomorrow are to project forward for the fiscal year starting April 1, 2005 through the fiscal year 2006. It will only be six months after that when we know whether the numbers were right in February.

This is a very difficult exercise. As I say, very small swings in numbers make very significant—

The Speaker: The hon. member for Medicine Hat.

Mr. Monte Solberg (Medicine Hat, CPC): Mr. Speaker, modest tax relief for the massively overtaxed is an insult. This is a government that spends billions of dollars to register farmers' shotguns and hundreds of millions to hang banners at Quebec hunting and fishing shows. Now it wants to spend billions to buy Russian hot air. If one is waiting tables, the government says that increasing one's take home pay is at the bottom of its priority list.

Why is it giving billions to bureaucrats but proposing pennies to the poor?

Oral Questions

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I keep reminding the hon. member of the five year tax plan which took down the government's revenues in the order of \$100 billion over the last five years. There was a 27% tax break for families and a 21% tax break for singles.

I know the hon. member is in love with all things American, but if we look at the way in which the American government has run up a deficit in the order of about \$500 billion, I think he will agree with me that our way of approaching tax relief is appropriate.

Mr. Monte Solberg (Medicine Hat, CPC): Mr. Speaker, the truth is there is no tax relief. Today the average person earning \$35,000 in Ontario spends 50% of his or her paycheque on taxes; \$17,175 goes just to taxes.

Does the minister not think it is just a little obscene that someone with a modest income of \$35,000 should pay half of that in taxes, or is the government saying that half a loaf is better than none?

•(1445)

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I hesitate to interrupt the hon. member's rhetoric with facts. A typical one earner family of four earning \$40,000 will pay \$2,000 in actual income tax, a savings in the order of 60%. A typical single parent, one child family earning \$25,000 will pay \$1,150 in taxes, a savings in the order of 80%.

As I say, I know the hon. member is in love with all things American, but we do have a pension plan that is—

The Speaker: The hon. member for Edmonton—Spruce Grove.

[*Translation*]

Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC): Mr. Speaker, the Minister of Finance's cynicism is contagious. Quebeckers long ago lost confidence in this nation's accounts, after so many years of the Liberals cooking the books. Year in and year out, the surplus grows more and more gigantic, and the cover ups more and more heavy handed.

The minister has no excuse. He must acknowledge what is obvious to everyone but him and correct it. When is he going to address the distressing matter of fiscal imbalance?

[*English*]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, as I said earlier in a response to the previous questioner, there is no fiscal imbalance. There never can be a fiscal imbalance. We have a very moderated federation where subnational governments have access to essentially the same revenues as does the federal government.

That is not true in other federations where it is the national government that has access to all the revenues and the subnational governments do not. The premise of the question is completely in error.

Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC): Yes, Mr. Speaker, but there is only one taxpayer in this country.

[*Translation*]

Instead of sidestepping the question, the minister should depend on some competent economists. All the real experts say that the

surplus will exceed \$30 billion over the next three years. He is encroaching on provincial areas of jurisdiction, while shamefully condemning the provinces to oppressive taxation of the middle class.

Tomorrow, will he bow to the arguments of Quebec, or will he continue to bleed the taxpayers dry?

[*English*]

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, as I said earlier, the committee this morning was actually quite instructive and quite useful in terms of projecting forward what will be the government's revenue sources over the next number of years.

Among those economists there were significant variations in what they anticipate. When we start to break out the variations, we see that some of them are more politically driven variations than are the actual economic variations. One starts with the same numbers and the assumptions that are made are largely driven by one's political philosophy.

In this particular case we do not accept their—

The Speaker: The hon. member for Madawaska—Restigouche.

* * *

[*Translation*]

EMPLOYMENT INSURANCE

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Mr. Speaker, Canada's employment insurance program provides temporary income support to insured people who must leave their jobs involuntarily. Over the decades, the program has adapted to changes in economic conditions. In most parts of Canada, including my province, many workers, including those in seasonal employment, count on employment insurance as a supplementary income. Still, there are anomalies that reduce the program's effectiveness.

Does the minister intend to make changes in the program so as to better respond to the needs of Canada's labour force, including seasonal workers?

Hon. Lucienne Robillard (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, I thank the hon. member for Madawaska—Restigouche for his interest in working with the people from his area, both employers and employees, to try to solve the labour market problems.

In fact, the Liberal caucus has submitted a report remarkable by its many recommendations. We hope to be able to put new measures into practice to help employers and employees.

Oral Questions

● (1450)

[English]

PUBLIC SERVICE

Hon. Ed Broadbent (Ottawa Centre, NDP): Mr. Speaker, my question is for the President of the Treasury Board.

Some years ago the Liberals moved the taxation centre to Shawinigan, Jean Chrétien's seat. Earlier they had moved the Department of Veterans Affairs down to Charlottetown for the same political reasons.

Will the minister now confirm that the Liberals are at it again and they plan to move thousands of jobs out of Ottawa without consulting the families and workers affected, and without providing taxpayers with a cost benefit analysis?

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): No, Mr. Speaker, I will not confirm that.

Hon. Ed Broadbent (Ottawa Centre, NDP): Mr. Speaker, at least the answer had the virtue of being brief.

Will the minister guarantee that no jobs will be relocated without prior consultation and after providing a cost benefit analysis? Otherwise the people of Canada will rightly believe that what they are faced with is another \$70 billion Liberal boondoggle. That is what it amounts to.

Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the government has been working hard to improve services to Canadians all across the country. Should the decisions that flow from the budget affect any of our staff, they will be treated with the greatest respect.

* * *

[Translation]

FOREIGN AFFAIRS

Mr. Jason Kenney (Calgary Southeast, CPC): Mr. Speaker, last week the Prime Minister embarrassed Canada by approving the illegal presence of Syrian troops in Lebanon. He made matters worse for himself when he refused to apologize or retract his comments. The Canadian Islamic Conference has thanked the Prime Minister for his approval of the Syrian occupation.

Will the Prime Minister finally apologize for his outrageous comments and get on side with Lebanese Canadians who are advocating true independence for Lebanon?

[English]

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, the Prime Minister and everyone on this side of the House have been absolutely clear. We support the UN resolution. We support the withdrawal of Syria from Lebanon, full stop. Nothing could be clearer.

Mr. Jason Kenney (Calgary Southeast, CPC): Mr. Speaker, it sure is not clear to the pro-Syrian organizations that have endorsed and thanked the Prime Minister, nor is the record clear, because Prime Minister Chrétien five years ago said that the Syrian army

were guests in Lebanon. He met with the leader of Hezbollah. The government for years defended the legitimacy of Hezbollah as a political organization. The government has provided \$24 million in unconditional aid to Syria, notwithstanding its occupation in Lebanon.

Is it not true that the record shows that the government really supports that occupation and that it was not just an ironic slip of the tongue last week?

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, nothing could be more outrageous or untrue than that which we have just heard from the hon. member.

We have made it absolutely plain that we support UN Resolution 1559. We have since Resolution 1559 was passed. What we asked for is Syria to leave Lebanon.

* * *

JUSTICE

Ms. Belinda Stronach (Newmarket—Aurora, CPC): Mr. Speaker, today at the foreign affairs committee Canada's new ambassador to the United States said that the government's soft treatment of marijuana was domestic and not his concern. If the Liberals share this view, we have a real problem.

Criminal grow operations are already out of control. Decriminalization would increase demand and supply even more.

The Americans have warned that increased drug trafficking is a security threat that could lead to further border delays. As we all know, border delays hurt our economy and cost Canadians their jobs.

Why is the government pressing ahead to decriminalize marijuana when it knows it will cost jobs?

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, marijuana remains illegal under the proposed legislation. It is an alternate penalties framework.

I agree with the member opposite with regard to the concern with respect to grow ops. That is why we have enhanced offences and penalties to combat grow ops in the proposed legislation.

Mr. Randy White (Abbotsford, CPC): Mr. Speaker, all studies are showing that no maximum penalties are being given in Canada for marijuana grow operations under current legislation. This will not change under Bill C-17. Because of this the bulk of the rapidly expanding marijuana trade in Canada is going south in exchange for American cocaine, money and drugs.

Does the government plan to implement minimum penalties for grow operators, or will it continue to allow border relations between Canada and the United States to erode?

•(1455)

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I reject the premise that our relations with the U.S. are eroding. We have cross-border cooperation. We have met with our counterparts in that regard. We discussed the whole issue of grow ops at the recent federal-provincial-territorial meeting of ministers of justice. We have a full comprehensive approach to the combating of grow ops in this country.

* * *

[Translation]

BROADCASTING

Mr. Maka Kotto (Saint-Lambert, BQ): Mr. Speaker, in the CKAC matter, the minister knows she can intervene with the CRTC. Even though the union has made its intention known, the minister does not have to wait for some kind of formal request before intervening in this case.

Since her inaction would result in more Anglophone newsrooms than Francophone ones in Montreal, what is she waiting for to take up this matter with the CRTC?

Hon. Liza Frulla (Minister of Canadian Heritage and Minister responsible for Status of Women, Lib.): Mr. Speaker, CKAC employees have made their intention clear, and I am waiting for their requests to look at the case and review the entire context, in other words the possibility of AM stations, their viability and information transfer to FM stations.

Mr. Maka Kotto (Saint-Lambert, BQ): Mr. Speaker, quite unexpectedly on the eve of the budget, the minister says she fears there will be cuts in her department. The minister must not have much weight to say such a thing.

Is the Minister of Canadian Heritage in fact not preparing to blame her colleague, the Minister of Finance, to cover up her own inability to deliver the goods?

Hon. Liza Frulla (Minister of Canadian Heritage and Minister responsible for Status of Women, Lib.): Mr. Speaker, tomorrow we will all see what is in the budget. Indeed, there are budgetary realities, and everyone is crossing their fingers. We will see what happens tomorrow.

* * *

[English]

HEALTH

Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC): Mr. Speaker, the health committee is diligently investigating the online pharmacy issue so that the best interests of Canadians will be served, yet the minister is determined to act rashly and shut down the industry, ignoring the health committee. Obviously he is under pressure from the U.S. government. Thousands of Canadians will be affected because the minister is caving in to the Americans.

What representation or correspondence has the minister received from Washington? Why will he not stand up to the American arm twisting?

Hon. Ujjal Dosanjh (Minister of Health, Lib.): Mr. Speaker, the member opposite has strange logic. We have received requests from the governors of six U.S. states to do reimportation from Canada.

Oral Questions

There is a bill in the U.S. Congress asking for reimportation from Canada. What we want to do is good medicine based on good ethics in Canada and ultimately protect the Canadian pricing regime which saves Canadians billions of dollars.

Mr. Merv Tweed (Brandon—Souris, CPC): Mr. Speaker, the health minister dithers aloud that the government may or may not restrict Internet pharmacies in Canada. We know the industry has been selling online for five years without impact on the Canadian drug supply, as admitted by the minister. We know that the Internet pharmacies contribute 4,000 jobs and \$1 billion to the economy, much of it in rural Canada, yet the Liberals talk of heavy-handed legislation that may eliminate the industry entirely.

Will the minister guarantee that his government will not legislate Internet pharmacies out of business?

Hon. Ujjal Dosanjh (Minister of Health, Lib.): Mr. Speaker, what we will guarantee is that there will be good ethics in Canada when they are practising medicine. There will be good ethics being conducted by the pharmacists. There will be good business in Canada. As well we will protect the pricing regime for the country.

We are not intending to shut down any business in this country. We just want to make sure that we have good medical ethics and that we protect the pricing regime for all Canadians.

* * *

[Translation]

CHILD CARE

Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, my question is for the Minister of Social Development.

The chair of the Ottawa French Language Services Advisory Committee recently pointed out that there is a serious shortage of subsidized child care spaces in the francophone community in this very city.

I would like to know whether the minister intends to address this problem in his child care program. Can he assure us that there will be a financial component for child care in official language minority communities?

•(1500)

[English]

Hon. Ken Dryden (Minister of Social Development, Lib.): Mr. Speaker, as I mentioned in the House earlier, we know that the language used by a child when he or she first goes to child care will very likely be the language chosen in kindergarten, elementary school and high school. It means that what we do in terms of early learning and child care matters. That point was made significantly and often in our last meetings. The provinces and territories are very aware of the importance of that. We will continue to press that point.

Points of Order

[Translation]

AIR TRANSPORTATION

Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC): Mr. Speaker, in connection with the airline industry, the Minister of Transport yesterday declared his preference for open skies and indicated that this had cabinet approval. The concept is good, yes, but clearly the minister has no plan. His questions are rhetorical in nature, he comes up with a seven-page pamphlet, and he claims to be prepared to negotiate with the Americans.

With such an important objective, why the minister's willingness to pilot the project alone and with no map?

[English]

Hon. Jim Karygiannis (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, in 1995 Canada-U.S. air transport agreements set the stage for a very significant growth in the Canada-U.S. air transport market, one of the largest such markets in the world. The minister has asked the committee and the minister has asked this House that we examine the possibilities and look what tomorrow will bring.

Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC): Mr. Speaker, the Minister of Transport claims to be gung-ho about an expanded open skies agreement with the United States. However, international aviation law is incredibly complex and getting this deal done requires a specific plan on how to get that done.

Yesterday the Minister of Transport confessed to the committee that all he has done is prepared a seven-page document that is half questions and that he does not have a blueprint beyond that to actually have consultation to get this thing done.

How can Canadians trust a transport minister who does not have a plan and who does not understand the issues associated with opening our skies?

Hon. Jim Karygiannis (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, on November 4, 2004, the minister asked the transport committee to take a look at this. We from the Liberal side are trying to engage all the members to come and talk in Parliament so we can listen to what they have to say and proceed forward.

Unfortunately, it is the Conservatives and it is the member opposite that said yesterday that they were not interested. So if they are ready to roll, let us get on with it, let us talk about it, and get the instructions to the transport committee to proceed forward.

* * *

[Translation]

ABORIGINAL AFFAIRS

Mr. Bernard Cleary (Louis-Saint-Laurent, BQ): Mr. Speaker, on November 17, the Assembly of First Nations presented the government with its report on the Canada's dispute resolution plan to compensate victims for abuses in Indian residential schools. Three months later, the federal government has yet to act.

Does the Minister of Indian Affairs and Northern Development intend to take advantage of Phil Fontaine's appearance before the

committee today to finally announce the implementation of recommendations by the Assembly of First Nations?

[English]

Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, as I have mentioned before in this House, we have received the report from the AFN. We have established a working group with officials from the AFN and my officials in the Indian residential schools resolution unit. We are reviewing the AFN's resolutions.

In fact, we provided funding for the AFN to prepare that report. We are working with the AFN on its recommendations. Clearly, it is in the best interests of us all to work together and try to expedite the resolution of these claims.

* * *

● (1505)

POINTS OF ORDER

UKRAINIAN CANADIAN RESTITUTION ACT

Mr. Inky Mark (Dauphin—Swan River—Marquette, CPC): Mr. Speaker, let me begin by thanking the Chair for a ruling that the restitution provision of Bill C-331 does not require a royal recommendation. The Chair has questioned the clause that proposes the establishment of a museum at the site of one of the World War I internment camps. The concern is that the establishment would require public funds.

After lengthy consultation with the Ukrainian community in Canada, both the Ukrainian Canadian Congress and the Ukrainian Canadian Civil Liberties Association, let me assure the Chair that no new museum is being requested in Bill C-331. No extraordinary financial commitments are being requested. Therefore, I believe Bill C-331 is not a money bill and does not require a royal recommendation.

Allow me to explain how the idea of the museum came about in the bill. During the last session of Parliament the former heritage minister, the hon. Sheila Copps, instructed her department to meet and discuss ways to deal with the Ukrainian redress issue. A number of meetings took place and progress was made. This process was terminated with the call of the general election.

The museum idea was a proposal discussed at these meetings. As you know, Mr. Speaker, Ukrainian internee labour was used to build much of the Banff infrastructure. The proposed museum would be housed in an existing facility that is currently maintained by Parks Canada as an office complex storage area at Cave and Basin in Banff National Park, formerly known as the Old Tea Shoppe building.

This structure's first floor would be cleared out and Parks Canada would continue to have access and use the lower basement level. The first level would be reconstituted as a meeting place, for education, commemoration and reflection for the exclusive use of the Ukrainian Canadian community in perpetuity. This facility would include a small meeting area, a permanent exhibit about the internment operations, the current washroom facilities and some office space, as well as a small chapel and place of reflection. As well, the existing exhibit information about the internment operations in the Cave and Basin centre would be expanded.

Points of Order

Parks Canada would maintain the existing facilities as part of its annual budget for the Cave and Basin Banff National Park, as it does now, ensuring proper security, heating, maintenance and the like. As this function is already performed by Parks Canada and is included in its annual operating budget, no additional funds would be required. As the proposed place of reflection and commemoration would only be used on an irregular basis by the community and not normally open to the public, its maintenance would not require any extraordinary expenditures.

Design, development and reconfiguration of the first floor area to meet the requirements of the Ukrainian Canadian community would be undertaken in consultation with Parks Canada and any other relevant government ministries to ensure the heritage integrity of the building.

The costs of any restructuring of the internal space of this building to meet the needs of the community would be paid for from funds coming to the community as a result of a calculation of the contemporary value of that portion of the wealth confiscated from the internees that was not returned, a figure to be arrived at by government forensic accountants and economists in consultation with the designated representatives of the Ukrainian Canadian community. The community expects to be involved in negotiations with the appropriate federal government authorities as anticipated in Bill C-331 to determine the appropriate level of symbolic restitution.

These details have previously been discussed in meetings initiated by the former minister of Canadian heritage, the hon. Sheila Copps, and communicated to the senior members of that government department and others.

In closing, no new museum is being requested. No extraordinary financial commitments are being requested. In the view of the Ukrainian community, Bill C-331, the Ukrainian Canadian restitution act, is not, therefore, a money bill and should be voted and discussed in the House of Commons.

• (1510)

If Bill C-331 is successful and is sent to committee for further study, the committee may amend or delete this clause if it is the will of the committee. At this time, Bill C-331 has already received one hour of debate. It would be a great disappointment to the one million Ukrainian Canadians if Bill C-331 was ruled out of order.

