



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Thursday, June 7, 2007**

—

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Thursday, June 7, 2007

The House met at 10 a.m.

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*Prayers*

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• (1005)  
[*English*]

## AUDITOR GENERAL

**The Speaker:** I have the honour to lay upon the table the annual report on the Privacy Act of the Auditor General of Canada for the year 2006-07.

[*Translation*]

This document is deemed permanently referred to the Standing Committee on Justice and Human Rights.

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## ROUTINE PROCEEDINGS

[*English*]

### TRADE

**Hon. Helena Guergis (Secretary of State (Foreign Affairs and International Trade) (Sport), CPC):** Mr. Speaker, pursuant to Standing Order 32(2), I have the honour to table, in both official languages, Canada's state of trade, Trade and Investment Update—2007.

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### EXCISE TAX ACT

**Mr. Alex Atamanenko (British Columbia Southern Interior, NDP)** moved for leave to introduce Bill C-452, An Act to amend the Excise Tax Act (goods and services tax on school authorities).

He said: Mr. Speaker, I have the honour today of tabling this private member's bill to basically put school boards on par with municipalities. It is time. This has been discussed for a long period of time and I think we can get all party support to get this 100% exemption for school boards, many of which are struggling with cutbacks in provincial budgets.

It is time to get on with it. I look forward to support from everybody on this private member's bill.

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

### CANADIAN MOTION PICTURE INDUSTRY SECRETARIAT ACT

**Mr. Don Bell (North Vancouver, Lib.)** moved for leave to introduce Bill C-453, An Act to establish the Canadian Motion Picture Industry Secretariat.

He said: Mr. Speaker, it is my pleasure to table a bill to establish a Canadian motion picture secretariat.

This secretariat will be comprised of representatives from major motion picture industry sectors across Canada with the purpose of ensuring that the industry in Canada has every opportunity to remain internationally competitive and successful, including both domestic and foreign productions.

The secretariat would monitor the industry and make biannual recommendations to Parliament regarding any legislative or other measures that could be taken by the Government of Canada in support of this industry which last year contributed \$4.8 billion to the Canadian economy and employs over 124,000 persons nationally.

In B.C., it contributes \$1.2 billion to the economy and employs over 35,000 persons. In my riding of North Vancouver, it contributes over \$100 million and employs over 5,000.

Film and television production in Canada has grown over the years but faces strong and increasing international competition. Canada has developed a great motion picture industry with a wealth of talented professionals, and this bill is intended to ensure it remains healthy and competitive.

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

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[*Translation*]

### COMPETITION ACT

**Mr. Roger Gaudet (Montcalm, BQ)** moved for leave to introduce Bill C-454, An Act to amend the Competition Act and to make consequential amendments to other Acts.

He said: Mr. Speaker, today I am very pleased to introduce, in this House, a bill to amend the Competition Act, to authorize the Commissioner of Competition to inquire into an entire industry sector.

*Business of Supply*

The current situation with gas prices is becoming alarming, and the fluctuating prices have motivated us to take action. This is why I am tabling this bill today, seconded by my colleague, the member for Trois-Rivières and industry critic. I am tabling this bill today for our constituents, who must deal with constantly increasing prices.

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

\* \* \*

[English]

**BUSINESS OF SUPPLY**

**Hon. Jay Hill (Secretary of State and Chief Government Whip, CPC):** Mr. Speaker, there have been discussions and I think you would find there is unanimous consent for the following motion. I move:

That for the supply period ending June 23, 2007, Standing Order 81(18)(c) be amended by replacing "10 p.m." with "8:30 p.m."

**The Speaker:** Does the hon. the chief government whip have the unanimous consent of the House to propose the motion?

**Some hon. members:** Agreed.

**The Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

• (1010)

**Ms. Olivia Chow:** Mr. Speaker, I want to seek unanimous consent on Motion No. 346, which reads, "That, in the opinion of the House, throughout Canada, in each and every year, June 10 shall be known as Canada-Portugal Day in recognition of the history of the Portuguese Canadian community and its contribution to Canadian society".

**The Speaker:** Does the hon. member for Trinity—Spadina have the unanimous consent of the House to propose the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

\* \* \*

**PETITIONS**

## POINT CLARK LAKESHORE

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, I have a group of petitioners who have asked the House to consider the merit and the public support for the restoration of the Point Clark lakeshore, specifically the improvement of water quality and beach conditions from Amberley Road to Pine River.

They also make the allegations that low lake levels, the presence of man-made groynes, the invasion of certain plant species, the population explosion of certain migratory and non-migratory bird species, poorly maintained and managed septic systems, manure and fertilizer runoff, and the foul odour and health conditions have rendered the beach unfit for human activities. They state that further deterioration and human health risk is having a serious negative impact on the residential and tourist activities in the area.

The petitioners are calling upon Parliament to undertake any and all legal and regulatory measures required to clean up the said conditions and to restore the ecosystem to a natural state.

## INCOME TRUSTS

**Hon. Gurbax Malhi (Bramalea—Gore—Malton, Lib.):** Mr. Speaker, I present this income trust broken promise petition on behalf of Carol Crocker of Ontario who remembers the Prime Minister boasting about his apparent commitment to accountability when he said, "The greatest fraud is a promise not kept".