Hon. Dominic LeBlanc (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I appreciate the opportunity to provide some advice to the Chair on what we consider to be an important issue. The member for Dauphin—Swan River—Marquette made a very useful intervention in describing some of the context of what he is trying to achieve in Bill C-331.

I would urge you, Mr. Speaker, when you make your ruling on this issue to be restricted by the text of the legislation that is before the House. Some of the information that the member offered in his intervention is not reflected in the actual text of the bill. I would urge you, Mr. Speaker, to be very careful in considering this matter and to restrict yourself to the text of the legislation. With that in mind, I would like to make a few observations on the matter.

[*Translation*]

As the hon. member mentioned, on December 7, 2004, in the first hour of debate on Bill C-331, the Acting Chair invited any members interested in the matter to make a submission to the Chair explaining their views on whether or not this bill requires a royal recommendation.

As the *House of Commons Procedure and Practice* states, under the Canadian system of government, the Crown alone initiates all public expenditure, and Parliament may only authorize spending which has been recommended by the Governor General.

This is the essence of our system of responsible government.

This prerogative is signified by way of the royal recommendation, which accompanies all appropriation acts or bills which authorize new charges for purposes not anticipated in the estimates.

This reference by Marleau and Montpetit specifies that the charge imposed by the legislation must be “new and distinct”; in other words, not covered elsewhere by some more general authorization.

[*English*]

Allow me to examine in particular Bill C-331. With respect to clause 2, it is the government's view that it is in fact the creation and operation of a new permanent museum and that this would obviously impose a new expenditure and therefore require a royal recommendation.

The Parks Canada Agency Act and the Historic Sites and Monuments Act allow the minister to designate a historic place as a national historic site and provide the minister with the powers to designate them by means of plaques or, with the approval of the governor in council, establish historic museums.

Establishing a new museum, as is contemplated in this legislation, is potentially a very expensive undertaking. The Department of Canadian Heritage estimates that building a new museum would cost up to \$6.5 million, plus the considerable ongoing costs to maintain the exhibit and the building and provide the appropriate staff.

The royal recommendation that accompanied the original legislation authorized expenditures for the purposes, manner and cases provided for in that bill. Any new cases, we would argue, would require a new royal recommendation.

The intent to limit expenditures for new museums is further made clear by subsection 3(c) of the Historic Sites and Monuments Act that I referred to earlier, which limits the power of the minister to establish a museum by requiring the approval of the governor in council. The royal recommendation for that bill only applied to the establishment of new museums authorized by the governor in council.

Bill C-331 would oblige the minister to establish a new museum without the approval of the governor in council. This alone is an expenditure, in our view, outside the scope of the existing legislation. The case for a royal recommendation is made even stronger by the signal that the original legislation itself contemplated the Crown's control of expenditures under this part.

Points of Order

Turning now to clause 3 of that legislation, the Speaker noted that the restitution provisions in the bill are contingent on the successful completion of a negotiation process.

I would like to draw the following issues to your attention, Mr. Speaker, in seeking further clarification from you on this point and to further clarify the government's position in the hope that you will reflect on that issue with renewed vigour and insight.

There are two issues at hand: first, whether the bill imposes a new expenditure that is not covered by the existing statutes, and second, the issue raised by the Speaker, if the expenditure is in fact conditional on the outcome of negotiations, whether a royal recommendation is also necessary.

On the first question, clause 3 of the bill requires the minister to negotiate a restitution payment and prescribes the activities that the payment "shall" be applied to. In our view, this is clearly a positive obligation imposed on the Crown. The wording of this clause clearly imposes a new expenditure. The word "shall" cannot be attributed to anything other than a positive obligation to expend money.

While the outcome of the negotiation may be unknown, it could be argued that the bill requires a "non-zero" outcome, as the bill itself explicitly requires that a payment be made as the outcome of the negotiations. What is hypothetical is simply the amount of the payment.

• (1515)

On the first question, a new charge is created by the bill, and so in our view, a royal recommendation is needed.

On the second question, even if the outcome in terms of the amount is hypothetical, Erskine May indicates that a recommendation is still required, by stating:

The same applies to a totally new legislative purpose which imposes only a potential liability on public expenditure. For example, the argument cannot be sustained that a proposal to confer on a Minister a discretionary power to expend money in certain circumstances escapes the need for a Money resolution because the circumstances may not arise or the discretion may not be exercised.

I would also draw your attention, Mr. Speaker, to the government's position that we have the same concerns with respect to another bill before the House, Bill C-333, which was debated for its first hour in this place yesterday, I believe.

That bill specifies that the redress agreement "shall consist" of the establishment of a foundation and other educational projects, which makes clear that an expenditure of funds is also required by that bill, even if the amount of the expenditure is to be determined by negotiation. We view that as another positive obligation.

I am concluding by saying that the addition of the words "to be proposed to Parliament for approval" does not in fact solve the situation, since it is clearly this bill which places an obligation as well on an expenditure for the government. Whether or not Parliament ultimately approves the specific agreement does not change the fact that it is this instrument which creates the new charge.

In conclusion, our view is that a royal recommendation is required for both the creation of a new museum and the negotiation of any

restitution payments, a negotiation, as I said, which does not contemplate whatsoever a non-payment by the Crown.

When one considers these questions, Mr. Speaker, it may be instructive to ask yourself, if these bills had been proposed by the government would a royal recommendation have been attached? I hope you will agree with me, Mr. Speaker, that the answer to that question is yes, and therefore in this case a royal recommendation is also required.

• (1520)

Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I want to take but a few moments and just go over some of the obligations set forth in the bill. I have read the bill. It is a very short bill.

For instance, clause 2 of the bill states that the Minister of Canadian Heritage "shall"—it is an obligation—"cause memorial plaques to be installed" and so on. Paragraph 2(1)(c) says again that the Minister of Canadian Heritage "shall establish a permanent museum...". Subclause 2(2) states, "The Minister of Canadian Heritage shall arrange for suitable ceremonies...".

Subclause 3(1) states that the Minister of Canadian Heritage "shall negotiate with the Ukrainian Canadian Civil Liberties Association...a suitable payment...". The words are "a suitable payment". Subclause 3(2) identifies that "The restitution payment shall be applied...". In other words, there is no possibility here that there will not be a payment. It is a payment of some sort, in other words, an obligation on the Crown.

Paragraph 3(2)(a) again states that the payment "shall" include "the development and production of educational materials...". This is an obligation as part of the payment, not instead of but in addition to some form of payment.

Erskine May's *Parliamentary Practice*, the 22nd edition, informs us on pages 732 and 733 of the following:

It was a central factor in the historical development of parliamentary influence and power that the Sovereign was obliged to obtain the consent of Parliament (and particularly of the House of Commons as representative of the people) to the levying of taxes to meet the expenditure of the State. But the role of Parliament in respect of State expenditure and taxation has never been one of initiation: it was for the Sovereign to demand money and for the Commons to respond to the demand.

In other words, it has to originate in this place and of course from a minister. Erskine May continues:

The development of responsible government and the assumption by the Government of the day of the traditional role and powers of the Crown in relation to public finance have not altered this basic constitutional principle: the Crown demands money, the Commons grant it, and the Lords assent to the grant.

That is the order. No other order is contemplated. At page 733, we read about "Charges upon the public revenue or upon public funds". Erskine May states:

A charge 'upon the public revenue' or 'upon public funds' now means an obligation...

I remind Mr. Speaker of the word "shall" all throughout the bill. I read it six or seven times. Then, in brackets to the above, is added "(or a potential obligation)".

There is nothing potential in this bill at all. Everything is an obligation because the possibility of non-payment is not even contemplated in the bill, should the bill pass. I will continue to read from same section of Erskine May, which states:

—to make a payment out of the Consolidated Fund....

In other words, a potential obligation to make a payment would offend this principle and this is not potential; it is stronger than that. I will keep reading to the end of the sentence: It states:

—or the National Loans Fund to cover an item of public expenditure.

I just wanted to raise these two items with the Speaker: one, the bill leaves no discretion at all as to whether or not the obligation is there; and two, that obligation can only be initiated by a minister, receive the consent of this House and then go to the other House. No other sequence, according to Erskine May, is suitable or even acceptable.

• (1525)

Mr. Inky Mark: Mr. Speaker, I want to remind members opposite that Bill C-331 has already had one hour of debate and the Chair has ruled that the restitution component does not require royal consent. It just does not make any sense that we start debating a bill and all of a sudden the government objects. I do not believe we should be dealing with Bill C-333 when we are talking about intervention with Bill C-331.

The member opposite stated that all these clauses start with “shall”. Could he show me a government bill that does not have the word “shall” in it? If we were to withdraw all the shalls from the short bill, we would not have a bill.

This is to continue negotiations. The crux of the bill is to ask the government to sit down with the Ukrainian Canadian community and negotiate. No dollars are noted in the bill.

On the issue of the museum, I have stated, and this is actually from the past history of the last government, how close it came to resolving this issue.

If the bill is successful on the vote at the end of the second reading, the committee can deal with it. The committee can eliminate, delete, amend or do whatever it wants. The government will have plenty of say. After 20 years surely the House would allow the one million Ukrainians in communities in Canada to have their say. I think that would be justice for that ethnic community. This is a long time to rule this bill out of order. Let the committee decide.

The Speaker: I will take the matter under advisement.

I thank the hon. member for Dauphin—Swan River—Marquette, the Parliamentary Secretary to the Government House Leader and the member for Glengarry—Prescott—Russell for their assistance.

I will get back to the House in due course on this matter.

Supply

GOVERNMENT ORDERS

[*Translation*]

SUPPLY

OPPOSITION MOTION—ACCOUNTABILITY OF FOUNDATIONS

The House resumed consideration of the motion.

The Speaker: Before question period, the hon. member for Jonquière—Alma had the floor. There are six minutes remaining in the time allotted for his speech. The hon. member for Jonquière—Alma.

Mr. Sébastien Gagnon (Jonquière—Alma, BQ): Mr. Speaker, just before oral question period, I was addressing an opposition motion from the Conservative Party concerning the accountability of foundations, which must be improved, and the need for the Auditor General to be in charge of the external audit of these foundations.

If I may, I would like to briefly congratulate the hon. member for Portneuf—Jacques-Cartier on his presentation. My remarks followed his presentation. In my remarks, I even referred to a number of things he mentioned. It is important to review this, since there was a relatively long hiatus between the two parts of my remarks.

I also related my experience of collaborating with the Government of Quebec with respect to general auditing. It was in connection with the management of a large, \$240 million fund, which I had the opportunity to run and which could be likened to some of the funds run by the federal government. Under the Quebec system, this fund was audited by the Auditor General. This was interesting because, from the time this fund was established, the Auditor General was involved, not in the accountability process, since we were just starting up, but in the start-up process per se. In fact, the Auditor General wanted to make sure that all the criteria for the selection of projects were consistent with the business plan that had been developed on the basis of stated concerns, and respected particularly those who stood to benefit. So, I gave an overview of my experience.

Now, I would like to remind the House of certain facts and the reason we are debating this motion today. If we look at the Canada Foundation for Innovation, which has received \$3.6 billion, the Canada Millennium Scholarship Foundation, with \$2.5 billion, Canada Health Infoway, with \$1.2 billion, Genome Canada, with \$300 million, we cannot say that these are not important foundations, certainly with respect to their funding. I cannot understand how such institutions can be overlooked by the Auditor General.

This motion calls for a review of this method, this way of doing things. I do not want to dwell on this subject, since we have heard a great deal on it already. Nonetheless, having the Auditor General involved in it permits some transparency and accounting. In addition, it avoids something we have already seen in this House, neither less than a scandal, such as the sponsorship scandal.

I draw the House's attention to another phenomenon, that of transfer payments of \$9.1 billion for these foundations. Last year, there was a \$9.1 billion surplus, which the Minister of Finance underestimated. Another possible surplus of \$8.9 billion is expected. We are talking about \$25 billion. We cannot help but be affected by this, all the more so because, of all the funds allocated to these foundations, some \$7.7 billion has yet to be spent.

Supply

During my first intervention, I noted that my constituents are affected to some extent by these unspent amounts. At least, we believe they have not been, ill advisedly. This is cause for reflection, because at present, my region of Saguenay—Lac-Saint-Jean is experiencing a serious economic crisis, particularly in relation to the softwood lumber crisis and the mad cow crisis. Jobs have been lost as well due to plant closures, which is extremely significant not only for this riding but also for the region. Six hundred jobs were lost at the Port Alfred mill. Alcan has also closed its smelter. It has not laid off any workers, but this still means 600 fewer jobs for the region and for the next generation of workers. Again last week, 200 jobs were lost, at Wal-Mart.

When we see this money and the government's attitude, we cannot remain unaffected. There is a regional consensus to create an investment fund so as to enable the local economy and local stakeholders to take rapid action to save plants in difficulty and support one time projects.

• (1530)

When we see this attitude, these billions of dollars just lying in those accounts, we cannot remain unaffected. That is why I am asking the House, all my colleagues, to reflect and support this bill so that there is, in fact, better control and better use of such funds, and so that everyone can benefit from them, be they in the Saguenay—Lac-Saint-Jean or here in the capital.

• (1535)

Hon. Diane Marleau (Parliamentary Secretary to the President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the hon. member spoke of the Canada Health Infoway Inc. I do not know if the hon. member is aware of the fact that the Province of Quebec is an equal partner in this foundation. I would like to know if the Bloc has spoken with its Quebec counterparts. Are they in favour of having the Auditor General of Canada appointed to audit this fund every year, this fund, which is managed in partnership with all the provinces, including Quebec?

We are not the only ones in charge of these foundations. As I have already said earlier, I would be pleased to see the Auditor General have oversight over the Canadian funds, the dollars we have invested in these foundations. In my opinion, the ideal solution would be to let the foundations find their own auditors, when they want to, but the Auditor General would be given the right to track any federal funding and report here, to Canada's Parliament.

Does the hon. member agree?

Mr. Sébastien Gagnon: Mr. Speaker, I thank my colleague for her question. Other hon. members have also addressed this question of the involvement of other partners with regard to these amounts.

I would like to get back to the essence of the issue. What is important for this House is that we have oversight, that we can follow the way this money is allocated and find out how it is used.

Perhaps we can see certain problems, and perhaps we will have an opportunity later to exchange ideas on the tangible form this audit may take. Here again, I make no claim to being an expert or doing the work of an auditor.

Still, what we need here in this House is reassurance. The sums of money involved may be large, as I said earlier. We are talking about billions of dollars. The important thing is that we know what the money is used for and that it can be audited under the auspices of the Auditor General.

[English]

Ms. Helena Guergis (Simcoe—Grey, CPC): Mr. Speaker, accountability can be defined as responsibility to account for and/or explain actions undertaken. Public accountability is where it is incumbent upon a government body, an agency, board or commission, to account to the electorate, or the wider public, for a decision, for example, on policy or involving the expenditure of public funds. This is a definition we all know and understand. It is a principle that should be the basis of good government.

However we are again talking about how the current Liberal government has once again failed to be accountable to the citizens of Canada.

In 1997 the then finance minister created foundations, non-profit corporations, considered to be at arm's length from the government. He has since put more than \$9 billion into foundations and yet \$7.7 billion sits in the bank. What mystifies me is that the government has recorded these payments as expenses, even though the foundations do not expect to use the money for a number of years.

The majority of Canadians cannot afford to have their government hoard their money away for years, unspent, while continuing to be overtaxed. What Paul Martin and the Liberals have done is used an accounting tool—

The Deputy Speaker: Order, please. I would just remind the member for Simcoe—Grey that it is against the rules to use a member's name. She should use the member's title or the member's riding, but not the member's name, please.

Ms. Helena Guergis: Mr. Speaker, what the Prime Minister and the Liberals have done is use an accounting trick to mislead Canadians. They have told us that our surplus is much lower than it actually is because the excess money sitting in these foundations is, according to them, money already spent. However, the \$7.7 billion surplus has been sitting in an unaccountable foundation out of sight and out of grasp of the Auditor General and outside the scope of the Access to Information Act.

While the Liberals have been throwing billions of dollars at unaccountable foundations, they continue to delay tax relief on hard-working Canadians, hard-working Canadians like the local farmers of my riding of Simcoe—Grey who continue to battle with the Canadian agriculture income stabilization program, the CAIS program, a program that has been universally rejected by producers across the country as a policy that unfairly hurts farmers.

Farmers in Simcoe—Grey have told me that the CAIS program is not working and it is not meeting their needs. In fact, the Liberal government has made the CAIS program so difficult that farmers must pay significant fees to farm accounts just to apply for the program.

It astounds me that government can so easily throw billions at unaccountable foundations to do whatever they please. However, it develops complicated funding programs for hard-working Canadians in desperate need.

The farming community is just one example. Municipalities across Canada have been looking for financial assistance to meet their infrastructure needs and have been left out in the cold.

Our seniors who have worked so hard for our country have been neglected by the government. Seniors should not have to worry about how they will pay for their medication. They should not have to take jobs long into retirement because the money they receive from government puts them below the poverty line. What really bothers me is, according to the Retirement Planning Institute, a significant number of Canadians do not receive proper Canada pension benefits. The government should be focusing on assisting our seniors. They should be respected and given the dignity they have earned.

The government needs to get its priorities straight. It needs to take immediate action to provide funding in areas that have been neglected, and it needs to be accountable for its funding decisions.

The Conservative Party of Canada agrees with the Auditor General when she said:

—decisions on funding and accountability should be based on the need for sound management of public funds; they should not be based on the goal of achieving a desired accounting result.

In other words, spend money where money is needed and account for it only when it is spent.

The Auditor General looked at three areas of accountability with respect to the foundations. She looked at reporting to Parliament, ministerial oversight and provision for external audit and evaluation. Her conclusion was that overall progress had been unsatisfactory.

This is the fourth time that the Auditor General has raised the issue of foundations with the government; first in 1997, then in November 1999, then in April 2002. The Liberals keep ignoring the warnings just like they did with the sponsorship program.

The bottom line is that the foundations are failing the most basic fundamentals of accountability. They are not answerable to Parliament through a minister, the Auditor General does not have access to them and Canadians have no idea if they get value for their \$9 billion in hard-earned tax dollars.