The petitioners remind the Prime Minister that he promised never to tax income trusts but recklessly broke that promise by imposing a 31.5% punitive tax which permanently wiped out over \$25 billion of the hard-earned retirement savings of over two million Canadians, particularly seniors.

The petitioners, therefore, call upon the Conservative minority government to admit that the decision to tax income trusts was based on flawed methodology and incorrect assumptions, to apologize to those who were unfairly harmed by this broken promise and, finally, to repeal the punitive 31.5% tax on income trusts.

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**QUESTIONS ON THE ORDER PAPER**

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I ask that all questions be allowed to stand.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

**GOVERNMENT ORDERS**

[English]

**BUSINESS OF SUPPLY**

## OPPOSITION MOTION—EQUALIZATION PROGRAM AND ATLANTIC ACCORDS

**Mr. Todd Russell (Labrador, Lib.)** moved:

That, in the opinion of the House, the government has failed to live up to verbal and written commitments made to Premiers by the Prime Minister during the last election campaign with respect to the Equalization Program and the Atlantic Accords.

**The Speaker:** Since today is the final allotted day for the supply period ending June 23, 2007, the House will go through the usual procedures to consider and dispose of the supply bill.

In view of our recent practices, do hon. members agree that the bill be distributed now?

**Some hon. members:** Agreed.

**Mr. Todd Russell:** Mr. Speaker, I will be splitting my time with the hon. Leader of the Opposition, the member for Saint-Laurent—Cartier.

*Business of Supply*

I am pleased to speak to today's motion. I would like to thank my Liberal Party colleagues on this side of the House and from all regions of the country who have supported those of us from Newfoundland and Labrador and Nova Scotia. We are two of the provinces most directly affected by the Prime Minister's broken promise but, as we all realize, if he can do it to us he can do it to everybody else.

If it were not so serious it would be funny in retrospect to recall the finance minister saying that with his budget the days of arguing over fiscal federalism were over. In fact, he opened up new fronts in that ongoing dispute and picked fights he did not need to pick. He could have honoured the Conservative election promises but he did not. He could have kept the commitment that the Prime Minister made no less than six times but he did not.

In his famous mail out to thousands in Newfoundland and Labrador, the Prime Minister said:

That's why we would leave you with 100% of your oil and gas revenues. No small print. No excuses. No caps.

It was a promise made and a promise broken.

In his election letter to Premier Williams, the Prime Minister said:

We will remove non-renewable natural resources revenue from the equalization formula to encourage the development of economic growth in the non-renewable resources sectors across Canada. The Conservative Government of Canada will ensure that no province is adversely affected from changes to the equalization formula.

It was a promise made and a promise broken.

In a letter to the Council of the Federation, to every provincial and territorial premier, he wrote:

We believe that a new equalization formula should exclude non-renewable resource revenues for all provinces....

However, the finance minister chose not to honour those commitments and now he and others will have to live with the consequences. Those consequences include, as of Tuesday night, driving out one of their own member's of Parliament.

This is the second broken promise on a budgetary provision that has led to serious discord on that side of the House.

The hon. member for Cumberland—Colchester—Musquodoboit Valley has joined our colleague, the hon. member for Halton, in the exodus from the sinking Conservative ship. This, despite assurances from the Minister of Foreign Affairs that members from Nova Scotia and from Newfoundland and Labrador would be able to vote their conscience without repercussion. These members knew all along that they were in political trouble due to the Prime Minister's broken promise concerning equalization and its impact on the Atlantic accords.

Last month, the Minister of Foreign Affairs told us:

We will not throw a member out of caucus for voting his conscience. There will be no whipping, flipping, hiring or firing on budget votes....

Not only was there hiring, firing and whipping, there was flipping and flopping.

Not that long ago, a Liberal member of Parliament voted in this place against the budget. What did those members opposite, when they were still calling themselves Reformers, say then? They called it

heavy-handed and iron fisted. They said that it put party and politics ahead of principles and people. They said that it would not matter if an MP voted against a government bill, even a money bill. In the immortal words of the current Minister of Human Resources and Social Development, who said:

I appreciate what he's done. I think he has taken the right position. He's standing up for his constituents.

How times do change.

Before our hon. colleague from Nova Scotia had even sat back down from voting his protest against this broken promise, his name was being erased from the government party's website and access to his important computer files was cut off. We all know who has the iron fist now.

Where are those Reformers now? I think we sometimes long for those reformers who called for an end to party discipline and promised that they would do what they campaigned on or resign.

The example set by our friend from Nova Scotia is especially galling to people in my province, especially in those three Avalon Peninsula seats occupied, for now I would say, by members of the Conservative government. They had the chance to show some backbone by standing with their constituents and with their province but they chose not to. They still have that opportunity. They still have a chance to show some honour in the vote on third reading.

• (1015)

The hon. member for Avalon already knows what it is like to side with his constituents and put principles above politics. He did that as a provincial MHA. It cost him his seat in government, but it endeared him to his own electors and launched him on his way to the House of Commons. However, it is sad on a personal level to hear what those people who supported him then are saying now. It is sad and disturbing to see the position he has been placed in by a Prime Minister who cannot keep his word.

The hon. member for St. John's East, who has served in politics with distinction for many years and has announced his retirement with the next election, has nothing left to lose. There should be no fear of party discipline or punishment on his part, and in any event, the foreign affairs minister already granted immunity. Yet he sided with the Prime Minister and the finance minister and voted to break a solemn promise, a written promise.

The Minister of Fisheries and Oceans said, during the last great debate on this issue back in 2005, "You cannot ever turn your back on your province on an important issue like this, even if it meant your party says tough stuff, you have to sit in the last seat, last row".

It is okay for him. He is still on that front bench. It is our friend from Nova Scotia who is now in the last seat and in the last row.

In Labrador we have long known about the worthlessness of the Prime Minister's commitments, written and otherwise. In 2005 he promised 60% federal funding for the Trans-Labrador Highway and in 2006 he promised to cost share the project, but in 2007 these promises are still left unkept. There was supposed to be a federal-provincial deal by June. It is now June, but there is still no deal.

*Business of Supply*

The Prime Minister promised us a 650 troop rapid reaction battalion for 5 Wing Goose Bay, along with a 100 member unmanned aerial vehicle squadron. The defence minister said he would personally give the orders to establish these units, but all of us in this House know what the value of one of his orders is.

The Prime Minister said that he wanted stable funding for Marine Atlantic. What did the Conservatives deliver? Rate hikes.

The Prime Minister said he would “accept the targets” for social and economic progress for aboriginal peoples set out in Kelowna, and then scrapped the Kelowna accord altogether.

He promised, again in writing, to support regional development agencies such as ACOA and did so by cutting their budgets.

Supposed Conservative commitments on fisheries retraining and emergency measures to deal with the ice blockade this spring have also led us nowhere, other than in circles as we try to decipher the contradictions coming from that side of the House.

Overall, we view every broken Conservative promise and every platform plank left unfulfilled through the lens of the broken promise on equalization and the Atlantic accord. The Prime Minister promised to protect the deal that our Liberal government negotiated with Newfoundland and Labrador and Nova Scotia. The Prime Minister made those commitments. He made them in writing. He made them six times.

With this budget, he broke them. He went back on his word. With the support of his Atlantic Conservative caucus, trained seals all but one, and with the support of the separatists, he is about to turn his broken promise into the law of the land.

For my hon. colleagues I would only issue this warning: if he did it to us, he can do it to them.

Let me repeat that: if he can do it to us, he can do it to them.

The Prime Minister and his government deserve the censure of this motion.

• (1020)

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, I thank my hon. colleague from Labrador for his speech this morning on what is really the betrayal by the Conservative Party and the Government of Canada of the region that the member represents and also the region that I represent in Nova Scotia.

I want to give the member a chance to comment. Today in newspaper editorials and letters to the editor and on the talk shows in Atlantic Canada, people are ripping to shreds the Conservative Party and the integrity of the Minister of Fisheries and Oceans and the Minister of Foreign Affairs.

I remember a particular individual who also was betrayed. His name is David Orchard. He said that the Conservative Party was “conceived in deception and born in betrayal”. Does the hon. member for Labrador agree with that statement?

**Mr. Todd Russell:** Mr. Speaker, I certainly do agree with the member's comments. Those members opposite in the Conservative Party of Canada came into our small towns and our harbours, sat with our fishers and plant workers, the hard-working men and

women of our province, and promised to protect the Atlantic accords. They looked them in the eye and said they would protect the Atlantic accords. It did not take them too many months, or I should say, too many days—

**An hon. member:** Saskatchewan too.

**Mr. Todd Russell:** Saskatchewan is in there as well, as I am reminded by my colleagues.

It did not take them too many days to break that promise and to really shaft the people of our province. We are hard-working people in Newfoundland and Labrador, as they are in Nova Scotia and across the country. We believe in electing politicians who are going to stand up for their people and follow through on their word.

What they have done is basically turn their backs on the people of Newfoundland and Labrador, Nova Scotia and Saskatchewan. They have perpetuated a fraud on the people, and I believe this not only when it comes to the Atlantic accords but on the other issues that I have enunciated here today. I believe there are members in the House who could come up with their own examples of how the Conservatives have perpetuated a fraud not only on Atlantic Canada but on all Canadians.

• (1025)

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I am sure we are going to have a wonderful conversation throughout the intervening hours between now and adjournment, but I have a question for the hon. member. Why in the world would he be speaking as he has this morning when in fact his own leader has contradicted the very things that he is advocating?

In March of this year, the leader of the official opposition was asked whether he believes in excluding 100% of non-renewable natural resources from the equalization formula. The opposition leader said unequivocally: “No. No. I would not commit to this”.

How on the one hand can the member stand in this place and say that there is betrayal from the Conservatives when in fact his own party leader has stated that he would not agree to excluding non-renewable natural resources from the equalization formula, which would devastate the member's home province? Has he had a conversation with his leader about that? Does he care to comment on his leader's comments?