The Auditor General also has indicated that the Treasury Board transfer policy, which came into effect in June 2000, requires departments to report to Parliament on transfer payments exceeding \$5 million. They must include information such as objectives and expected results in reports on plans and priorities and evidence of related results achieved in departmental performance reports. However, the information tabled by the departments focused mainly on the foundations' expenditures and activities or on broad objectives

Supply

that in many cases were not measurable. The outcomes or benefits for Canadians' hard-earned \$9 billion was not adequately reported.

To date Liberals continue to deny the Auditor General access to foundations for no good reason. They claim foundations are doing good work for Canadians. If that is the case, why not open the books? What do they have to hide?

● (1540)

Canadians deserve results for their hard-earned tax dollars. The Auditor General's report on foundations has demonstrated that the Liberals continue to throw money around with little ministerial oversight, non-existent parliamentary oversight and with no accountability for their actions.

Once again, we see that the Liberal government and the Prime Minister have proved their lack of commitment toward running an open and transparent government.

I support today's motion, which reads as follows:

That the House call on the government to implement the measures recommended in the latest Auditor General's report to improve the framework for the accountability of foundations, in particular, to ensure that foundations are subject to performance audits that are reported to Parliament and that the Auditor General be appointed as the external auditor of foundations.

Canadians deserve accountability from the government, and they are sure not getting it from the Prime Minister and the Liberal government.

● (1545)

Hon. Diane Marleau (Parliamentary Secretary to the President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, I would like to straighten out a few facts. Foundations are asked to be audited, and they are audited on a regular basis. The departments responsible for those foundations have to ensure that those moneys are well spent.

It is not that the foundations are not audited. It is that the Auditor General cannot on her own go in and follow the money. That is what one says when one wants to have value for money audits. That is why we have been talking on this side about allowing the Auditor General to follow the money and not necessarily have to do the external audit every year, because she does not do the audits of every department every year. We should check with public accounting firms that can well do the audits. I think the problem would be solved if the Auditor General were allowed to do her own value for money audit.

I do not think the Auditor General has asked to be the external auditor of every foundation every year. I do not think that is in her report. However, she does want to have access to them, and we believe she should.

Supply

Ms. Helena Guergis: Mr. Speaker, what the member opposite is neglecting to understand here, and what I hearing in the House, is typical arrogance. The Liberals want to keep running business as usual. They are comfortable that the foundations are being run, and it is a secret to Canadians as to what is goes on in them.

The Liberals are ignoring the many calls from the Auditor General and Canadians to be accountable for the tax dollars. My constituents in Simcoe—Grey want to know what is going on with the \$7.7 billion sitting in the bank.

The Liberals will not support the motion because they feel they do not have to answer to taxpayers. They continually talk the talk on accountability, but have failed to deliver.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Mr. Speaker, I want to build a little on the last question and comment. This morning the minister said in the House that he felt these departments or agencies were being audited enough already. We do not believe that is true.

He also said that the board of directors should be able to pick the accounting firms to do the auditing. The member for Prince Albert pointed out the conflict that often arises from that situation, particularly in corporate circles. We expect, given the record of the Liberal government, that we would have some of those same problems there as well.

There is also a second problem with a board of directors being involved in auditing. We see that in the Canadian Wheat Board for which I am responsible as critic. The Auditor General was asked to audit the board, but the board set the parameters of the audit. All that could be audited was the office management and information systems to see whether they were set up efficiently. The Auditor General was not allowed to audit the important things, like whether the board had done an effective job of selling grain or any of its real financial systems.

I have a great concern that we trust the Liberal government to do the right thing for taxpayers. I think the member shares that same concern. There is a reason that this money has been removed from the sight of taxpayers, and that is so the Liberal government can carry on its social policy as it wishes, away from the scrutiny of the public.

Would the member like to make some comments about why the Liberals would assume that taxpayers would trust them behind the scenes with their money, given the terrible record they have with regard to other situations such as sponsorship and the gun registry. The Wheat Board audit would be another one of those issues.

Ms. Helena Guergis: Mr. Speaker, quite frankly I cannot come up with any good reason as to why anyone in my riding would trust the current Liberal government on any of the decisions it makes with respect to the Auditor General auditing the foundations.

Canadians want to know what is happening with their hard-earned tax dollars. I constantly receive correspondence in my office about the sponsorship scandal. They are watching it on television, but they are not getting answers. I receive that comment on a regular basis.

Because this is the fourth time the Auditor General has raised this issue and questioned it, they are concerned that they are seeing another sponsorship program unfold.

Therefore, I firmly support the motion that is in front of us today. I wish the Liberal government would do so as well.

● (1550)

Mr. Peter MacKay (Central Nova, CPC): Mr. Speaker, it is always a pleasure to see you in the chair, and I am pleased to participate in this important debate. I congratulate my colleague from Simcoe-Grey for her very insightful comments with regard to the motion before the House. Similarly, I think the real crux of the issue was referenced by my colleague from Cypress Hills—Grasslands when he said that this had all the earmarking of another boondoggle, another scandal as we have seen with the likes of the gun registration, the long gun registry, that was going to cost \$2 million. We know it has escalated and is now approaching \$2 billion. We know the situation involving the sponsorship program has criminal investigations ongoing. We know the Gomery commission is continuing to deliberate over massive misspending and misappropriation of public money.

I think Canadians are most struck with that. It is the absolute magnitude of the amount of taxpayer money involved in these programs.

The motion quite clearly calls for the window to be opened, to air out the government's activities, to shine a light in the corner of the government's spending practices. Clearly, this would be of benefit to everyone. Quite frankly it would be consistent with what the Prime Minister speaks of when he says there is a democratic deficit. It is beyond the pale. It is beyond any excuse why the government would resist this type of motion which seeks to accomplish the very words of the Prime Minister in addressing the democratic deficit.

In the absence of doing so, the democratic deficit widens. What Canadians perhaps do not understand about this exercise is it is aimed at allowing the Auditor General to do what she has done before. For had it not been the work of Sheila Fraser and the Auditor General's office and officials, perhaps the sponsorship scandal would have never been broken wide open.

We did our work here in the House of Commons, and there is a partisan element to that. What was most telling was what the Auditor General disclosed about the sponsorship program. She similarly disclosed in previous reports that the government was breaking every rule in the book to cover up and keep secret its activities around the spending of public money.

The motion is meant to empower and enable the Auditor General to continue with the good work that she has done in the past, and also previous auditor generals, in holding the government to account, bringing about greater transparency and responsibility in spending. Any resistance to this effort is really inexcusable on the part of the government.

Ironically, and I say this as an aside, what we saw happening in the wake of the sponsorship scandal was efforts to curtail the Auditor General from her good work by cutting her budget. That was the government's true response. Then there was the political exercise of putting it off to one side by calling for the commission.

Supply

It is incredible, at a time when the public inquiry is still ongoing into the very workings and inner workings of government, that the government would be resistant to somehow expand the mandate of the Auditor General to allow her to have the powers of an external auditor in these foundations to ensure that they are up to par and that they are subject to performance audits by her department. There should not be any question. There should be no hesitancy whatsoever that this should be the case.

The member for Simcoe—Grey laid out a very compelling argument as to what benefits would accrue if the Auditor General were permitted to do this good work. She raised concerns about accountability of these foundations going back to 1997.

In that 1997 audit, the auditor general observed that the Canada Foundation for Innovation, as an example, did not have to report on the results of how it spent \$800 million. In 1998, the auditor general again criticized the Millennium Scholarship Foundation, saying that the government was transferring money even before the foundation legally existed.

How can this happen? How can this be allowed to occur when it involves such substantive amounts of public funds? What was the government doing? What were its actions? How was it able to ignore the wishes of Parliament on such an important matter?

Going back to 1996 and coming forward to just this past Auditor General's report, the federal government has transferred \$9 billion into foundations beyond the realm, the reach and the examination of the Auditor General.

● (1555)

Let me say that figure again: \$9 billion, a staggering amount. If amounts in the range of \$100 million and \$250 million are being absconded with in the sponsorship program, what is to give assurance to Canadians that this money is not involved in a similar type of monkey business and partisan vote buying that we have seen in the past and which is the very subject of the current Gomery commission?

The Auditor General in her 2002 report stated:

It will be years before the ultimate intended recipients—students, health care providers, and others—receive the money.

This is about diverting money away from where it was intended to be into a potential scheme in which there is partisan activity and reward accruing to the Liberal Party of Canada.

The Auditor General revealed in her report last week that \$7.7 billion of the original amount that was put into the bank accounts of the foundations is still sitting there. The Auditor General questioned that the transfers were essentially pre-funding foundations for a number of years. The policy has been that they should not pre-fund, or this is what the Auditor General herself is saying, but these would be exceptions.

It has been suggested by some that the transfer of funds into foundations is a convenient way to reduce the surplus, in other words, cooking the books. We saw that in the finance minister's attempts to somehow tell Parliament and the Canadian people that there was only a \$1.9 billion surplus, which later was revealed to be a \$9.1 billion surplus. As my colleague from Medicine Hat said, it

was a severe case of fiscal dyslexia. There have been lots and lots of examples of the government grossly underestimating what those surpluses were going to be and then somehow money is discovered between the cushions of the finance minister's couch.

The Auditor General has consistently asked that Parliament allow her to examine this information that is available only through an audit of the foundations. Her financial statement for the government for the year ending March 31, 2002 revealed that Parliament is not receiving reports on independent, broad-scope audits that examine more than the financial statements of foundations, including compliance with authorities and propriety and value for money.

It is a very clearcut case, a compelling argument and a plea from the Auditor General for the opportunity to look into these foundations and see that the money is being spent properly. What could be simpler than that?

In last year's budget the government stated that the foundations will be subject to independent evaluations, comprehensive performance reporting and compliance of audits for the use of federal funding. Despite that assurance, it did not happen. The Auditor General as recently as last week said she is still concerned about accountability. She is still concerned about how this money is being spent and hidden away.

She stated that the government has no commitment to provide for performance audits reported to Parliament. She went on to say:

Thus, Parliament does not have adequate information and assurance on the use of more than \$9 billion in public funds already transferred to the foundations.

What do we know about how these foundations are spending the money? We know very little. We know of a couple of examples.

Canada Health Infoway, the foundation that was set up to develop efficient health data, spent \$30 million administering \$51 million. It spent \$30 million administering over \$51 million. It started with \$500 million in 2001. It got another \$600 million the following year and another \$100 million in the year after that. In fact, the foundation has so much money it has earned interest. The foundation has earned \$32 million in interest on that money while it tries to make up its mind.

The 2001 audit said that foundations such as the Canada Foundation for Sustainable Development Technology and Canada Health Infoway had a limited number of directors with signing authority over millions of dollars, even before a full board of directors was established and operating. Again it is a cart before the horse mentality.

Foundations are not subject to access to information. Only a small number of the foundations have actually had annual reports tabled in this place. Only three of the foundations are required to table their annual reports, with enabling legislation. Some of these foundations did not have any provision for the return of funds or assets to the government if they were to dissolve. This is being changed only after the Auditor General complained.

Supply

Again, it is the cover-up. It is the efforts after the fact to do the right thing, rather than simply doing what is good for Canadians and allowing for full disclosure.

• (1600)

The assurances of the President of the Treasury Board and his recent ramblings and fulminations do very little to give Canadians the assurances they are looking for. The present government more than any other in the history of this country has not a leg to stand on when it says, "Just trust us with your hard-earned dollars".

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Mr. Speaker, I would agree that as the member said so eloquently, the issue really is what the Liberal government is doing with our money. This morning the President of the Treasury Board was accusing people of throwing out the aura of dishonest and inappropriate behaviour and not discussing the issues fully. I think that today we have discussed the issues fully and the aura around the government is more of a stench than it is an aura of its behaviour.

One of the illustrations of the government's mismanagement is that the NISA farm program had worked fairly well for farmers, but it built up a surplus of \$3 billion. That was farmers' money and partially government money. When I came here in 2000 it was clear that the government was bound and determined it was going to force that money out of the NISA program, and it has done that. The Liberals said that their intention was to get it out of that system because they could not stand that farmers had that kind of money locked up. Yet the Liberals turned around and put \$7 billion to \$9 billion into these foundations with no accountability.

We are discussing foundations today, but I do not think that is the real issue. Is the real issue not the fact that the Liberal government refuses to be accountable and responsible for taxpayers' money?

Mr. Peter MacKay: Mr. Speaker, as usual, the member for Cypress Hills—Grasslands has cut to the chase. In his plain-spoken way he speaks volumes as to what should happen here.

It is nothing short of a shell game to take the money from one unaccountable and stealth-like program and put it into another foundation where we cannot track the money. The Auditor General herself has no ability, other than voluntarily if that foundation so chooses, to reveal the spending practices. For the Auditor General, there is very little assurance when the President of the Treasury Board says that the government is going to do this in a way that is consistent with other practices. All of this bombast is really just reshuffling the deck chairs on the *Titanic*. We are headed for a disaster if these foundations are allowed to continue to function without any accountability, without direct reporting to Parliament, without the Auditor General having the ability to have her officials go in and examine how the money is being spent.

This is what it is about. It is about responsible spending practices and the Auditor General giving the public the ability to judge for themselves whether that money is being spent properly, as we are seeing now with the Gomery commission. Clearly the jury may be out as far as the commission is concerned, but most Canadians know that buying advertising, and buying it only through Liberal friendly advertising firms, is not consistent with how they would like their tax dollars spent.

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, I certainly agree with a number of my colleague's statements. For any of us who have listened to the Auditor General's survey of the different foundations, she genuinely draws real concern for taxpayers' dollars.

In regard to the comment about the ad scandal, somewhere in my travels in the last couple of years, someone mentioned that possibly that same type of process might be happening within some of the regional funds, whether it be western diversification or ACOA, where instead of money flowing directly from them to their projects it would go through another agency which took a commission. Has the member heard anything like that over the last number of years?

Mr. Peter MacKay: Mr. Speaker, in fact rumours abound about a number of the programs that are currently operating in the country. Until we are able to have full disclosure and full transparency, this is the great fear that all Canadians share. The Auditor General is perhaps the person with the most credibility at the current time to give those assurances that the money is being spent properly and that there are proper accounting practices.

One example which has been the subject of some discussion in the latest sponsorship scandal involved the *Bluenose* trust. A very sacred symbol of this country and of my province of Nova Scotia was tainted by this spectacle of money being spent inappropriately, cheques being picked up and commissions being paid for simply delivering a cheque to a crown corporation or to a government foundation.

This type of spectacle absolutely drives cynicism through the roof when it comes to how Canadians view government, view the practice of Parliament and view the spending of their money.

The half measures that are being proposed by the government and the President of the Treasury Board are like being told that we can have a sandwich at the buffet; we are not going to get access to the full disclosure and the full transparency that should come, but we should be satisfied just to take this half measure.

We are not satisfied with that. We are asking the government to move, to support this motion and to get on with doing the important business of giving Canadians value for their money.

• (1605)

Hon. Diane Marleau (Parliamentary Secretary to the President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, I am pleased to have the opportunity to address the House on foundations and accountability.

Let me make it clear that the government welcomes the report of the Auditor General. We are committed to open, effective, accountable government and we take her findings and recommendations very seriously. I believe that we have taken significant action to date to enhance the accountability of foundations, and we will continue to do so.

The Prime Minister has described accountability not as a buzzword, but rather as our benchmark in changing the way Ottawa works. Certainly it is a subject well worth discussing, particularly when we are talking about responsibility to Parliament and to Canadians. Today I will focus my comments on the issue of accountability as it relates to foundations.

The government has been outspoken about its commitment to improving accountability. We have gone beyond words. We have backed up our words with concrete actions to build and strengthen accountability across government. For example, last week the President of the Treasury Board released a report containing the most comprehensive review of crown corporations in over 20 years.

We are equally committed to ensuring proper accountability within foundations. The proof of this commitment is that we have been working solidly over the last few years with a view to building the right accountability framework for foundations. It is important to acknowledge that when dealing with foundations, we are dealing with unique institutions, institutions that were specifically designed to work at arm's length from government.

In this respect foundations are no different from hundreds of other not for profit organizations that depend on federal grants and contributions. The big difference is that with foundations, the assistance is up front and long term in nature. It is essential to realize the importance of that fact. We have to recognize that the independence of foundations is one of the important factors of their success.

[Translation]

Let us look for a minute at why arm's-length foundations are used to achieve public policy.

And to do that, we have to think about the changing environment in which governments and the private sector operate, and how they evolve. This environment demands innovative ways of partnering with others through alternative means of service delivery.

During consultations by the government in the mid-1990s, business leaders and academics spoke of the need for increased funding and a more innovative investment approach to ensure that Canada became a research leader. They encouraged the government to explore new funding mechanisms, and to look at the possibility of achieving public policy objectives through independent organizations that could apply expert insight to effectively target specific issues.

[English]

In the 1997 budget, the first large foundation was born, the Canada Foundation for Innovation. Today there are many more and they are doing fine work.

As one enthusiast of the CFI put it in a letter to the Prime Minister last December:

I'm sure you're aware what an impact CFI has had on Canadian science. A very important corollary to this is the incredible boost of morale or dose of optimism that has been injected into Canadian science.

Of course, while clearly recognizing the benefits of arm's length expert foundations, the government has also recognized the need to ensure transparency and accountability.

Supply

Concrete actions were set out in the 2003 budget which announced a number of changes to improve the accountability of foundations to make them more accountable to Canadians and parliamentarians. These changes were in direct response to recommendations of the Auditor General.

The budget also set out in very clear terms the principles under which foundations are used by government to deliver public policy. They are as follows: Foundations should focus on the specific area of opportunity in which policy direction is provided generally through legislation and/or a funding agreement; foundations should harness the insight and decision making ability of independent boards of directors with direct experience in and knowledge about the issues at stake; decisions by foundations should be made using expert peer review; foundations should be provided with guaranteed funding that goes beyond the annual parliamentary appropriations to give the foundations the financial stability that is essential in their specific area of opportunity; and foundations should have the opportunity and hence the ability to lever additional funds from other levels of government and the private sector.

● (1610)

[Translation]

The budget laid out steps to improve the accountability of both ministers and foundations in a number of areas, starting with parliamentary review.

The government set out measures to ensure that the establishment and funding of foundations is adequately reviewed by Parliament. It also committed to ensuring parliamentary approval of purpose and funding through direct legislation for foundations that are significant either from a policy or financial perspective.