**Mr. Todd Russell:** Mr. Speaker, the word hypocritical comes to mind when I hear certain comments from the hon. member opposite.

We have a leader who, when he gives a commitment, will honour that commitment. We have a leader who has integrity. For the hon. member to get up and defend the broken promise of his leader, the Prime Minister, is unconscionable.

That is bad enough, but I find it so disappointing today that I do not hear a voice from the Atlantic Conservative caucus members. I do not hear that voice of response. I do not hear that voice of Atlantic Conservative caucus members and I do not see them standing up for their particular province. I find that disappointing.

*Business of Supply*

I would say to the hon. member that there is another vote coming. He can tell his Prime Minister to do the right thing for Saskatchewan, where the hon. member is from, and for Atlantic Canada, and he can tell all those members from Atlantic Canada to vote against the budget. It is a bad deal for Atlantic Canada, a bad deal for Saskatchewan, and a bad deal for Canada.

**Hon. Stéphane Dion (Leader of the Opposition, Lib.):** Mr. Speaker, over the past years Atlantic Canadians have listened to the Prime Minister and many members of his government routinely promise to honour the Atlantic accords. In fact, they heard very specific promises, as my colleague, the member for Labrador, just explained to the House, like this one from a Conservative Party mailout, which stated in 2004:

The Conservative Party of Canada believes that offshore oil and gas revenues are the key to real economic growth in Atlantic Canada. That's why we would leave you with 100 per cent of your oil and gas revenues. No small print, no excuses, no caps.

Or there is this one from the Prime Minister himself, who stated in the House on October 26, 2004, that when it comes to the Atlantic accords, there is “a moral obligation to keep these promises: no caps, no clawbacks, no limitations, no conditions, no big exceptions in the fine print”.

Yet budget 2007 had just that: a cap, fine print, limitations, and conditions. Call it what we want, it boils down to one thing, a broken promise to Atlantic Canadians. Yes, the budget allows various options for provinces, but these are only designed to cover up the reality. The budget put in place exactly what the Conservatives promised not to do, a cap, and Atlantic Canadians know it.

The people of Saskatchewan heard very similar explicit promises. The Prime Minister even wrote a letter to Premier Calvert on June 10, 2004, stating unequivocally that 100% of natural resources would be excluded, no ifs, ands or buts, and no mention of a cap, another obvious broken promise.

The Conservatives' platform in the last election promised that they “would ensure that non-renewable natural resources revenue is removed from the equalization formula”. Those who voted for the Conservatives in Saskatchewan and Atlantic Canada put their trust in that commitment. That trust was broken.

As is typical of the government, it is now trying to deceive Canadians by throwing up smokescreens. Even yesterday the finance minister talked about the promise being fulfilled because the provinces have options. They can choose the old formula or they can choose the new formula with 50% exclusion, but what they cannot choose is what they were explicitly promised, 100% exclusion, the honouring of the Atlantic accords, with no caps.

Canadians know that the Prime Minister and the government broke their word on equalization and the Atlantic accords. Premier Calvert, Premier MacDonald and Premier Williams know it, and even Conservative members of Parliament know it, but only one had the courage to stand up in the House and do something about it: the member for Cumberland—Colchester—Musquodoboit Valley. I am proud to call this member my colleague.

All other Conservative government members should be ashamed of voting for this broken promise, particularly those members from Newfoundland and Labrador, Nova Scotia and Saskatchewan.

The time has come for the government to come clean. It broke its word. There is a phrase that I believe the government and the Prime Minister need to learn. It is, “I am sorry”. In Canada if one is unable to say, “I am sorry”, there is another way to say it. It is, “Je suis désolé”.

The relationship between the federal government and its provincial partners is one built on trust, yet the Prime Minister is eroding that trust, and the relationship is suffering as a result. Former Progressive Conservative minister John Crosbie put it well when he said that the Prime Minister is setting “a poor example for future public policy-making within the Canadian federation”.

● (1030)

[*Translation*]

What is the current Prime Minister doing as relations with the provinces deteriorate? Instead of fostering dialogue and talking about issues with his counterparts, he is cancelling first ministers' meetings. He has not held one single first ministers' conference since coming to power.

He is doing much the same thing with respect to the Senate. The Prime Minister can broadcast as much negative publicity about me as he wants concerning Senate reform, but that does not change the fact that he was the one who proposed this reform without consulting the people whom the Constitution requires him to consult. That move prompted the premiers to express their concerns about the Senate in writing. As a result, the Senate Standing Committee on Legal and Constitutional Affairs recommended that the Senate reform bill be referred to the Supreme Court.

Still, why should we expect anything else from a Prime Minister who shows so little respect for ordinary citizens? By breaking his promise not to tax income trusts, he violated the trust of Canadians and caused people to lose \$25 billion of their hard-earned savings. He has never apologized for this. He has never said “I'm sorry”. He has never said “*Je suis désolé*”.

Broken promises, no consultations, no trust: that is no way to run a federation; that is no way to run a country.

Since entering politics, I have always kept my promises. My good faith has been put to the test many times, and it has always been above reproach. I was the Minister of Intergovernmental Affairs longer than any other Canadian since Confederation, and during that time, I was always open and honest with my counterparts. When I was the Minister of the Environment, environmental groups, industry and other governments found that they could trust me to do what I said I would do. That is how it should be done. One simply cannot reach one's goals without the trust of the people one works with.

● (1035)

[*English*]

The Prime Minister seems to spend all his energy trying to score cheap political points while getting away with the bare minimum and breaking his commitments to Canadians.

*Business of Supply*

True leadership requires honesty and integrity. This is what I am. This is what the Liberal Party is offering Canadians.

**Mr. Ken Epp (Edmonton—Sherwood Park, CPC):** Mr. Speaker, I thought of an analogy while I was sitting here listening to his speech. Let us say that when I was a younger man one of my kids who was in school at the time got this promise from me, his dad, “Son, if you get over 80% in that next physics exam, I’ll give you \$10”. Let us say that the son fulfilled that and when he came home, I gave him \$20. Would he now be justified in saying, “Dad didn’t keep his promise”? I do not think so.

A careful examination of the numbers shows that under the new plan from this government, the Atlantic provinces and Saskatchewan would get more than they did under the old one. How can they claim that this is a broken promise? It is just not an accurate statement.

**Hon. Stéphane Dion:** Mr. Speaker, first, Atlantic Canadians are not school children. Second, the Prime Minister was not under an obligation to make this promise. All his candidates were not under an obligation to repeat this promise. But they did so, and they broke it.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, I would like to remind the hon. opposition leader that on June 28, 2005, a widow of a veteran from St. Peters, Cape Breton, named Joyce Carter, was given a written letter by the then opposition leader, now the Prime Minister, saying, on the veterans independence program, that if the Conservatives formed government, they would immediately extend the VIP to all widows and veterans regardless of time of death or application.

It is now 16 months later and that woman has written back to the Prime Minister, asking why he, and it starts with an *l* ends with *d* and two vowels in between, and I cannot say what she said in parliamentary language, but the reality is if the Prime Minister of the day can break a written promise to a widow of a veteran, then surely misleading an entire region and two provinces is just one rung further up the ladder of deception.

I would just like the opposition leader to clarify the fact that if the Conservatives could break their word to a widow of a veteran, then what is the big deal about breaking their promise to a province?

**Hon. Stéphane Dion:** The fact is, Mr. Speaker, when the Prime Minister broke his promise to Joyce Carter, he broke his promise to all Canadians. The member for Labrador has that right. If he is doing it to him, he will do it to everyone. It is a bad example that the Prime Minister is giving to the country. One needs to have a relationship of trust with Canadians when one is the prime minister. This relationship of trust has been broken.

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I would like to ask the leader of the official opposition to clarify some remarks that he made only a few short months ago to see whether he still maintains the position that he stated, without equivocation, on the Mike Duffy show with respect to a fiscal cap.

The leader of the official opposition stated quite clearly that he believed that a province that is receiving equalization payments should not then be in a position, after receiving those payments, where its fiscal capacity is higher than a province that does not

receive payments. This is flying in the face, it appears, of what he is stating today.

We know the official opposition leader has some problems being consistent on his positions. He stated only a few months ago, in March, with respect to a fiscal cap that a province receiving equalization payments should not see its fiscal capacity exceed that of a province that in effect is paying into the program.

What is the position of the Leader of the Opposition?

• (1040)

**Hon. Stéphane Dion:** First, Mr. Speaker, it is a matter of trust. That is the first point. If the point of my hon. colleague is to say, “Yes, I broke my promise, but you have broken your promise, too, so I have the right to break my promise because of that”, I would say that two wrongs do not make a right.

The fact is that I have never broken any promise. He is unable to mention one promise that I have broken. He cannot put me in a situation to have to honour the promises that he made.

That being said, what I said to the premier of Newfoundland, the premier of Saskatchewan and Canadians is: first, the Atlantic accord must be respected; second, I am against a cap; and third, I am consulting with all the premiers to figure out how we will try to solve the mess the Prime Minister has created.

**Hon. Loyola Hearn (Minister of Fisheries and Oceans, CPC):** Mr. Speaker, it is certainly a pleasure to speak to this motion today.

Usually when we stand to speak, we make some reference to the previous speaker. I will do that, but very briefly. I just listened to two things that the hon. Leader of the Opposition said.

He said that the Atlantic accord must be respected. I know he will have to run off as he is a busy person, but let me tell him that the Atlantic accord, in every aspect, will be respected. I do not know whether he heard me. I will say it again. The Atlantic accord will be respected.

He also said he is against the cap. Let me quote from the hon. member on two or three occasions. When asked just in March about excluding 100% of resource revenues from equalization, he said, “No, no, I would not commit to this”. He said:

—it would be ill-advised to grant such special treatment to Nova Scotia, Newfoundland or any other province...it is essential to maintain equitable treatment of all the provinces within—

He said, “Some provinces want special treatment to maintain their incoming benefits, even as their fiscal capacity increases. I disagree”. This is the Leader of the Opposition who just said he is against the cap.