And it was agreed that, in all cases, Parliament needs to approve funding for foundations. Each individual grant is listed separately in the estimates. These measures increased accountability to Parliament. But we also looked at how to improve public reporting. And we took action.

For example, today, foundations are required to provide corporate plans annually to the minister responsible for administering the funding agreement. These are required to include planned expenditures, objectives and performance expectations relating to the federal funding. And it is important to note that summaries of these plans are to be made public by the responsible minister and to be provided to Parliament.

*Supply**[English]*

In addition, the departmental reports on plans and priorities, which are tabled in Parliament, now include the significant expected results to be achieved by the relevant foundations and are required to situate these within the department's overall plans and priorities.

As well, the department responsible for administering the funding agreement is required to report on the significant results achieved by the foundation, or foundations, in its departmental performance report for the duration of the funding agreement and to situate these within the department's overall results achieved.

The annual report for each foundation, including relevant performance reporting, audited financial statements and evaluation results, is presented to the minister responsible for the funding agreement and made public. The reports of foundations created explicitly through legislation are tabled in Parliament by the responsible minister.

All foundations' annual reports must contain performance information, as well as audited financial statements prepared in accordance with generally accepted accounting principles.

•(1615)

[Translation]

The accountability of foundations was further enhanced through the following measures that touch on compliance with funding agreements.

Foundations are required to conduct independent evaluations, present these to the minister responsible and make them public. Departments then incorporate any significant findings in their annual departmental performance reports, which are tabled annually in Parliament.

Funding agreements with foundations contain provisions for independent audits of compliance with funding agreements and for departmental program evaluations.

The compliance audits can be undertaken by departmental internal auditors, external auditors or, at the request of the responsible minister, by the Auditor General.

There are also provisions for intervention in the event the responsible minister feels there have been significant deviations from the terms of the funding agreement.

Further, in all new funding agreements, provisions are put in place so that the responsible minister may, at his or her discretion, recover unspent funds in the event of winding up.

[English]

I trust members will agree that I have just outlined a very comprehensive government program of increasing the accountability of foundations. I want to emphasize that our commitment to enhancing the accountability of foundations continues today.

Since the measures announced in budget 2003, the government has taken numerous steps to strengthen the overall accountability and transparency of foundations. Not only have our actions addressed many of the earlier concerns of the Auditor General but in some cases we have gone beyond the recommendations. We have

done this while still respecting the spirit and intent behind the establishment of the foundations.

Let me start by talking about reporting to Parliament and the public.

All statutory reporting requirements of Parliament are being met. For many years now, ministers have tabled in Parliament the annual reports of foundations, which contain audited financial statements representing 80% of all transfers to foundations as identified by the Auditor General.

Foundations regularly report on their plans and results to departments that are required to incorporate significant items in their reports on plans and priorities and departmental performance reports to Parliament. The Treasury Board Secretariat has issued guidelines on these reporting requirements.

Let us consider a few points on the reporting by sponsoring departments. Result based management and accountability frameworks have been developed. Many departments now have the ability to undertake evaluations that can assess the horizontal integration of their programs with those of the foundations.

On another front, progress has also been made when it comes to the question of ministerial oversight. Changes have been brought to strengthen the default provisions of the funding agreements to enable corrective action. These changes respect the independence of not for profit organizations and do not involve the unilateral redirection of funds by the government.

Funding provisions and legislative changes have been made to permit the recovery of unspent funds should a foundation be wound down.

Transfers to foundations are accounted for in a manner that is consistent with the treatment of other transfers such as those to provinces which the Auditor General has accepted. Such transfers provide long term, stable funding that is needed to attract financial resources and expertise. Government has the financial flexibility to fund these priorities. Such decisions and announcements have been made throughout the year and not only at year end.

I have outlined just some of the many actions that the government has taken in response to recommendations from the Auditor General on foundations. While there are still some areas of disagreement, there is also agreement that good progress has been made.

For example, last week's Auditor General's report noted some positive developments, for example the fact that improvements have been made in reporting to Parliament and the public, and that provisions for corporate plans and annual reports have improved. There were many other positive comments.

In closing, I think it is worth mentioning that lots of very good work results from these foundations. All of their websites provide more comprehensive information on their plans and results and these foundations are working across the spectrum, from health research to green initiatives for the environment, to strengthening the research capabilities of our universities.

I do not support the motion before us today because it goes too far in asking that the Auditor General be the one to do both performance audits and the annual audit of each foundation. I do not think the Auditor General has to do the audits of each foundation every year but I think she should be allowed to do performance audits.

We remain committed to continuing to work with the Auditor General to improve the accountability of these foundations so they can continue to do their good work.

* * *

• (1620)

BUSINESS OF THE HOUSE

Mr. Jay Hill (Prince George—Peace River, CPC): Mr. Speaker, there have been consultations between all parties and I believe if you seek it you would find unanimous consent for the following motion. I move:

That the sponsor of Bill C-313, an act to amend the Criminal Code (prohibited sexual acts), be transferred from the member for Calgary Northeast to the member for Lethbridge.

The Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

ROUTINE PROCEEDINGS

[English]

CERTIFICATES OF NOMINATION

Hon. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, I rise on a point of order. There have been discussions among all parties and I believe if you were to seek it, you would find unanimous consent for the following motion. I move:

That the Certificate of Nomination of a Chairperson of the Public Service Staffing Tribunal, tabled in the House on February 2, 2005, be withdrawn from the Standing Committee on Canadian Heritage and be referred to the Standing Committee on Government Operations and Estimates.

The Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

* * *

COMMITTEES OF THE HOUSE

FINANCE

Hon. Karen Redman: Mr. Speaker, discussions have taken place among all parties and I believe if you were to seek it, you would find unanimous consent for the following motion. I move:

That, in relation to its study on Fiscal Imbalance, 5 members of the Subcommittee on Fiscal Imbalance of the Standing Committee on Finance be authorized to travel to Edmonton, Alberta on May 1 and 2, 2005, and that the necessary staff do accompany the committee.

Supply

[Translation]

The Deputy Speaker: Does the hon. member have the unanimous consent of the House to move the motion at this time?

Some hon. members: Agreed.

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

Some hon. members: Agreed.

(Motion agreed to)

GOVERNMENT ORDERS

[English]

SUPPLY

OPPOSITION MOTION—ACCOUNTABILITY OF FOUNDATIONS

The House resumed consideration of the motion.

Mr. Brian Fitzpatrick (Prince Albert, CPC): Mr. Speaker, it is my understanding that foundations carry out government policy, independently and at arm's-length from the government. Could the member enlighten me as to what government policy the Trudeau Foundation carries out?

Hon. Diane Marleau (Parliamentary Secretary to the President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, I will have to get back to the member on that one. I am sure that many of the endowments are done in the name of former Prime Minister Pierre Elliott Trudeau. Canadians valued his years in office and are happy to see these kinds of things occur.

We are just as concerned as the opposition is with how we spend money. I have been in the House for many years and I can honestly tell members that we have always wanted to do good things. Many of the projects that are funded through foundations are very good.

I do not think the Auditor General has ever said that she did not like the work that they did, on the contrary. She wants permission to do compliance audits and I am in favour of that. I do not think it is necessary for the Auditor General to be named the annual auditor. There are a lot of audit firms out there that are very capable of doing this work, and it is probably a better idea that the audit function be separate from what the Auditor General does. The Auditor General can take a fresh look and come out with a compliance audit which is what we are really looking for.

• (1625)

Hon. Peter Adams (Parliamentary Secretary to the Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, it is very important to put this motion into context. The Conservative Party and its predecessors, the Alliance and the Reform Party, have consistently shown no interest in this area of public policy.

Supply

The member who just asked the question about the Trudeau Foundation illustrated that fact. This is not one of the foundations we are talking about. We are talking about the research capacity of the nation. In the mid-1990s, the brain drain, which we heard from that side and throughout all of the country, was a serious problem. Our level of productivity as a nation and the productivity of each individual Canadian was very low. The government of the day had to do something about it.

The party over there consistently, whenever lists of grants are produced from the granting councils, goes through the grants and criticizes them one after another despite the fact that they were allocated according to a peer review process. These foundations, not the foundation my colleague referred to, were set up to deal with that matter, to bring young Canadians back, scientists, teachers, and professionals, and to keep young Canadians in the country, and to raise the productivity of the nation. That has happened. A very large piece there was the long term effect of these foundations.

Ask the members, Mr. Speaker, I know you know some of them, whether any college or university in their ridings does not like and appreciate what the Canada Foundation for Innovation and these others foundations have done for them. They have done great things. They are accountable, as my colleague has said. I accept the fact these foundations are accountable. They are not technically accountable to Parliament, a very fine point, but they are fully accountable. Does she not agree they have done wonderful public work?

Hon. Diane Marleau: Yes, Mr. Speaker, they certainly have and they have been able to fulfill some public policy issues. Members should speak to the many university students who have been able to benefit from the millennium scholarship. Think of the thousands of students across the country. Why was that foundation set up? It was set up so we could help poor students who were having a hard time going to university.

If we asked students who have had the benefit of these scholarships how they feel about the foundation, they would tell us that it has done great work. We could go down the list and find the same kind of response to them.

This is not about the work of the foundations. This is about who audits them and should the foundations have the Auditor General do compliance audits. We agree with that. It is the other external audit issue that we think is a little out of control.

Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC): Mr. Speaker, it is strange that the Liberals opposite protest loudly about the fine work these foundations are doing and no one is questioning that. Then they fight tooth and nail to keep that fine work from actually being objectively evaluated and confirmed. Hello. If it were such good work, then why would the Liberals be not eager for all of the good things, all of the fine things, and all of the quantifiable work that these foundations are doing to be made fully transparent and open? Would the member answer that question?

• (1630)

Hon. Diane Marleau: Mr. Speaker, we have already brought forward a number of measures to ensure the foundations report to the public and that is important. They do not always necessarily report to

Parliament directly, but they do report to the responsible ministers. They do report to the responsible departments.

They cannot have it both ways. Either the foundations do good work, which they do, and they have admitted to that. So, tell me, what is the problem? The motion is one that we could have supported if it had not gone too far in demanding that the Auditor General be the external auditor of all foundations all the time which is really not something that can happen because some of the foundations are jointly managed by provinces. There are many provinces which would say to let them decide who will be their external auditor.

On the other hand, I still think that if it is federal money, our auditor should have the right to follow the money in the foundations. I would be prepared to support that part of the motion. The problem is that the opposition refuses to change its motion and it is just there to oppose and be negative. We are trying to work constructively and do good things.

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, I want to read a little section again from this wonderful pamphlet the Auditor General sent around to all of our offices and I hope a lot of Canadians will see it as well. I hope the Liberals will take the opportunity to read it, too. It states that performance auditing examines management practices, controls and reporting system that focus on results. It also states that these audits examine whether government programs are being managed with due regard for economy, efficiency and environmental impact, and with measures in place to determine their effectiveness.

Why is the government opposed to the performance auditing of these foundations that were given \$9.9 billion, I believe, initially? There is still some \$7 billion dollars left. Canadians, taxpayers and this Parliament all have a right to know that those programs are beneficial. "Methinks the government protests too much". It should prove to us that we are wrong. We can handle it.

Hon. Diane Marleau: Mr. Speaker, I suppose it is quite normal around here that nobody listens. I believe I have said at least 5 times, if not 8 or 10 times in the course of the debate, that I believe the Auditor General ought to have the right to do performance audits on foundations.

The problem is not with the performance audit, it is with the fact that the motion also includes that the Auditor General be appointed as the external auditor of foundations. I think that is going too far. The foundations have auditors. If they want to have the Auditor General as their external auditor, they can ask for that, but it is not necessary. It is the performance audits that are important. That is what we should be asking the Auditor General to do. That is what I am supporting.

Supply

People ought to listen to what is being said here. We are not out there to hide anything. We are trying to do the right thing. We have to be responsible because we are the government. Opposing is fine because the opposition can throw all kinds of stuff out. It does not have to be based on truth. It does not have to be based on reality. We, on the other hand, must be realistic and we must manage things properly.

[*Translation*]

The Deputy Speaker: Order. 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 Nanaimo—Alberni, Softwood Lumber; the hon. member for Verchères—Les Patriotes, Intergovernmental Affairs; the hon. member for Renfrew—Nipissing—Pembroke, National Defence.

[*English*]

Mr. Gary Lunn (Saanich—Gulf Islands, CPC): Mr. Speaker, I am very pleased to rise in this debate.

After listening to some of the comments made by members across the way, I get the perception that they keep saying, “Just trust us”. We just have to look at the record of the government for the last 10 years. We have to look at the scandal of all scandals or, as they say, the mother of all scandals to see why we need openness and transparency.

I would be the first person to acknowledge, and most people would, that some of these foundations do tremendous work. Then let us make it an open and transparent process. All we are saying is to let the Auditor General have a look at the books.

The member opposite kept referring to the opposition as just wanting to oppose and to be negative. Excuse me, but in fact what we are doing is asking for what the Auditor General has been asking for in not one, two or three but four reports. The Auditor General has been asking to get access, as she should. There is probably no one who has better credibility and is more trusted as an independent auditor than the Auditor General. That is basically what the debate is about.

This government began using foundations in 1997 at arm's length. Basically it used these foundations so the Liberals could actually take public funds and hive them off into various foundations.

I have met many of the people in the foundations and I am the first one to admit they do absolutely fantastic work. So if they are doing this great work, let us be open about it.

Tomorrow the government is going to table a budget. We in this place will debate the merits of the government's plan and vote accordingly. We need to know that money allocated in a budget year is spent in that budget year. As we know, that is not the case with these foundations.

If there are two words that this motion is about they are “transparency and accountability”. If we do not have transparency and accountability, I do not think we can have a proper debate on the spending priorities of this nation. There is an unaccountable approach in government right now and we need to stop that.

The Auditor General has brought this to our attention, as I said earlier, on four separate occasions. It is time that we open the books

to the Canadian people. It is time to be open, honest and transparent, and we can do that through the Auditor General.

All week the President of the Treasury Board has selectively quoted the Auditor General. He points to the federal government's attempts to modernize the government framework for non-profit corporations. He conveniently ignores the fact that the government has done nothing to address the Auditor General's concern about the lack of performance audits and the absence of an appropriate mechanism for ministerial oversight.

I emphasize that this is not something that just happened yesterday. It is the same government that has been in power. Has it addressed any of these problems? Absolutely not. We are still talking about it in 2005. The Auditor General first raised this in 1997, again in 1999 and 2002 and now again in 2005.

The simple fact is that the Auditor General has raised this issue so many times and the government has done nothing to fix the problem. That alone speaks volumes. I believe that if the government had even made half an attempt to address these issues we would not be here talking about it right now.

The Auditor General and the government of course differ on some of the accounting principles. Some would argue that this is the problem, but I do not think that is the issue at all.

The main thrust of the Auditor General's report is that of the \$9.1 billion given to foundations since 1997 \$7.7 billion of this public money is sitting in various accounts across the country under the auspices of various foundations that are completely unaccountable and completely unscrutinized by Parliament. That is a lot of money the government has pretended to spend. We know it is sitting out there. All this motion would do is allow the government to audit to make sure that this money is going to where it is supposed to be going.

• (1635)

We all saw in the sponsorship scandal that \$100 million was hived off in fees and commissions to various Liberal friendly ad agencies. It is very obvious to me why the government is so cynical about this and why the government does not get it. Of course, the government members give us their grand statements and stand up and say, “Trust us”.

There has probably never been a time since Confederation when trust for members of Parliament or trust for the government being in charge of public funds has been so low. We saw it in the last election. It was the issue in the last election and it continues to dominate. It continues to plague the government because it is refusing to do anything about it.

Therefore, in a positive vein, the official opposition, through an opposition supply day motion, is coming forward and basically suggesting that the Auditor General be the external auditor of every foundation where federal public money is involved. I think that is pretty clear. I think it is absolutely the right thing to do.

Supply

The question is, when we see millions of taxpayers' dollars go missing, when we see these scandals, how do we ensure this does not happen? How do we ensure that there is public accountability? Unfortunately, unless we bring in the kinds of measures where there is complete scrutiny, openness, transparency and public accountability, the public will continue to be cynical.

Sadly, the public is now starting to question some of these foundations, some that do very good work, I might add. If we were to allow this openness and transparency for complete scrutiny and public accountability, some of this good work could be brought to light. Just maybe, I dare say, there might be some foundations that are using money when that was not intended to happen, when these were not the intended consequences for where that money was supposed to go. I think it is our job to ensure that does not happen. One way we can do that is through the Auditor General.

Let us look at the Prime Minister; of course his memory can be so selective. And these are the people who say "trust us on the foundations". When he wants to remember the Mexican peso crisis, he can remember everything about it. Yet when he had to appear before the Gomery commission, he did not remember one useful thing. It was somebody else's problem. There was absolutely no accountability. His recollection of anything that happened was not there at all.

Quite bluntly, I found his testimony insulting. His testimony was that it was everybody else's job. It was a bureaucrat's job or maybe the job of people on his staff, but he was never directly involved. Yet when he wants to have a very crisp memory on other matters, he has it. That is the reason this motion has been put forward for us today.

In conclusion, what this motion really comes down to is that it is all about the taxpayers having the right to know that their money is well cared for. It is not saying "trust us"; it is giving taxpayers wide open transparency and accountability. I can see the value of having experts make the decisions in their fields, whether it is in education, health technologies, scientific research or the arts. Nobody is questioning that. What we are saying is that we should be able to take a look at where that money is being spent.

• (1640)

Let us make sure that there is openness, transparency and accountability so that the Auditor General has the power to go in and scrutinize these books. Again, I cannot emphasize enough that this is purely about accountability. I am not questioning the foundations' work. I am saying I do not trust the government, and for good reason. What it has done to the Canadian taxpayer for its last 10 years in office is absolutely unacceptable, and it is time that this government opened the books up to the Auditor General so we can see if there is any more.

• (1645)

Hon. Peter Adams (Parliamentary Secretary to the Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, I heard the member say "let us have a look at the records". There could not be anything more public than the records of these foundations. These are very sophisticated organizations working in a very sophisticated and important part of our society. They have websites which are the best in the country, designed by the best

people in the country. My colleague can go and see every grant and he can see the administrative expenses and so on.