He also said, “A province that receives equalization payments cannot see its fiscal capacity growing above the fiscal capacity of a province that does not”. What do we call it? We call it a cap, C-A-P.



*Business of Supply*

I could go on. There are a number of other quotes and I only put that on the record to let people know how much they can rely on somebody who says he will give his word. It depends on the time, the place and the occasion, so we will dispense with that.

Let me talk about the issue at hand. Let us look at a little bit of history here. We have a situation where people opposite think that people on this side, the governing party, somehow or other are going to shaft the provinces of Newfoundland and Labrador and Nova Scotia.

They are hanging their hats today on the fact that, unfortunately, one of our members, a pretty good fellow and a good friend of mine, a great member, decided that he would not stay with the party and vote for the budget, that he would go across.

I say perhaps that if the gentleman had waited another few hours, if he had been privy to some of the results of some of the work that he and others of us have been doing, he would not have done that

However, the interesting thing about this is that the members opposite, strictly for political reasons as we know, but that is the name of the game and I am not saying we would not have done it had the opposite been true, are lauding the fact that somebody crossed the floor on principle.

Well, they had a member who voted for the budget, who voted against his party on principle, and he is now sitting as an independent, so that is what they think about people who stand on principle. That is the name of the political game also.

The interesting thing about it is that the premier of Newfoundland and Labrador is also joining with his newly found feathered friends on the other side and lauding the fact that somebody stood up on principle and walked across the floor.

The interesting thing about this is the comparison with what his colleague, his counterpart in Nova Scotia, is saying. The Nova Scotia premier was calling the member to say, "Please do not do it, because you cannot do any good for us over there. We are working out a deal—", unlike Newfoundland, by the way, "—with the federal government that will take care of our concerns, or at least that is our hope. We believe we can do it by working collectively. Will you stay there and work with us to make sure we get the deal?" The member did not listen. He went across.

• (1045)

I find it a bit hard to understand when the premier of the province affected, in this case Nova Scotia, said "stick with it boys, and let's get a good deal", and the premier of Newfoundland and Labrador said "run across the floor, give up, come home, we don't want a deal". He might not want a deal, but the people of Newfoundland and Labrador want a good deal, and that is what they will get.

I will give the House a bit of history here. What is this all about? If the government had not recognized the fact that there was a fiscal imbalance in the country, then we would not be here today. This would not be an issue. We recognized that there was a fiscal imbalance. The past equalization program threw a few dollars at the provinces that made the loudest noise. As all of us know, that was not very successful.

The government started talking about addressing the fiscal imbalance. In order to do that, we needed a formula that everybody would accept and buy into and one in which everybody could participate.

Leading up to the last election, our party said in our blue book that if we formed government, we would be satisfied to take 100% of the non-renewable resources out of the formula. We are not denying that. It is there in black and white in our blue book and on web pages and so on.

We did not dump that when we were elected. In the election and after the election we said that we, as government, were willing to take 100% of all non-renewable resources, and not just oil and gas, out of the equalization formula.

The equalization formula affects 10 provinces and three territories. They are affected by whatever formula Ottawa puts in place. Consequently, they will decide if this is the best formula for them collectively. Of course, each province will ask if this is the best formula for it.

The premiers met on several occasions and the finance ministers met. They could not agree on the formula. The majority of them did not want what we offered in relation to taking out 100% of all non-renewable resources.

People at home are saying that the Prime Minister broke a promise. It was not the Prime Minister; it was the party and then the government. I am not denying that. We made a commitment. We were ready and willing to do that. We did not say to the provinces that we would not do that. The provinces had a whole year to put together a formula, including what we had committed, to address the fiscal imbalance of the country. The majority of the provinces said that it would make it worse for them rather than better. They said that they needed something else.

Back several months ago, the talk about equalization and fiscal imbalance centred around the O'Brien formula. The government of the day, Liberal members opposite, initiated an independent study by highly qualified people, chaired by Mr. O'Brien, who brought forth a formula to address equalization. That became the talk of the town. Everybody, including all the premiers, realized that was probably where they were headed and they started to scramble to get the best they could out of that formula. This is all on the record. I am not making up.

The Premier of Newfoundland made a request to the Prime Minister that the Atlantic accord be protected. The two provinces, Nova Scotia and Newfoundland and Labrador, had different agreements. They were not special agreements. They were not fancy side deals. They had agreements with the Government of Canada that they had worked hard for, which recognized the fact that their offshore oil and gas resources were located offshore, outside the land mass, and were supposedly controlled and owned by Canada.

• (1050)

Agreements were put in place to have the resources recognized, basically, as if they were onshore, that the province would be the prime beneficiary, that it would get 100% of the revenues from the developments of the offshore oil and gas.

*Business of Supply*

In 1985 the original agreement was signed with the then Conservative government of Canada after the former Trudeau Liberal government had denied it for years. The minister of energy, who in Newfoundland denied it and would not give it the control of our offshore oil and gas benefits, was the former leader of the Liberal Party, Mr. Chrétien. The prime minister was Mr. Trudeau.

When the Mulroney government was elected, that deal was signed. There is a picture on my wall, if anyone wants proof, of Prime Minister Mulroney with Minister Crosbie, the regional minister, Senator Pat Carney, who was the minister of energy at the time, along with Premier Peckford from Newfoundland and the then minister of energy, Mr. Marshall. Sitting in the background with myself and others was one of the members on the other side, who is clapping his hands for a great agreement for the Conservatives.

When we moved forward, in 2005 the Williams government, led by finance minister Sullivan, negotiated some improvements to the Atlantic accord. It sounded great when the premier came home, not really cheered then by the member for Bonavista—Gander—Grand Falls—Windsor.

The premier came down the escalator waving the cheque, and we all remember it, saying, “We got it, we got it, \$2 billion”. Imagine coming into Newfoundland and Labrador with a \$2 billion cheque. I would bet that members, if we did a quiz, and I would love to do a quiz, would say that the \$2 billion is above and beyond, that it is great stuff.

What is was an advance on Newfoundland and Labrador's income. It is just like if you were making \$20,000, Mr. Speaker, and I know you make a little more than that, not at all what you deserve for the job you are doing. I was watching the hockey game last night, as a lot of people were, and thinking about the referees. They work an hour a night, basically, and get paid a lot more than you. I think you would make a tremendous referee because a lot of them are not of physical stature to break up the rackets. With a pair of skates and a much bigger salary, you would do it.

If you, Mr. Speaker, were making \$20,000 a year and somebody suddenly gave you a cheque for \$200,000 and you came home waving it, everybody in the family would be delighted. However, what you did not tell them is that for the next 10 years all of your net income would go into the bank because you just got a \$200,000 advance.

Newfoundland and Labrador received a \$2 billion advance. That is all it got, nothing extra, nothing that did not belong to it, nothing above and beyond what it would get over time. Newfoundland and Labrador received it so it could pay down our the tremendous debt. The premier almost had a contest asking how people wanted it spent when he knew, because it is written in the agreement, it had to go toward the debt. It is all fun and games.

All of it has not been drawn down yet, but it will be over the next few years. There is still somewhere around \$1 billion, or a bit less. Some people think that if anything happens such as caps the province will lose it and it will be clawed back. Absolutely not. Let me state it clearly and categorically that the advance money given to Nova Scotia and Newfoundland and Labrador, regardless of what happens, will not be clawed back.

●(1055)

Any payments the province get because of the Atlantic accords will not be capped. The accord will not be capped. The accord is protected. Write it down. Look at *Hansard*. Cut it out. Show it to me in five years. We will not know those things right away simply because the province is still receiving equalization money.

The unfortunate thing about it is it province is not receiving much. In our province, as we say at home, we are getting well off. We are starting to become a have province. I am proud of that. I think the members opposite are proud of that. However, as anybody knows, we cannot have our cake and eat it too. I do not think anybody is really asking for it, if they understood what this is all about. What we do not want is for something that we own, something that we were promised, something that we were given, to be taken away.

Let me assure the members it will not be taken away. How do I know that? Because I have been working on it. I have not been sitting, complaining. I have not been running around the country, yelling and screaming and complaining about Ottawa not doing anything, when I have not even asked it, when I have not met with it and when I have not negotiated. We do not get deals unless we negotiate.

This year our province is receiving \$477 million in equalization. Next year we will receive only \$197 million. It is not, if our economy keeps going, the year after that we will get nothing.

Why our equalization is going down is because our revenues from resource development, in particular, including the offshore oil and gas, have been going up. We have not lost any of the money. Anything we have lost in relation to the total revenues we would receive has been given to us by what we call offset payments, through the Atlantic accord, and people think this will end. It will only end when the accord fizzles out.

When the accord agreement was signed in 1985 to give us this money in lieu of clawback, in lieu of equalization losses, it was due to expire in 2011. Nobody has this by the way. It is not a bad deal and others would love to have it. The \$2 billion upfront payment, which we could bring home and wave around, was an advance payment. We are not getting a cent directly from government these days in relation to offset payments. It is all kept because the government gave it to us in advance. When the advance is paid off, we will start getting real money again.

*Business of Supply*

The other thing they did a couple of years ago, in 2005, is they negotiated one extra year on the length of the accord agreement. The accord now ends in 2012. What does that mean? That means that in 2012 that is it. Our province will not get any more of these offset payments, unless in one of the two previous years, 2010 or 2011, we are on equalization. If we are receiving equalization, the accord is extended until 2020. If it is, and I hope it is, we will continue to receive every benefit from that accord because we have committed, with no changes to the accord, no capping of the accord, despite what members say.

To finish, in relation to equalization, there is not a chance, according to economists, that we will be on equalization in either of these years to qualify for the accord payments, unless we go to the new formula. If we go to the new formula, because of the 10 provinces, we might then qualify. If our province does, the theory is we will be capped. The Atlantic accord will never be capped.