As my colleague has explained, these foundations regularly appear before parliamentary committees. Partly because, in my view, they understand that in this very fine way, as the Auditor General has quite rightly said, they do not have to report to Parliament, they go to great lengths to go to parliamentary committees. I would recommend to any member of the House to phone one of them and there will be a faster response than from any of our government departments, which are in theory fully responsible for this House.

I wanted to apologize for a mistake I made in my last intervention. I misspoke myself. I said that nobody on the Conservative side had defended this critical area of public policy. It truly is critical. People do remember the brain drain, but it is now a thing of the past. If Canada does not keep up and maintain its intellectual capacity we cannot keep up in the productivity race around the world. We have done so; there has been a revolution since these foundations.

My question to the member is this. I misspoke myself because one member of the Conservative Party, Preston Manning, was a big supporter of these things and the party over there kicked him out. Would my colleague not agree that Preston Manning was the last real defender on that side of this important area of public policy?

Mr. Gary Lunn: Mr. Speaker, we all have the greatest respect for Mr. Manning, and I know you do as well, for what he gave to this country and for his commitment.

I can say that I have defended many foundations and the great work they do. That is not the debate here. That is not the issue.

The member is quite right when he says that they do come before Parliament and they report to us on what they are doing. There is some phenomenal work, but there is still some \$9 billion which has gone out to these foundations. What is the great objection to opening these books to the Auditor General? That is simply all we are stating. Nobody is questioning the foundations. Nobody is questioning the work they do and the benefits there are, but when we are spending \$9 billion it is quite conceivable that some of that could go off the rails, or that maybe it is not being spent the way it is supposed to be spent. We do not know.

Those members say "trust us" and ask how we dare question the openness and accountability of these foundations. Quite frankly, it is not the foundations I am questioning. It is the honesty of the government. Its record is abysmal. It is absolutely disgusting. How do I know that in these hundreds of foundations there is not some foundation out there where money is not being used appropriately and there is not political interference? Because the record will show that this is what has happened in the past.

For the member to suggest that the people on this side are questioning the foundations is absolutely false. What we are saying is to give the Auditor General wide open and unfettered access to the books so that there can be accountability, openness and transparency, but as for this government saying to trust it, I am sorry, that is not in the cards.

Supply

Mr. David Chatters (Battle River, CPC): Mr. Speaker, I am pleased to join the discussion this afternoon. It has been interesting to listen as the debate goes back and forth on this issue. I want to approach the subject a little differently in my presentation, but I would like to make a few comments on the discussion that has taken place.

No one is disputing the good work that some of these foundations do. The question is, why could they not do just as good work under the full scrutiny and the full transparency of Parliament? I do not know why they have to be hidden, at least in the respect that they are not as transparent as the Auditor General says they should be.

I think this whole debate really started, not only because of the Auditor General's report, but because the budget is coming up tomorrow. A rumour is floating around that the government plans to set up yet another foundation to hide the \$5 billion proposed to set up a national day care program because the minister has been unable to get anywhere near any consensus from the provinces on the issue, and rightly so.

Look at the record of the government on the last national day care program it set up. Canadians today are still paying a tremendous price for it. I speak of the residential school program, a national day care program set up by a Liberal government to do the right thing, to take children away from their parents at an early age to give them education. That was a truly a disaster. I suspect the current government's proposal for a national day care program will be just as big a disaster as the one of many years ago. Any time the government thinks it can do a better job of raising children than parents can, then it is becoming too arrogant.

However, the whole issue of the foundations and the accountability of them is a huge issue. Over the last number of months I do not know how many times I heard members on the government side get up and tell us of the wonderful work of the sponsorship program, not unlike what we hear about the work of the foundations. We know what happened there. I do not think we could even begin to imagine the depth of corruption that the Gomery inquiry is uncovering.

I am not suggesting that this is going on in the foundations. However, in my view at least, it is a reason we should not take the government's word for its integrity and for its transparency because the evidence is different.

However, the issue that I want to touch on in the few minutes I have is another issue that the Auditor General raised in her report, which also is related to accountability. That is the issue of information technology security as it relates to privacy. There has not been a lot of discussion on that, yet it is a huge issue. It has the potential to cause major problems for the government and future governments if we do not pay attention to what the Auditor General has said and take action now.

As chair of the committee on ethics and privacy, I have heard a number of witnesses come forward, specifically the privacy commissioner, to express some real concerns about information technology security.

• (1650)

The media reported that in preparation of her report the Auditor General's staff actually was able to hack into government computer programs and extract information from them. That should scare everybody, particularly when in the House a few years ago the issue of the million dollar boondoggle in Human Resources Development Canada revealed the extent to which the government was collecting information on Canadians and storing it in government databases. To find out in the Auditor General's report how vulnerable that information is to those who would steal it and use it for other purposes should be frightening to all Canadians.

The new Privacy Commissioner has some good ideas on how we should deal with that. However, she is still in the process of straightening out an awful mess in the Privacy Commissioner's office, left over from the previous privacy commissioner who seemed to focus more on his lavish lifestyle than he did on his responsibilities of protecting Canadian security. I do not think that is not the case now.

The reality is we are slow getting off the mark in addressing some of these issues. It is hard and very expensive for the government and agencies of government to find the expertise to deal with this issue and to provide protection.

I did not want us to miss that part of the Auditor General's report where she raised a red flag. It is not the first time the Auditor General has raised it. When we look in the private sector, we see what is happening with information technology. Of course everybody has been listening to the terrible situation the Canadian Imperial Bank of Commerce has with its IT information and lack of security.

In this age of high tech spying, Canadians should be concerned with the miniaturization of the technology such as cell phone cameras and all kinds of tracking devices. The protection of our privacy, particularly our privacy as it relates to the information that government collects and holds on us, is a huge issue and one to which we want to pay attention.

I know it is a little off the topic of the foundations and the right of the Auditor General to investigate those. However, it was part of the Auditor General's report and it is relevant in a sense, certainly to the transparency and security of government.

I would urge the government to consider supporting the motion before us. I think Canadians everywhere have lost confidence in the government's honesty and integrity in reporting what is going on and how it is spending our money. We are talking about huge sums of money in these foundations. There are rumours about increasing the amount of money out of the purview of government. The motion is a valid motion and one that all members of the House should be willing to support, and I hope they will.

• (1655)

Hon. Peter Adams (Parliamentary Secretary to the Minister of Human Resources and Skills Development, Lib.): Mr. Speaker, I listened with great interest to what my colleague had to say. I share his concern about privacy, both personal privacy in a very general way and particularly, as he expressed it, privacy in this incredible technological age.

Supply

The hon. member mentioned miniaturization. The University of Alberta is the national centre for nanotechnology. People are working on their own advances in miniaturization, making things much smaller than they were, also providing our national centre expertise in how we deal with these matters.

In thinking of privacy, we can pass laws against this or that, but in the end we cannot put a bag over our head and in that way protect ourselves from advances in miniaturization and in nanotechnology, which goes on around the world.

In the end the only way we can deal with the privacy aspects of these stunning advances in technology is by having people on top of those advances. The 12 or 13 science foundations, which are the main focus of the motion, are our way of doing that. They are a way of implementing a long term, teaching and research project reaching out over eight or ten years, something that cannot be done within the lifetime of a government. Thereby the country and our citizens can be in a position to protect themselves properly from the dangers of technology, and take advantage of them.

I would urge my colleague to express his support for these foundations and to continue supporting the area of public policy which they represent, which is to keep Canada on the forefront of technology in the 21st century.

• (1700)

Mr. David Chatters: Mr. Speaker, I do not argue a lot with what the member is suggesting. I just do not see why the Liberals have to take \$9 billion out of the direct control of government to achieve those things.

Those foundations can do that kind of work, and we very much need them to do that. We need to enlist the expertise of the private sector to do that, but we do not need to take \$9 billion and put it in bank accounts that stretch out for Lord knows how long and away from the scrutiny of Parliament to achieve those things.

We should get together and achieve the things about which the member has spoken. At the same time, bring that money back within reach of the scrutiny of the government and of the Auditor General, and we can achieve both our objectives.

Mrs. Diane Ablonczy (Calgary—Nose Hill, CPC): Mr. Speaker, I would like to get my colleague's response to statements made on the government side.

If I understand the argument of the Liberals correctly, when we ask for greater accountability in our motion, the argument on the other side is that private audits are done of the foundations and that the foundations report to the public, not to Parliament.

Does my colleague feel those private audits and those foundation reports to the public are adequate and why does he feel we need our motion in addition to those measures?

Mr. David Chatters: Mr. Speaker, I have been around here for over 11 years and every year I look at the government's own performance reports. Whoever writes those performance reports, has rose-coloured glasses.

I can think of examples. Some 600 first nations are required to produce private sector audits of their books every year. Those audits

are done and are reported to the minister. Yet we constantly hear of corruption and mismanagement of money within those communities.

If the board of directors hires the auditor and sets the parameters of the audit for the private sector audit, I suggest it would likely get the results for which it is looking. That is the weakness of the private sector audit.

Mr. David Christopherson (Hamilton Centre, NDP): Mr. Speaker, I appreciate the opportunity to join in the debate today. I support the motion in front of us for a host of reasons.

The first thing I would like to address goes back to the comments of the President of the Treasury Board who earlier today said that the first thing was that it seems that whenever we want to inflame debate, all we have to do is throw up the aura of some dishonest or inappropriate behaviour. Let me knock that down right away.

First, that is not what I am about, and second, that is not what the debate is about today. Let us remember that all of this flows from the AG's report. What did the AG say about whether or not there was anything dishonest, whether that is driving this or not? On page 2 she states:

4.7 This chapter does not express a view on the merits of foundations as a vehicle to achieve the government's policy objectives. Our findings should not be interpreted in any way as a criticism of the individuals in charge of the foundations.

Right off the bat let us acknowledge that this is not some kind of witch hunt. This is not a fishing expedition to leave the suggestion that this is another sponsorship scandal, unless the government wants to give us a carte blanche guarantee that there is none anywhere. However that is not the issue before us now.

The President of the Treasury Board said earlier today that managing something as large as the Government of Canada was a very important responsibility that we all share, and we particularly share that in a minority. He went on to say that he thought members should get focused on their responsibilities.

We are talking about billions of dollars of taxpayer money that the Auditor General has said has not been adequately looked at or accounted for. It seems to me that is the responsibility of every member of the House, minority or majority. If that is not enough of a credential, I am a member of the public accounts committee, so not only is it my job on behalf of my constituents, it is part of my job in being here.

Let us set aside this nonsense that somehow this issue is being raised as a political bogeyman, that accusations are being thrown around. That is not true. This is about accountable government and transparent government, and the ability of parliamentarians on behalf of voters and taxpayers to hold the government of the day accountable. That is it.

What those comments suggest is that the President of the Treasury Board is a little more concerned than he needs to be, and perhaps that is because the government does not have a good argument. I do not understand why the Liberals continue to oppose this.

This may be an opposition motion but we must remember that it is driven by the Auditor General's report, and not just this one. In previous reports she has tried to get the Liberals to acknowledge that something needs to change.

What exactly did the Auditor General say concerning the accountability of foundations? In the first paragraph on the first page she states:

Despite a number of improvements to the framework for the accountability of foundations to Parliament, overall progress is unsatisfactory.

It seems to me that we have a job to do and that is to get into the satisfactory category. If the government is not prepared to do it, then, my goodness, we will do it as a minority because we have the votes this time. That is what is going on here.

I want to continue on with her report where it states:

In the Auditor General's observations on the government's summary financial statements in the Public Accounts of Canada, we have raised concerns about the governance and the accountability of and accounting for government transfers to foundations.

Is that not the government that says that it wants to be transparent and accountable and that it is? It is funny that the Auditor General has said "not yet" when it relates to foundations.

The report goes on to state:

These are up-front payments made many years in advance of need. Our performance audits in 1999 and 2002 found that accountability to Parliament was placed unnecessarily at risk—the government had failed to meet the essential requirements for accountability to Parliament, namely credible reporting of results, effective ministerial oversight, and adequate provision for external audit.

● (1705)

On page 5, 4.14 states:

The government has recorded these payments as expenses, even though the foundations do not expect to use the funds for many years...This accounting treatment has resulted in a reduction of the reported annual surplus when funds are transferred to foundations, rather than when funds are distributed to the ultimate intended recipients or used for the ultimate purposes that the government announced for this spending.

In simpler terms, when the government makes an announcement that money will be going into a foundation, existing or new, it takes the total amount that it is transferring and shows it as an expenditure.

In the case of the Canada millennium scholarship fund, the government was able to announce billions of dollars to help students access the education to which they are entitled. The problem is that if that had been done within a ministry it would be not be an expenditure. The government cannot make the statement that it is spending \$3 billion on education when it is done in that way. However, because the money is going to a foundation, the government can make the statement and it is factually truthful.

However in reality, in terms of what it means to people, if the government has not spent \$3 billion on education then it cannot take credit for supposedly doing so. The key point the Auditor General made was that what ought to be recorded as an expense, and therefore available for political use in a speech, is what ought to be accounted for, which means only the money that was actually sent to recipients. We have learned from the Auditor General that it is a fraction of what is in these accounts.

Supply

That is the first biggest problem we have. It leaves the impression that the government is spending billions of dollars on Canadian health care, billions of dollars on innovation and billions of dollars on education but that is not the case.

The government has transferred the money to these foundations, yes, and there is a notional amount in the budget, yes, but did it actually spend that money in the homes for people to actually benefit from it? No, only a fraction of it. That is not being transparent because the government is saying one thing and doing something different.

The Auditor General is saying that the government has an obligation. It does not matter whether it is Liberals, Tories or whoever, what matters is that the government ought to be showing as an expenditure only those dollars that it actually expends, not money that it transferred to an agency which then spends it in little dribbles. Without the Auditor General telling us this, the existing rules would never put that in front of the House of Commons.

Holding foundations accountable is not just a question of whether or not we think there are people in there cooking the books, or outright stealing money, or expending money they should not, or passing off money to partisan friends. That is not the second issue that I am interested in, in terms of bringing them forth. I am interested because in the short time I have been here and on the public accounts committee we have had a chance to deal with the Auditor General's report that came out last year.

My friends who were on the committee will know that chapter 5 dealt with Indian and Northern Affairs Canada's education program and post-secondary student support, one of the most outrageous reports of a ministry not doing the job that the House thought it was doing. It was not about whether we thought the deputy was dishonest. It was quite the opposite. The deputy appeared very professional. Nobody was questioning his credentials before, during or after.

However that does not take away from the fact that the disgrace that is going on in this ministry, vis-à-vis our first nations people, would not have been brought to the attention of the House of Commons had the Auditor General not had the legislative mandate to go in and review what was going on.

● (1710)

We have two different things here. There is a world of difference between the minister who says that the programs work. Well, a broken clock works twice a day. The question is whether this is the best use of the money that is meant to help Canadians. The Auditor General is suggesting that the process does not let us as parliamentarians make an intelligent evaluation on whether program objectives are being met vis-à-vis the money that is being spent to fund it. That is the issue. It seems pretty clear to me and I think to quite a number of other people.

I do not know why the government has itself in such a twist over this. The Liberals are the ones, by resisting, who leave the impression that maybe there is something they do not want people to see. I am not making that accusation or that allegation but I am saying that billions of dollars are sitting in accounts earning interest to the tune of hundreds of millions of dollars.

Supply

I think the millennium fund alone has collected close to \$700 million in interest on the money that is sitting there and yet the government is taking political credit for spending the money on education. No, it is not. The money is sitting in a bank account collecting hundreds of millions of dollars that could be helping people.

At the end of the day, making these changes would make for better transparency and more proper accountability.

• (1715)

The Deputy Speaker: It being 5:15 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the business of supply.

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 Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

The Deputy Speaker: Call in the members.

• (1745)

[*Translation*]

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

(Division No. 39)

YEAS

Members

Abbott	Ablonczy
Allison	Ambrose
Anders	Anderson (Cypress Hills—Grasslands)
André	Angus
Batters	Bellavance
Bergeron	Bezan
Bigras	Blaikie
Blais	Boire
Bonsant	Bouchard
Boulianne	Bourgeois
Breitkreuz	Broadbent
Brunelle	Cardin
Carrie	Carrier
Casey	Casson
Chatters	Chong
Christopherson	Clavet
Cleary	Comartin
Côté	Crête
Crowder	Cullen (Skeena—Bulkley Valley)
Davies	Day
Demers	Deschamps
Desjarlais	Devolin
Doyle	Duceppe
Duncan	Epp
Faille	Finley
Fitzpatrick	Fletcher

Forsyth	Gagnon (Québec)
Gagnon (Saint-Maurice—Champlain)	Gagnon (Jonquière—Alma)
Gallant	Gauthier
Godin	Goldring
Goodyear	Gouk
Grewal (Newton—North Delta)	Grewal (Fleetwood—Port Kells)
Guay	Guergis
Guimond	Harper
Harris	Harrison
Hearn	Hiebert
Hill	Hinton
Jaffer	Jean
Johnston	Julian
Kamp (Pitt Meadows—Maple Ridge—Mission)	Kenney (Calgary Southeast)
Komarnicki	Kotto
Laframboise	Lalonde
Lapierre (Lévis—Bellechasse)	Lauzon
Lavallée	Layton
Lemay	Lessard
Lévesque	Loubier
Lukivski	Lunn
Lunney	MacKay (Central Nova)
MacKenzie	Marceau
Mark	Martin (Winnipeg Centre)
Martin (Sault Ste. Marie)	Masse
McDonough	Ménard (Hochelaga)
Ménard (Marc-Aurèle-Fortin)	Menzies
Merrifield	Miller
Mills	Minna
Moore (Port Moody—Westwood—Port Coquitlam)	
Moore (Fundy Royal)	
Nicholson	O'Connor
Oda	Pallister
Paquette	Paradis
Penson	Perron
Picard (Drummond)	Plamondon
Poilievre	Poirier-Rivard
Prentice	Preston
Rajotte	Reid
Richardson	Ritz
Roy	Sauvageau
Scheer	Schellenberger
Schmidt (Kelowna—Lake Country)	Siksay
Simard (Beauport—Limoilou)	Skelton
Solberg	Sorenson
St-Hilaire	Stinson
Stoffer	Stronach
Telegdi	Thompson (New Brunswick Southwest)
Thompson (Wild Rose)	Tilson
Trost	Tweed
Van Loan	Vellacott
Vincent	Wappel
Warawa	Wasylycia-Leis
Watson	White
Williams	Wrzesnewskyj
Yelich — 161	

NAYS

Members

Alcock
Bagnell
Bakopanos
Bélanger
Bennett
Blondin-Andrew
Bonin
Boudria
Brown (Oakville)
Cannis
Carroll
Chan
Comuzzi
Cuzner
DeVillers
Dosanjh
Dryden
Efford
Eyking
Fontana
Fry
Godbout
Graham

Guarnieri
Hubbard
Jennings
Karetak-Lindell
Khan
Lapierre (Outremont)
LeBlanc
Longfield
Macklin
Maloney
Martin (Esquimalt—Juan de Fuca)
McCallum
McKay (Scarborough—Guildwood)
McTeague
Murphy
Neville
Owen
Patry
Phinney
Powers
Redman
Robillard
Rota
Savage
Scarpaleggia
Sgro
Simard (Saint Boniface)
St. Amand
Steckle
Temelkovski
Tonks
Ur
Valley
Wilfert

Holland
Ianno
Kadis
Karygiannis
Kilgour
Lastewka
Lee
MacAulay
Malhi
Marleau
Matthews
McGuinty
McLellan
Mitchell
Myers
O'Brien
Pacetti
Peterson
Pickard (Chatham-Kent—Essex)
Ratansi
Regan
Rodriguez
Saada
Savoy
Scott
Silva
Smith (Pontiac)
St. Denis
Szabo
Thibault (West Nova)
Torsney
Valeri
Volpe
Zed — 114

PAIRED

Members

Asselin
Chamberlain
Bradshaw
Gaudet — 4

The Speaker: I declare the motion carried.

[*English*]

OPPOSITION MOTION—THE ENVIRONMENT

The House resumed from February 17 consideration of the motion.

The Speaker: Pursuant to order made on Thursday, February 17, the House will now proceed to the taking of the deferred recorded division on the motion.

• (1755)

[*Translation*]

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

(*Division No. 40*)

YEAS

Members

André
Bellavance
Bigras
Blais
Bonsant
Boulianne
Broadbent
Cardin
Christopherson
Cleary
Côté
Crowder
Davies
Angus
Bergeron
Blaikie
Boire
Bouchard
Bourgeois
Brunelle
Carrier
Clavet
Comartin
Crête
Cullen (Skeena—Bulkley Valley)
Demers

Deschamps
DeVillers
Faille
Gagnon (Saint-Maurice—Champlain)
Gauthier
Guay
Julian
Laframboise
Lapierre (Lévis—Bellechasse)
Layton
Lessard
Loubier
Martin (Winnipeg Centre)
Masse
Ménard (Hochelaga)
Paquette
Perron
Plamondon
Roy
Siksay
St-Hilaire
Vincent

Abbott
Adams
Allison
Anders
Augustine
Bains
Barnes
Bélanger
Bennett
Bezan
Boivin
Boshcoff
Breitkreuz
Brown (Oakville)
Cannis
Carrie
Casey
Chan
Chong
Comuzzi
Cuzner
Day
Dion
Doyle
Dryden
Easter
Emerson
Eyking
Fitzpatrick
Folco
Frulla
Gallant
Godbout
Goodale
Graham
Grewal (Fleetwood—Port Kells)
Guergis
Harris
Hearn
Hill
Holland
Ianno
Jean
Johnston
Kamp (Pitt Meadows—Maple Ridge—Mission)
Karygiannis
Khan
Komarnicki
Lastewka
LeBlanc
Longfield
Lunn
MacKay (Central Nova)
Macklin
Maloney
Marleau
Matthews

Supply

Desjarlais
Duceppe
Gagnon (Québec)
Gagnon (Jonquière—Alma)
Godin
Guimond
Kotto
Lalonde
Lavallée
Lemay
Lévesque
Marceau
Martin (Sault Ste. Marie)
McDonough
Ménard (Marc-Aurèle-Fortin)
Paradis
Picard (Drummond)
Poirier-Rivard
Sauvageau
Simard (Beauport—Limoilou)
Stoffer
Wasylcyia-Leis — 70

NAYS

Members

Ablonczy
Alcock
Ambrose
Anderson (Cypress Hills—Grasslands)
Bagnell
Bakopanos
Batters
Bell
Bevilacqua
Blondin-Andrew
Bonin
Boudria
Brison
Bulte
Carr
Carroll
Casson
Chatters
Coderre
Cotler
D'Amours
Devolin
Dosanjh
Drouin
Duncan
Efford
Epp
Finley
Fletcher
Fontana
Fry
Galloway
Goldring
Goodyear
Grewal (Newton—North Delta)
Guarnieri
Harper
Harrison
Hiebert
Hinton
Hubbard
Jaffer
Jennings
Kadis
Karetak-Lindell
Kenney (Calgary Southeast)
Kilgour
Lapierre (Outremont)
Lauzon
Lee
Lukiwski
MacAulay
MacKenzie
Malhi
Mark
Martin (Esquimalt—Juan de Fuca)
McCallum

Private Member's Business

McGuinty	McKay (Scarborough—Guildwood)
McLellan	McTeague
Menzies	Merrifield
Miller	Mills
Minna	Mitchell
Moore (Port Moody—Westwood—Port Coquitlam)	
Moore (Fundy Royal)	
Murphy	Myers
Neville	Nicholson
O'Brien	O'Connor
Oda	Owen
Pacetti	Pallister
Patry	Penson
Peterson	Phinney
Pickard (Chatham-Kent—Essex)	Potlievre
Powers	Prentice
Preston	Rajotte
Ratansi	Redman
Regan	Reid
Richardson	Ritz
Robillard	Rodriguez
Rota	Saada
Savage	Savoy
Scarpaleggia	Scheer
Schellenberger	Schmidt (Kelowna—Lake Country)
Scott	Sgro
Silva	Simard (Saint Boniface)
Skelton	Smith (Pontiac)
Solberg	Sorenson
St. Amand	St. Denis
Steckle	Stinson
Stronach	Szabo
Telegdi	Temelkovski
Thibault (West Nova)	Thompson (New Brunswick Southwest)
Thompson (Wild Rose)	Tilson
Tonks	Torsney
Trost	Tweed
Ur	Valeri
Valley	Van Loan
Vellacott	Volpe
Wappel	Warawa
Watson	White
Wilfert	Williams
Wrzesnewskyj	Yelich
Zed- — 201	

PAIRED

Members

Asselin	Bradshaw
Chamberlain	Gaudet- — 4

The Speaker: I declare the motion lost.

[*English*]

It being 5:59 p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

PRIVATE MEMBER'S BUSINESS

• (1800)

[*English*]

VETERANS

The House resumed from December 6 consideration of the motion.

Ms. Bev Oda (Durham, CPC): Mr. Speaker, I am pleased to rise today to speak to the motion.

The motion is particularly important, given that 2005 is the Year of the Veteran, a well deserved honour for all of those who served in the first and second world wars and the Korean War.

We celebrate and honour Canadian Forces veterans, currently serving members, civilians who have served in the military and their families, as well as those Canadians who supported the war effort here at home.

The motion would ensure that funding is available to maintain and preserve war memorials in communities across Canada in honour of our war veterans. There is no question that any monument dedicated to the recognition of the sacrifice and commitment of our Canadian Forces, whether here or abroad, should be maintained in a dignified manner.

Last year, my first Remembrance Day as an MP, I was able to better see and more fully appreciate the importance of the cenotaphs and monuments to the veterans, their families and all Canadians in communities across my riding from Port Perry to Orono to Uxbridge. I look forward to next year joining those in Newcastle, Blackstock and Bowmanville. In fact, every community across Canada has given of its men and women to the freedom and democracy we enjoy in our country.

There are about 6,000 war memorials in communities across Canada today. The memorials erected in their honour are symbolic of their courage and sacrifice as they served our country. They are daily reminders of what we as a nation have contributed proudly and how we have distinguished ourselves in conflicts as they arose around the world. It is with this in mind that I support the motion; however, I do have a few concerns with the motion as it stands.

My local community, in partnership with other levels of government, has built and maintained these memorials. My concern with the member's motion is that it could be interpreted as taking the responsibility of maintenance for war memorials away from the provincial or territorial governments who currently have this responsibility. In cases where a cenotaph has been built by and is attached to a branch of the Royal Canadian Legion, it has been that Legion's responsibility to maintain it. I believe it will be important to work with these levels of government and organizations to ensure that we would not be infringing upon their work.

A further question I would like to see answered prior to any vote on this motion would be regarding instances where a memorial has been allowed to fall into disrepair. If the cenotaph is used and remains an integral fabric of the community in which it was erected, of course it should receive support for maintenance. If it has fallen into disrepair or is not used, I would ask if there is an alternative plan for community consultation as to the future of that memorial. Could the fund in question be accessed to move a memorial to an alternate location? As local governments, Legions and community groups struggle with their own resources, I believe that the Government of Canada has a responsibility to provide a portion of the funds needed to repair and restore these memorials.

We must continue to honour our armed forces in many ways. We celebrate Remembrance Day through national ceremonies and local ceremonies in every community. We have poppy pins to be worn on November 11. We recognize the Legions and their community work throughout the year as they continue to serve their home towns, but in addition to these acts and symbols are the memorials themselves, many of which stand in the centre of the town or the community. They, too, are symbols of our recognition of the dedication and commitment to our country given by so many. They should not be allowed to deteriorate or crumble.

We must do our part to ensure that these memorials are with us in every community for years to come. I would support the motion with amendments.

• (1805)

[*Translation*]

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Mr. Speaker, I have the pleasure to speak on Motion M-190. It was introduced on November 4, 2004 by our colleague, the hon. member for Tobique—Mactaquac, and reads as follows:

That, in the opinion of the House, the government should establish a fund to help ensure the maintenance and the preservation of war memorials in communities across Canada in honour of our war veterans.

I will make our position clear immediately. The Bloc Québécois supports this initiative, which is intended to pay tribute to our soldiers who fought for democracy and freedom. These memorials are part of our heritage and reminders of our history.

Just about everywhere in Canada, whether in my birthplace of Evain, in Abitibi, which is represented by my neighbour in this House, or whether it is in Amos, in Deux-Montagnes in my riding, in Montreal's Côte-des-Neiges Cemetery, whether it is the Croix du sacrifice in Quebec City, or whether it is in Sherbrooke or Trois-Rivières, or indeed virtually any municipality in Quebec, there is a memorial in honour of war veterans. Wherever there is a Canadian Legion, there is a memorial.

Today, we need to acknowledge and thank our municipalities and Canadian Legions, which have paid for repairing and maintaining these memorials out of their own funds. I must pay tribute to people like Claude McGuire of Amos, who wrote a letter to his MP recently. Since I am responsible for the Veterans Affairs portfolio, I was sent a copy of the letter. In it he requested several thousand dollars for the upkeep of the Amos war memorial. Unfortunately, he could no longer afford to do it. His MP and I contacted the Minister of Veterans Affairs. I understand her situation. She had to respond by saying that there was no money and no program for this purpose.

The purpose of this motion is to remedy that situation, and I think it will help.

I must also pay tribute to some others who are in the same situation. Mrs. Côté, the president of the Granby war veterans, is one and my friend Victor Smart is another. He is the president of the Deux-Montagnes Canadian Legion and has done his utmost to maintain the two memorials in his area and to keep them in good shape. I thank the Legion members, and I thank the people in the municipalities who are fulfilling the federal government's role by maintaining these memorials.

Private Member's Business

In my opinion, the motion before me is far too vague. For instance, the amount of the fund is not specified, nor is the type of monument we should consider. Are there regulations establishing that certain monuments are a federal responsibility? Are there regulations establishing which monuments are considered federal veteran monuments? How do we determine that my colleague's monument in Amos is looked after, but the monument in my riding, in Deux-Montagnes, is not?

• (1810)

I think very clear rules need to be established to determine which monuments we want to keep and protect.

The monuments in Quebec were erected to pay tribute to war veterans. Again, unfortunately, they are the responsibility of the Royal Canadian Legion and the municipalities that host them. Most communities lack the resources to maintain these monuments because of the exodus to big cities and the aging veteran population.

Speaking of the aging veteran population, I want to caution all the hon. members in this House that we currently have young veterans in our society, people who went to war in Bosnia, people who are out in the street suffering from post traumatic stress. We must protect and take care of them.

In conclusion, I also want to thank my colleague from Abitibi—Témiscamingue, who I know fully supports my position.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I would like to start by thanking the hon. member for Tobique—Mactaquac for putting this motion forward. A motion is not a bill. It calls on the government to turn its attention to a problem and try to find a solution. Motion M-190 states:

That, in the opinion of the House, the government should establish a fund to help ensure the maintenance and the preservation of war memorials in communities across Canada in honour of our war veterans.

We agree with what this motion states.

The Conservative Party suggested earlier that this is the jurisdiction of the provinces or the municipalities. When veterans turn to the federal government for help, this means that they have already knocked on every other door. It means that memorials are in a terrible state of disrepair and it is time to fix them up and make them look good again.

For example, we have a memorial in Caraquet. It fell down a few years ago, and was damaged. Help was sought from the department for the legion, our veterans, in Caraquet. But there is no budget to help our veterans with their war memorial at the federal level. That is unfortunate.

Private Member's Business

We must also consider the fact that issues relating to our military, our veterans, are not provincial or municipal issues. These veterans fought for our country, Canada. They fought for the freedom of Canadians. This is really a federal jurisdiction, especially when requests come from legions or veterans. I have great respect for that, and these requests are made at the appropriate level. If a municipality wants to look after the situation, that is great, and it should be congratulated for doing so. If a municipality can afford it, that is great. The same if a municipality decides to go ahead. But there may be municipalities which are financially strapped. It is not easy for them with all the cuts that have been made in recent years: federal cuts, provincial cuts. Cuts have affected the municipalities, and money is short.

There are 6,000 war memorials across the country. Some are in pretty bad shape.

On November 11, we take pride as politicians, as MPs, in spending the day with our veterans. For them, a war memorial is a place to remember the war of 1939-45, the other wars in which Canada took part, and those who were lost in those wars. The purpose of the 11th of November is to honour those who lost their lives in wars.

This is, therefore, a totally appropriate motion and I feel it would be absolutely shameful not to support it here in this House of Commons. As I said, when November 11 rolls around, we are all proud—and I am sure of that—to spend the day with our veterans, to support them, to spend time with them. They are equally glad to have us there. But when the time comes to give them something, they seem to always be at the bottom of the list.

The 60th anniversary of the end of the war will be celebrated from April 30 to May 10. We are proud to attend events with them, but now there is a symbol. That symbol is not there just for the November 11, we drive by it every day. We see it in cities, towns and villages. We see the cenotaph and we remember. No one wants to travel somewhere and find a memorial in disrepair. Our veterans deserve far more respect than that. This is one way of respecting our veterans and helping them. They will need our help and support, and this is the way to provide it.

[*English*]

That is the reason we in the NDP will support this motion. For me it is a very important motion respecting our veterans. They went to war for us and gave us the liberty that we enjoy today. When we go to some villages and cities it is very sad to see cenotaphs that are not in good shape.

• (1815)

There was a suggestion from the Conservatives that this is the jurisdiction of the provinces or the municipalities. I say no. These people fought for our country and as far as I am concerned it is the jurisdiction of the federal government. The federal government has to put in money when it is asked to do so by veterans. Veterans do not ask the provinces or municipalities. They fought for our country. When their request is made it is because they have decided they want help from the federal government and the country they fought for. We have the responsibility at the federal level.

That is why I want to thank the member for Tobique—Mactaquac for bringing this motion to the House of Commons for us to make a decision on. We must make sure that we make the decision, because I have raised this question before. I asked the minister if he could help us with one of the monuments that we wanted to repair. The minister said he would love to do it, but there was no budget for it, there was no rule for it and the government could not do it.

This motion will provide the opportunity for the government to come up with a program. It is in respect of all veterans. Veterans listening tonight are happy, I am sure, and are hoping that this motion goes through. Then they will not have to try to collect money for this. They have other things to do. They fought for us. I do not think we should throw it back in their hands and tell them if they want monuments for themselves they will have to work to get them. They have done their work. They went to war for us. They have done their work for Canadians. Now it is our responsibility to respect them. One way to respect them is to do the right thing. The right thing is to support this motion and finally have a fund.

To me it is a housekeeping matter. It is only a motion. The motion says to establish a fund. I am sure we can sit down together and make rules that Canadians will say will be used the right way, rules that will be fair and rules which will allow us to participate in respecting our veterans.

• (1820)

[*Translation*]

I think that if we do this, the veterans will be proud, and not just on November 11. We must think of our veterans every day of the year and not only on that date. I have a hard time understanding that November 11 is the only day we celebrate the veterans who saved our country and that we forget about them the rest of the year. We must remember them and help them all year long.

I am sure the hon. member for Tobique—Mactaquac enjoys support from veterans for his motion. I am sure he did not draft it all by himself and that he discussed it with the veterans who support it.

In my riding, the veterans have supported this proposal. They ask why the government does not want to pay to help them maintain their monuments. At their age, they are no longer interested in setting up a table in a shopping centre to collect money. They have done their jobs, they have worked hard, and they went to war for the country. Now it is time for them to have a little rest. As a country, it is our duty to take care of them.

I also think it is the right thing to do. I cannot repeat often enough that taking care of the cenotaphs is a way to pay tribute to our veterans. We must keep remembering the sacrifice they made. Many of them went to war as volunteers.

That is why the New Democratic Party supports motion M-190. We hope the hon. member has the support of his government and that the government will also vote in favour of the motion.

We hope this motion will be passed. In doing so, we will be doing a very honourable thing. On Remembrance Day, when we meet the veterans, we will be able to take pride in the fact that we have done something good, something to be proud of.

Our veterans would also be proud of this little thing we are doing in honour of the big thing they have done. Their contribution is huge: they put their lives in danger and they lost comrades and friends.

We can only do this one little thing, honouring them and respecting their monuments. Voting in favour of this motion will be honouring them. I thank the hon. member for proposing this motion.

[*English*]

Mr. Don Bell (North Vancouver, Lib.): Mr. Speaker, I am pleased to rise to speak to Motion No. 190 so ably presented by our colleague from Tobique—Mactaquac.

I know that numerous times in the House my colleagues have heard the expression that if one wants to know the history of Canadian military service, especially during the wars of the last century, then one only has to visit the many Commonwealth war cemeteries scattered across northwest Europe, Italy, Japan, Hong Kong and in countless other nations around the world.

More than 116,000 of our finest citizens gave their lives in war and their final resting places are located in over 70 countries. Their gravesites are marked by headstones and monuments and kept with loving care by the Government of Canada through the Commonwealth War Graves Commission.

Such a history brings to mind a wonderful quote from King George V, who was visiting Flanders in 1922. He said at that time:

We can truly say that the whole circuit of the earth is girdled with the graves of our dead...and, in the course of my pilgrimage, I have many times asked myself whether there can be more potent advocates of peace upon earth...than this massed multitude of silent witnesses to the desolation of war.

That is what our debate is about today: silent witnesses.

I am very attracted to the notion that monuments can act as silent and ever vigilant witnesses to the sacrifice of others. If a visiting family arrived on one of our coasts and travelled by car from one end to the other of this wonderful nation, and if in doing so they meandered through small towns and villages, there would be one thing they would see that would tell them they were in the same country. They would see countless memorials, monuments and cenotaphs, all telling the same story, the story of how brave men and women served their country when their country called.

We Canadians are so used to seeing them as we go about our busy lives that we scarcely pay them much heed, except perhaps on special occasions. Yet they are probably the most important historical symbols we have. We only have to look up each time we pass a statue, a cenotaph or a monument and we are reminded of the astonishing contribution made by our servicemen and servicewomen.

I would like at this moment to also acknowledge the special role members of the Royal Canadian Legion play in maintaining our remembrance of the dedication and sacrifice of those who served with distinction in defence of our country and our freedoms.

Private Member's Business

Unfortunately, the ravages of time and mother nature have taken their inevitable toll. Although the large monuments that come under the direct responsibility of governments remain in good shape, many others have not fared as well. I can tell members that this has been a matter of some study and consideration by the minister and within Veterans Affairs Canada for some time, as it has been for my hon. colleagues on both sides of the aisle, who have encouraged us to consider possible remedies.

Today we say to the sponsoring member and to all members who support the motion that the government agrees with them and with the communities that want help in restoring their monuments. We agree that Canadians from coast to coast should have visible reminders of a century of sacrifice. We agree that our young people should have places where they can offer their respects and thank the men and women who bought them the freedom to do so.

Those places exist now, in communities large and small. It is up to us to support local groups and communities to ensure that they continue to be there well into the future. The government agrees that we must help bring back to life some of the wonderful memorials that pay tribute to our war dead here in Canada, so that monuments large and small, in cities and towns large and small, will continue to speak for generations that are no longer able to speak for themselves.

That is what monuments do. They bear silent witness. They speak to our common history and humanity. They speak to our common heart. History, humanity and heart, all so very worthy of preserving.

• (1825)

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Mr. Speaker, it is a great pleasure to stand here today and support my colleague, the member for Tobique—Mactaquac, on this very important private member's motion. I think there is even an extra importance to the motion today. It gives it additional relevance when we look at the fact that the year 2005 is the year of the veteran.

For the decades after the wars we were very fortunate to have first-hand accounts from veterans who returned and were able to give us their stories about the rigours of war, the sense of loss and the acts of bravery and courage, those things the people back home could barely understand. We are very fortunate that we have been able to at least begin to understand the heroism that was exhibited by our soldiers, by the men and women who served this country. We were at least able to begin to understand what they went through. They had to deal with the gruelling situations they found themselves in and with the loss of comrades and the loss of life.

I think that only those who have experienced it can really come to terms with the tragedy of war, but as a people we are fortunate that those veterans made a point of coming back and sharing with us at least the stories of courage and bravery. Many young lives were lost. Many lives were not lived and many pages were not turned. That is indeed sad.

As we go into the legion halls, meet with veterans groups, attend Remembrance Day ceremonies and go to the various services, it becomes more obvious that each year our veterans are fewer in number. There are fewer of those people who can stand and give testament to the horrors and tragedy of war and that is sad.

Private Member's Business

Certainly as a people and as a country, I know that we, along with the world, were really given a true dose of reality on September 11, 2001. The unprecedented attack on the World Trade Center really awakened us as a country and as a free people to the fact that we live in a global world and that we are certainly not insulated. We are not immune to the horrors of evil deeds and the horrors of terrorism.

At that time as well, I think, it awakened a great sense of reality that we have been very fortunate as a nation and as a free people to have had young men and women who have answered the call of a nation to fight for democracy and freedom during the second world war and since then. I think the events of September 11 really shook us and made us more aware of the fact that the price that was paid back then was dear and it was real. Since September 11, the numbers are greater at local Remembrance Day ceremonies. I know that last year approximately 15,000 people turned out to the Remembrance Day service here in the nation's capital.

● (1830)

That speaks to the fact that not just the baby boomers, but the families, friends, all Canadians are more respectful, more in tune and more aware now that it is important to keep the alive the memory of those who served and those who died. We are fortunate that communities are still in tune with that.

When it comes down to it, the importance of the motion and the gist of it, it is all about some of our utmost precious national icons, our cenotaphs, our monuments commemorating the sacrifice of the men and women who went to war, the men and who never came home, the men and women whose families still mourn.

Over the years, communities big and small have taken it upon themselves to ensure that these memories are not forgotten. Local legions, army, navy and air force veterans have taken on the responsibility of ensuring that these people are remembered. Provincial and municipal governments and community organization sometimes, but volunteers for the most part have driven the projects to erect cenotaphs and memorials for our fallen soldiers and loved ones. Their sheer hard work, sweat, equity and investment in fundraising events to put moneys together have ensured that these cenotaphs and monuments are established.

I know in my own constituency, the local legion in Louisburg, branch 62, back in the spring of 2002 embarked on a project to build a cenotaph and develop a park area around it, a very solemn and quiet space where one could go and reflect. I recall the group asking for financial support from the federal government. That was the first type of request of that nature which I was able to pursue. I was totally shocked that there was no avenue for the federal government to assist this group. The group took it upon themselves to raise money, with a number of different fundraisers and donations from the community. They were very generous. However, I was amazed that there was no vehicle or tool for us to get involved in a project like that.

I guess that addresses the fact that this motion should be enable the federal government to work with these community groups to develop and ensure that these monuments and cenotaphs are preserved.

Whatever government action there might be, it comes down to ways and means. What is the best use of federal dollars when we look at trying to ensure that we honour and celebrate the memories of those lost, the fallen soldiers? Is it through education programs through the schools? Is it through written materials, printed materials?

Cenotaphs and monuments are key in this. People can go to see the names, the numbers and the ages of those young people who answered the call to go and defend freedom and democracy.

The other key aspect of this is, in no way does the motion identify that the federal government wants to take over total responsibility. This is an opportunity for the federal government to step in and assist community groups, legions, army, navy, air force veterans groups and community organizations to ensure that the memories of these very important people, who contributed to the great country we have in Canada today, are respected.

I can assure members that I will be supporting the motion when it comes forward for a vote, and I would like to congratulate my colleague for bringing it forward.

● (1835)

Hon. Dan McTeague (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Mr. Speaker, I will be very brief, but I want to take the opportunity not only to thank the member for Cape Breton—Canso for his comments and who I think speaks for all of us in the House, but also to salute the member for Tobique—Mactaquac who is also our very capable caucus chair. I am not at all surprised that this wonderful initiative came from the member. I know how deeply committed he is to the cause of ensuring that our heritage is well respected in years to come. This very worthwhile motion speaks to our heritage. It speaks to our proudest moments and to our moments of reflection.

I had the opportunity last year to be at Ypres. I was rather amazed at the number of Canadian soldiers lost in that battle, given the very small numbers that we had as a nation. I also was amazed at the statue commemorating the 1915 gas attack, which would be about 45 feet high. It was being redone by the Government of Canada. What an example of the tragedy, but also the great bravery of our men as they fought for the right cause and for the right reasons at a particular time.

There is concern about the state of disrepair of many of our monuments. However, I am also rising today because just a few days ago I had an opportunity to speak to members of one of the legions in my riding, Branch 606, as well as the mayor of Pickering, Mayor David Ryan. We have a concern over the movement of a particular monument commemorating the 1943 battle at Ortona, a significant battle where a number of our soldiers not only fought bravely, but many were wounded or perished in the assault. It was probably again another example of Canadian gallantry. Pickering has for some time wanted to move the cenotaph to a place that is more appropriate and fitting so people will see it.

The initiative by the member is not only one that he believes is important. It is clear that members of Parliament hear all have reasons and cause to ensure that the brave memory of those who fought for us, those who were prepared to give their lives for us, for this Parliament which exists today, including the statue of George Baker, a former member of Parliament who was killed in 1916, is respected through advice to the government, which is what we deem in terms of a motion.

Every day the *Globe and Mail* for the past few weeks has been continuing with a small picture and a few anecdotes about where Canada was 60 years ago today, as we head toward the denouement of the second world war, certainly in terms of May of 1945. It is interesting to note that in a very short period of time, starting with the Normandy invasion on June 6 all the way to May 7, virtually half of all servicemen who were killed in the second world war were killed during that period of time. It is important that we do not just talk about these things as we hit certain milestones, but that we in fact are able to give quiet reflection on what these people did to create the great democracy which we now enjoy and a debt for which we can never truly pay.

I also want to give thanks to the Commonwealth War Graves Commission which looks after many of the graves of Canadian fallen soldiers and other allied soldiers of the British Commonwealth. It is important for us to consider that in context of doing so well there, we can do more in terms of memorials.

• (1840)

[Translation]

I also hope these monuments in my Province of Ontario and the beautiful Province of Quebec do not simply become monuments that people do not bother to respect. I find it somewhat strange that these two provinces do not have motions in force to recognize November 11. If they did, all Canadians, from coast to coast, could celebrate together the great victories and the dedication of our soldiers still so vibrant today.

[English]

I commend the hon. member for his motion. I hope there will be ears in the legislature of Ontario and the great national assembly in Quebec and I hope that motions will indeed take place to give force to November 11 as a truly national holiday and that we make a point and a purpose of these monuments. I hope the monuments will become a place for our children and generations to visit and ensure that the proper amount of respect is given. I can think of no higher way for this Parliament to do this than to support the motion of my hon., very capable and devoted colleague from Tobique—Mactaquac. Without his motion, we could not go forward. We should try at the very least to pass this unanimously.

The Speaker: The hon. member for Tobique—Mactaquac by speaking will close the debate. He has five minutes to reply.

Mr. Andy Savoy (Tobique—Mactaquac, Lib.): Mr. Speaker, I thank my colleagues who have indicated their support for my motion. We have talked about the pain and suffering of various veterans from the past wars, World War I, World War II, the Korean War and wars in Iraq and Afghanistan and the need to recognize their sacrifices. I will put into context what those sacrifices were.

Private Member's Business

I have not known war in my lifetime. I have learned about war from history books as many people in the House have. We have heard stories from veterans at our Remembrance Day ceremonies. Let us look at some of the past wars and experiences. I would like to share a few with members now.

Bellenden Hutcheson won the Victoria Cross and the military cross. He was in the 76th Brigade of the Royal Field Artillery at Vimy Ridge. In a letter he wrote to a colleague, he said:

I felt particularly sorry for the young artillery men, (and many of them were about 19) who were being subjected to the ordeal. I remember one man who had a ghastly wound which would obviously prove fatal in a short time, pleading with me, amidst the turmoil of the explosions, to shoot him...Every soldier who has seen action since knows that it requires the highest type of stamina and bravery for troops to lie in a trench and take a heavy shelling without being demoralized and panic stricken, therefore I shall always remember the orderly rescue work carried on by the officers and men of the artillery in the face of the concentrated shelling that occurred that afternoon.

I do not think we can realize the horror of war. However, when we hear accounts of a soldier asking his doctor to shoot him amid heavy shelling, it gives us an idea of the pain and suffering that people went through during war time.

During the Korean War, for example, a Military Cross recipient Lieutenant Colonel Edgar Hollyer, in documenting why he received the Military Cross, talked about what he had done and the terrible situation in which he had put himself. Not only was he in a situation where he exhibited bravery, but he was surrounded by enemy troops in the Korean War. In order to fight for his country for freedom, he asked them to bombard the coordinates where he was sitting because he was surrounded. He said "bomb me where I sit because there are army troops around me". He thought that was the most effective strategy. He put his life on the line so he would have the most impact in the war theatre.

Many of our colleagues in the House will remember a gentleman named Smokey Smith from New Westminster, B.C. As an MP, we often entertain guests in the gallery after question period. One of the proudest moments I had was when Smokey Smith was guest. Many members will remember the rousing ovation we gave him as the last surviving Victoria Cross winner.

There was an interview with Smokey Smith about his time in the Italian campaign in World War II. They had just knocked out a tank. He lost everybody in his group, and he was left alone. In the interview, he said the tank out. The interviewer then asked about the German infantrymen who were in the back of the tank and who swarmed around to the front and came toward him. He said "That is right". The interviewer asked him how far would they have been from him and he said, "Oh, 30 feet, 25 feet, something like that". The interviewer then asked who was firing at him and he said, "Nobody, just me because Jimmy was still in the ditch, he was wounded". The interviewer said "So these 10 or so German infantry men were coming at you and you fired at them?" He said "I opened up". The interviewer then asked him what happen and he said, "Well, I got four of them; the rest of them took off, thank the Lord".

Adjournment Debate

Another story comes from my family's hometown of Saint John West. A gentleman named Donald Thompson talked about freedom. He talked about meeting a German gentleman in Inverary at the unveiling of a Canadian museum. The German gentleman talked about the fight with Germany and he apologized to him. The German said that he was sorry if he was offended by anything he had said. He said that he was not offended by his comments. He said that every thinking German would agree with him when he said, "If Hitler had won, we would not be free. So thank God you won". That is the important thing that comes from war.

• (1845)

Those were in the words of Donald Thompson. He went on to say, "Mr. Thompson, it is important that young people and future generations of Canadians come to understand what you and your generation endured.

He responded by saying, "I think it is important from the point of view of the future of the country and the value of freedom. I think freedom is such an important thing, and it is something that comes at a price. If we take it for granted, then we can lose it. We can lose it, not only just from external forces, but we can lose it from internal conditions. So I think it is important that they realize the price that has been paid and realize that they have to be willing themselves, maybe not to"—

• (1850)

The Speaker: Order, please. I am afraid the hon. member's time has expired. It is now my duty to put the question.

[*Translation*]

The hon. member for Verchères—Les Patriotes on a point of order.

Mr. Stéphane Bergeron (Verchères—Les Patriotes, BQ): Mr. Speaker, could I ask for unanimous consent to allow my colleague at least to finish his sentence so that his complete thought appears in Hansard. This seems like the right thing to do for a motion in honour of our veterans.

The Speaker: Is there unanimous consent of the House to allow the hon. member to complete his sentence?

Some hon. members: Agreed.

[*English*]

The Speaker: The hon. member for Tobique—Mactaquac may complete his remarks.

Mr. Andy Savoy: Mr. Speaker, I thank my colleagues.

In completion, the war memorials bear witness, silent witness, to those who gave their lives for us and to those who protect us still.

Our job is to make sure the stories of Canada's veterans, men and women who served us so nobly in war and so ably in peace, are remembered and the memories are passed on to our children.

In a small way that is really what the motion is all about. It is a tangible demonstration of our pledge. We pledge to them to never forget.

The Speaker: The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

ADJOURNMENT PROCEEDINGS

[*Translation*]

SOFTWOOD LUMBER

Mr. James Lunney (Nanaimo—Alberni, CPC): Mr. Speaker, on November 3, I asked a question in the following words:

It is not just the forest workers in Nanaimo—Alberni who are suffering from the iniquitous imposition of countervailing duties. In Abitibi, Mauricie, Beauce and Bois-Francs, too, people are waiting for a fair and equitable settlement. The Liberals have the distrust and disdain of the Americans. Today, their partisan choice will cost exporters dearly.

When, in fact, is the government going to return the overpayment to softwood lumber producers?

[*English*]

I asked that question on behalf of the forest workers in Abitibi, in Mauricie and in Beauce, as well as on behalf of the workers in Nanaimo—Alberni and on Vancouver Island who also have been hit hard by the softwood lumber problem.

This softwood lumber dispute has been going on longer than anyone can imagine. People are upset, and rightly so, with the action the government says it is taking because we do not see action and we do not see resolution.

People are upset by the Liberal government's anti-American comments coming down which certainly have not helped in solving the issue, especially the derogatory remarks made by the former Prime Minister's director of communications and by the member for Mississauga—Erindale, and with cabinet ministers brandishing their partisan support for the candidate who did not win in the U.S. election.

Concerns have been raised in the business community on the effects these outbursts have had on Canada-U.S. relations. Tom d'Aquino, president of the Canadian Council of Chief Executives, said that our relationship was contaminated by Liberal anti-Americanism.

Perrin Beatty, president of the Canadian Manufacturers and Exporters Association, noted that Canada does \$1 million a minute worth of business. He has better things to do with his time than try to explain to his American customers that the Liberal Party sentiment does not represent the rest of Canada.

We are concerned that not only has foot-dragging been a problem, but we have a real big problem now because we have tariffs, countervailing duties, anti-dumping duties that have cost our industry over \$4 billion, \$4.1 billion now, that are not being returned.

Adjournment Debate

● (1855)

Because the government was asleep at the switch we missed a prime opportunity. Under chapter 19 of NAFTA we had the right to confront that Byrd amendment when it came in, that law in the U.S. which really has been sabotaging the dispute resolution process and allowing the Americans to hold our countervailing duties hostage. Those moneys should be coming back to our industry after the rulings we have already had under NAFTA, but because the government failed to act on the Byrd amendment, we are in this position now where they are holding some \$4 billion of our industry's money.

Workers in our communities have been hurt hard. The government is making noises about getting some of that money back. There is \$17 million that we could perhaps get back in tariffs on other products. The minister is making noises about trying to secure the \$4 billion through putting tariffs on other U.S. products coming into Canada. In a sense it is going to hurt our own industry and our own people to get this money back.

We want to know what the government is going to do to get these tariffs back. Furthermore, I want to state that we have paid a terrible price in our communities because of this failure to adequately address this agreement. We have workers now who are basically unemployed. We have the Franklin River division in Port Alberni down. We have the Sproat Lake division that has recently closed down. There were another 200 workers there. We have another 200 workers in a pulp mill threatened; that is not directly related to this but it is in the same community.

Our communities have been hit hard. They want to know when this is going to be resolved and they would like some action on behalf of the government.

Hon. Mark Eyking (Parliamentary Secretary to the Minister of International Trade (Emerging Markets), Lib.): Mr. Speaker, I am pleased to take this opportunity to respond to the question in the House today from the hon. member for Nanaimo—Alberni concerning Canada's efforts to resolve the softwood lumber dispute with the U.S. and to secure the return of the duties paid by Canadian lumber exporters and held in the U.S.

As the hon. member may know, the federal government has worked closely with the Canadian lumber industry and with the provinces in seeking a durable resolution to this long-standing dispute. We share a commitment with the provinces and the industry to defend the interests of the people and the communities that depend on this vital industry.

I must commend the hon. member, because he brings up the issues of the industry almost every day, in committee, and we are working to overcome the problems that the industry has.

Among the numerous legal challenges that Canada is undertaking, the NAFTA and WTO proceedings on threat of injury are critical cases. Without a determination that imports of Canadian softwood lumber threaten to injure the U.S. lumber industry, the U.S. has no legal basis for its countervailing and anti-dumping duties. The WTO ruling of March 2004, which found in Canada's favour that imports of Canadian lumber to the U.S. do not threaten to harm the U.S. lumber industry, was a major victory for us here in Canada.

Notwithstanding these very positive results from both the NAFTA and the WTO injury cases, we are not yet at the end of our litigation process. As the hon. member will know, the U.S. requested the establishment of an extraordinary challenge committee in November to review the proceedings of the panel in the NAFTA injury case. Our government believes that the U.S. allegations before this extraordinary challenge committee are without foundation and we are working with the industry to mount a strong defence of Canadian interests in this case. If we are successful, the U.S. will be required under its own law to revoke the duty orders and refund the duties with interest.

The U.S. has legal obligations under both U.S. law and NAFTA to refund those duties. In every previous FTA and NAFTA case, from pork to swine to red raspberries to steel, the U.S. has refunded duties when the underlying order has been found by FTA and NAFTA panels to be inconsistent with U.S. law.

The United States also routinely refunds duties in cases before U.S. courts when the U.S. courts strike down these duty measures. The U.S. argument that it has no legal obligation to refund lumber duties would apply only to NAFTA partners. This would mean, in effect, that every other country in the world could expect to receive better treatment than Canada and Mexico.

I can tell the House that Canada would not have negotiated an agreement that would give us worse treatment than we would receive in U.S. courts.

The government is fighting hard to get those duties back for Canadian producers, not only through litigation but also through high level representation. For example, in June the Minister of International Trade wrote a strongly worded letter to the U.S. commerce secretary outlining our concerns. The minister urged the commerce department to uphold U.S. law and its international trade obligations. Most recently, on January 26, in response to the commerce claims that the U.S. is not obliged to refund the duties, the minister released a public statement repudiating these claims.

In the meantime, the government uses every opportunity to raise Canadian concerns over the U.S. trade actions with the U.S. administration. Our Prime Minister raised the issue with President Bush when he was here, most recently during the president's visit to Ottawa on November 30—

● (1900)

The Speaker: I am afraid the hon. parliamentary secretary has run out of time. The hon. member for Nanaimo—Alberni has a one minute reply.

Mr. James Lunney: Mr. Speaker, because of the government's inaction on this file the very survival of NAFTA is at stake here.

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Michael de Jong, the B.C. minister of forests, in speaking before the Vancouver Board of Trade, said that it was no longer a dispute about softwood lumber, that it was all about the survival of NAFTA. He said that to the extent that the U.S. was signalling its unwillingness to be bound by decisions of the NAFTA panels, it casts doubt on whether Canada and Mexico could rely on the terms of NAFTA and casts doubt on the reliability of the U.S. as a trading partner. He asked whether we were on the verge of trade anarchy with the U.S.

Rising log exports are a big concern in my community. We have rules about log exports that state that we cannot export logs unless they are surplus. As a result of this dispute, the mills are down, production is down and therefore there is a surplus of logs. This really hurts people in my community.

Hon. Mark Eyking: Mr. Speaker, I can understand the passion the hon. member has for this industry and his community. My community suffered a downturn in the steel and coal industries so I know what it is about.

The government is taking a multi-prong approach to this issue. We have put over \$350 million into these communities. We are negotiating and pushing hard at both the Prime Minister's level and the minister's level.

We have a customer who has been treating us unfairly. We also have an opportunity to have countervailing measures. We are looking into that to see what industries will be affected when we do that.

We are using every measure we can to keep pressure on the U.S. to give us back our money.

[Translation]

INTERGOVERNMENTAL AFFAIRS

Mr. Stéphane Bergeron (Verchères—Les Patriotes, BQ): Mr. Speaker, it is a pleasure for me to speak today in the debate on Quebec's jurisdiction with regard to international representation.

First, I want to enlighten the House on what Canadian constitutional law says or does not say in terms of foreign policy and the right to conclude international treaties. The Constitution Act, 1867, when first enacted, was virtually silent on this subject since the British government had reserved for itself the right to conclude international treaties affecting Canada, with the result that, under section 132 of the Constitution, the Parliament of Canada was nothing more than the agent implementing these treaties for the empire.

Thanks to the Statute of Westminster in 1931, Canada acquired full status as an international presence and has maintained, since that time, that it has the exclusive jurisdiction to conclude treaties and implement them.

However, this vision was changed ever so slightly as of 1937, by the Judicial Committee of the Privy Council in London, which set things straight. In fact, London ruled that the power to implement international treaties belonged to the level of government responsible for the jurisdiction mentioned in the treaty. In other words, Parliament and the various legislative assemblies, including the National Assembly of Quebec, have the power to create legislation

to implement treaties concluded by the federal government with sovereign states, as long as the matter specified in the treaty is under their jurisdiction, according to the Constitution Act, 1867.

This historic decision paved the way for a whole series of legal decisions about the power to conclude and implement international treaties. According to these decisions, among other things, the conclusion by the federal government of an international treaty targeting an exclusive jurisdiction of the provinces does not mean that the provinces are no longer responsible for this area of jurisdiction. In simpler terms, it means that the intervention of legislative assemblies remains essential to the implementation of said treaty. Furthermore, and in my opinion, the essential thing to remember from these rulings is that Quebec and the provinces are not bound to implement a treaty concluded by the federal government which affects any matter under their exclusive jurisdiction.

That is the very heart of the matter. It was raised by Quebec premier Jean Charest, who put it as follows:

When the Government of Quebec is the only government with the jurisdiction to implement an international commitment, it is normal for it to be the one who makes that commitment.

In a context of globalization, where decisions are multilateral and liable to affect it directly, what could be more normal and logical than for the Government of Quebec to demand the right to speak for itself in international forums when matters under its exclusive jurisdiction are involved?

If on the one hand, these exclusive jurisdictions enabled it to refuse to implement any international agreement concluded by the federal government because it would not fit in with its aspirations, then it goes without saying that, on the other hand, in order to achieve treaties respectful of the specific needs of Quebec, it needs to speak for itself.

In a context of globalization, where crucial decisions affecting Quebec are taken, and with full respect for its own constitutional dynamic, the federal government must recognize that Quebec has the right and power to assume on the international level the extension of its internal jurisdiction. This legitimate request is nothing new, having been stated for the first time in 1965 by the Liberal Minister of Education, Paul Gérin-Lajoie. Known ever since as the "Gérin Lajoie doctrine", it was reiterated by the Premier of Quebec last November in Charlottetown.

Since the Minister of Intergovernmental Affairs has publicly acknowledged that she could have said the same as Premier Charest did, we have asked her whether she would propose to her government that it allow Quebec to speak for itself internationally.

As usual, however, the question was deflected by a jesting remark from the minister, who found it amusing that such a request would come from a sovereigntist MP.

● (1905)

Hon. Dan McTeague (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Mr. Speaker, the federal government recognizes the legitimate interest of the provinces in taking part in international forums and conferences, particularly in fields of provincial jurisdiction or shared jurisdiction.

Adjournment Debate

The federal government has, over the years, taken steps to strengthen the role played by the provinces in Canada's relations with international intergovernmental organizations. Thus, it has established a number of mechanisms for consultation prior to international conferences, and regularly invites the provinces to be part of Canadian delegations.

In the context of UNESCO meetings and conferences, arrangements have been made through which Canada invites Quebec or another province to speak as a member of the Canadian delegation, from the government's official place and in Canada's name, to address certain aspects of Canada's position in accordance with international law and diplomatic practice.

With respect to the draft proposal for the International Convention on the Protection of the Diversity of Cultural Content and Artistic Expression, we note that, since the beginning of September, the federal government has consulted the provinces, Quebec, in particular, on the draft proposal for the convention at least 13 times, and the Minister of Canadian Heritage will be consulting Quebec again on this matter.

During the discussions at UNESCO in Paris in September, the Canadian delegation included several representatives from the Government of Quebec. Canada had the largest delegation of all the countries represented, and Quebec's position on cultural diversity was heard.

We must recognize, however, that Canada's relations with international organizations, the members of which are countries, are an integral part of Canada's foreign policy, in matters of trade or culture, in concluding agreements or treaties, in the sending of delegations or any other activities to which Canada contributes as a country. This is a strictly federal jurisdiction and in this context, the extension of provincial fields of jurisdiction may be recognized.

Participation by the provinces in international intergovernmental conferences has never been an exception to the international criterion of a country, since the delegation speaks with a single voice.

As we can see, many consultations take place prior to international forums, conferences and negotiations, and participation by the provinces and territories is becoming stronger and more varied. The mechanisms by which the provinces and territories are involved in cooperation and consultation on the management of international issues that may involve provincial jurisdictions are regularly reviewed, so that improvements can be made as quickly as possible.

• (1910)

Mr. Stéphane Bergeron: Mr. Speaker, ultimately the issue is not about who submits this request from Quebec, a federalist government in Quebec or a sovereigntist member in Ottawa. The issue is whether this legitimate request will be sanctioned by the federal Liberal government. Quebec's right to speak internationally is necessary and imperative for better defending the interests of the Quebec nation.

If Quebec cannot intervene when an agreement affecting its exclusive jurisdictions is being discussed internationally, then it is only natural for Quebec to refuse to implement said agreement. The people of Quebec often do not have a voice when international treaties on their future are being discussed and concluded.

While the current government claims to work in collaboration with the provinces, it refuses to allow Quebec to use its own voice abroad in discussions involving Quebec's powers and interests. When Canada boasts that it speaks with one voice, that voice excludes Quebec and that is a great disadvantage.

Hon. Dan McTeague: Mr. Speaker, it is not a question of excluding Quebec, but rather of accommodating Quebec, as we have seen in the case of UNESCO.

It should be noted that Quebec did not ask to be recognized as an associate member of UNESCO.

The reference to the idea of territory as a possibility of becoming an associate member of UNESCO is inaccurate. This idea refers to colonies administered by a member state or country. Quebec is not a colony, nor do we think it should be.

However, there are rules of conduct that have to be followed, including about sole representation of delegations from sovereign countries and who can speak at these international forums.

[English]

NATIONAL DEFENCE

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Mr. Speaker, I rise in this adjournment debate as a consequence of the response given to me by the Minister of National Defence to my question on November 15, 2004 regarding the deplorable condition of military housing.

The decision to allow military housing to deteriorate is not the decision of the men and women who occupy these homes. The Canadian Forces Housing Agency says it is broke and cannot afford to address all the health and safety concerns.

I asked the minister why his government was making the rank and file who live in the housing pay for cuts to the defence budget with huge rent increases. While the minister chose to deny the veracity of my question, let us examine the facts to determine who is being accurate and who is being inaccurate as the minister tried to suggest in his less than complete response.

When the Liberal government separated housing from direct DND supervision to the newly created Canadian Forces Housing Agency in 1997, it did so with the intention of the agency operating on a break even basis; that is, the rents collected from the rental units were now to cover the cost of maintenance and repairs. This represented a change from the past practice of just pocketing the rents since the soldiers who occupied the housing sure could not see any maintenance in relation to the rent that had been paid over the years to DND.

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The Liberal government transferred the base housing to this new agency knowing full well that years of defence budget cuts had resulted in the majority of base housing being substandard; that is, a majority of base housing had been allowed to deteriorate far below respectable community housing standards. Had the necessary maintenance and repairs been completed on a timely basis, the housing crisis in the Canadian military would not exist.

If the Liberal Party were operating in an open, honest, transparent manner, the necessary repairs to bring the base housing up to community standards would have been completed before the new agency was created. It is a cruel trick of the government to announce a pay increase in the front door while at the same time implementing huge rent increases, 30% over two years in some markets, through the back door.

When we take the rent increases, the increase in the cost of rations on base and the Ontario health tax premium that is being illegally collected from members of the Canadian military residing in Ontario, members of the forces are falling further and further behind in the cost of living. It is clear that the catch-up of 6.6% from April 2004 and the increase of 2.4% for the non-commissioned ranks and the 3.28% catch-up and 2.5% increase for officers that is expected to be announced in the budget will not even come close to bridging the gap between costs and soldiers' pay.

I believe it would be informative to quote the April 5, 2001 *Hansard*. The member had this to say:

The government also has very sly methods of taking money away from individuals. I draw the attention of the House to one very important point. The government is giving money to our soldiers on the one hand and on the other hand it is yanking the money away with increased rents on their private married quarters and forcing them to pay for things they did not pay for before. It is giving money with one hand but taking money with two hands.

—It is disgusting. These people put their lives on the line for us and the government is shafting them.

That quote is from the Parliamentary Secretary to the Minister of National Defence. Nothing has changed for our military personnel. What has changed is that the member for Esquimalt—Juan de Fuca now sits on the wrong side of the House as an apologist for the government that he was always quick to criticize for obvious reasons.

In fact, the parliamentary secretary had this to say to a newspaper in his home province: "It is one thing for the federal Liberals to have neglected and underfunded the Canadian Forces since they were elected 10 years ago, but entirely another when they penalize our military personnel and their families".

I further note that the same member for Esquimalt—Juan de Fuca begged the defence minister to freeze rents on private married quarters and to halt any cut to the post living differential. As a measure of the member's new-found influence on the government benches, rents were subsequently raised and cuts were made.

● (1915)

Hon. Keith Martin (Parliamentary Secretary to the Minister of National Defence, Lib.): Mr. Speaker, I hope I will have some good news for the member in the context of this speech which addresses a very important issue that she brings up. How do we ensure that our Canadian Forces men and women and their families

have the best homes, the best accommodation, and the best living conditions that we can afford to give them? That is our objective.

The members that we are dealing with, whether they live in Canadian Forces housing or rent or own private homes in their communities, must be dealt with in the fairest fashion possible. That is why we have invested more than \$400 million to repair, maintain and address health and safety issues for housing since 1998. For example, the Department of National Defence has replaced furnaces, re-insulated homes, improved drainage and sewer systems, and installed new doors, windows and roofs where required.

There is no question though that more has to be done and that is our objective. There is much more that we can do and are doing, which is quite exciting. We will invest an additional \$120 million to renovate, improve and maintain military housing over the next three years. I think that is good news. All rental income is reinvested back into housing through the modernization program and upgrades.

However, we are looking at the housing issue as part of a much broader package. The member is right when she talks about others, such as the PLD and other benefits that CF members are receiving, including pay raises, which should happen very soon. Hopefully, they will be quite pleased with what is coming down the pipe.

In recent years, the government has also introduced tax exemptions for Canadian Forces members serving in high-risk operations, such as Afghanistan, and has introduced new operational allowances, such as the post-combat reintegration assistance program. The government continues to overhaul the system by which we remunerate CF members and their benefits. We will continue to do that for their benefit. We have also introduced five new operational trauma and stress support cases across Canada.

I want to also bring to the member's attention that we are working on ways to ensure that the CF members and their families will receive better health care. We are working on this right now with the minister and the department. That should be quite exciting. The government has also provided substantial pay increases, as we know. Our non-commissioned members alone have received a total pay increase of more than 35% since 1996.

The post living differential that the member referred to is something that we have been dealing with for a long time. It is essentially a cost of living allowance. It is a pool of funds that increases according to the increase in the cost of living for the general public. We hope to ensure that continues. We tried to use that in conjunction with a series of other opportunities and options to ensure that our CF members and their families receive the highest remuneration that is affordable to the taxpayer.

Mrs. Cheryl Gallant: Mr. Speaker, in the past the government could get away with providing substandard housing because, on average, a soldier would be posted to a base for four years and then be moved. Living in substandard housing was somehow made more bearable knowing that it was not forever.

The big defence budget cuts brought in by the finance minister, now Prime Minister, Mr. Dithers, meant that the government no longer had the money to post soldiers to different bases. While soldiers and their families might have been prepared to endure drafty houses and leaking pipes for a short period of time, budget cuts have meant that soldiers could find themselves serving their entire professional career on a single base.

This fact was recognized in the October 1998 report of the Standing Committee on National Defence and Veterans Affairs entitled "Moving Forward: A Strategic Plan for Quality of Life Improvements in the Canadian Forces". In the chapter called "The Housing Crisis", all the points that I have referred to have been noted and verified. What I am stating is fact. I look forward to the response from the minister.

• (1920)

Hon. Keith Martin: Mr. Speaker, it is important to note that of our CF members and their families, 20% of them live in private married quarters, or PMQs, and 80% of them live off base. Also, for those who live on base in the PMQs, \$400 million has been put into

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those houses. Another \$120 million will be put in over the next three years. Is that enough? That is the best we can do for now.

We recognize full well that there are problems in some of these homes. We are committed to working together to ensure that we improve the homes and the PMQs. However, we will look at this as part of a larger package, including the pay raises that are coming across very soon for all members, the tax-free exemption that they receive when they are working abroad in high-risk zones, and other benefits that we are working on, including the health care package, which will be very important, not only for the CF members but their families.

We will continue as a government to work hard to improve the standard of living for our CF members. We thank them for the hard work that they do for Canadians across our country.

The Speaker: 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 7:21 p.m.)

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