• (1100)

**Mr. Todd Russell (Labrador, Lib.):** Mr. Speaker, I listened to my colleague's words very closely. What I sensed out of this was a "blame the premiers" approach, the premiers could not arrive at anything that would meet the commitments and promises that the Prime Minister and his party had made. He gave us a lecture of the deficiencies of the new accords that have been signed.

With regard to my province of Newfoundland and Labrador, he was absolutely right. When there was a cheque delivered for \$2 billion, when there was an agreement signed between the Liberal government, under the then prime minister, the right hon. member for LaSalle—Émard, and Danny Williams, the people did cheer. However, when they saw the budget and when they saw what the Conservative Prime Minister, Stephen Harper, had delivered—

**The Deputy Speaker:** The hon. member for Labrador should know by now that members do not mention the Prime Minister's name or anybody else's name in the course of debate. I would ask the hon. member not to do that.

**Mr. Todd Russell:** Thank you, Mr. Speaker. What the Prime Minister delivered, the people jeered. They jeered their own. There are hundreds of thousands of people in our province who say that the Prime Minister has broken his word. There are hundreds of thousands of people in Nova Scotia who say that the Prime Minister has broken his word. There are hundreds of thousands of people in Atlantic Canada who say that the Prime Minister has broken his word.

What does the Minister of Fisheries and Oceans say to all of those people? Do people not know when someone's word has been broken, when a promise has not been kept? I say yes. We have to trust the people. They know when something has not been lived up to.

I would also ask, what is the government negotiating over there? If everything had been delivered in budget 2007, then what are the Conservatives negotiating? Why are they running around like chickens with their heads cut off trying to get a deal with the Minister of Finance and trying to meet with the Prime Minister? What are they trying to—

**The Deputy Speaker:** Order, please. The hon. Minister of Fisheries and Oceans.

**Hon. Loyola Hearn:** Mr. Speaker, let me answer the last question first about what we are negotiating.

People who are in the party, people who are part of it, people who can work within the system and people who know what they are doing and are willing to do it know what is going on. If I had gone across the floor, if I had gone home, I would not know what we were negotiating and I would be showing I did not care.

The budget put over \$1.5 billion into Newfoundland and Labrador this year. The member voted against that. He voted against the budget. He said it is because of what it does to the Atlantic accord. I am telling him that it does nothing to the Atlantic accord that will take one cent away from the people of Newfoundland and Labrador. The member voted against it because it is the Liberal thing to do.

What the member also voted against in that budget, besides the possibility for pensioners to split income and what that means to the province, besides the money for education, he voted against the money for the Labrador highway, money that is in that budget that has already been committed. I committed it. That money will start a development, which the Liberals could not deliver in all the years they were in government, to pave the highway right across Labrador, \$100 million, \$50 million from the federal government in this budget. He voted against it.

How is the member going to explain that to his people?

• (1105)

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, the coincidence is that the foreign affairs minister said that he expects all Atlantic Conservative MPs to vote for the budget because the budget is good for Atlantic Canada. That is what he said.

We know what happened to the member for Cumberland—Colchester—Musquodoboit Valley. Only seconds before the vote, all kinds of people came up to him, the Minister of Foreign Affairs, the member from St. John's pointing at him and saying, "Look, we have a deal. We have something going on. Just vote for the budget". In desperation they tried everything they could to keep him in the party. The fact is that the hon. member knew better.

The hon. Minister of Fisheries and Oceans said that they are working on a deal, that they are working on something. The fact is they had a deal two years ago. If the budget is so good for Atlantic Canada, why is there deal making going on now?

The reality is that if economists say that the accord was broken, if legal experts say that the accord was broken, if Conservative premiers say that the accord was broken, if a former minister responsible for Newfoundland and Labrador, John Crosbie, says that the accord is broken, if opposition parties say that the accord has been betrayed, why is it then that there is deal making going on after the budget?

*Business of Supply*

Why is it that only that minister and the government cannot seem to see the forest for the trees? The Conservatives will simply not admit that they broke a promise to the good people of Newfoundland and Labrador and Nova Scotia. It is a shame for them to stand up in this House and try to defend the defenceless.

**Hon. Loyola Hearn:** Mr. Speaker, I hesitate even to answer a question from somebody who has demonstrated clearly over the last few years that he knows absolutely nothing about what he is talking about. However, I will clarify a couple of things.

One is that I was not around before the vote to talk to anybody. I did not run up to the member for Cumberland—Colchester—Musquodoboit Valley and ask him to stay. I did not discuss the issue with him at all, period. I can say to the member that I know somebody who did talk to him. It was the premier of his province who called the member for Cumberland—Colchester—Musquodoboit Valley and asked him to stick with it, to make sure that Nova Scotia got the deal that we said we would deliver but for him to make sure he was there.

We have not tampered with anything. We promised the accord would not be touched. We said it would be preserved in its purity. We said it would not be capped. The member asked what we are negotiating. There is a brand new equalization formula, one that is predictable, one that is clear and transparent, one that treats every province properly. How does it relate to all provinces and what effect would it have on past agreements? That needs to be clearly pointed out and that is our job to do. It will be done. Let me again assure the member that it will not be done to the detriment of Nova Scotia or Newfoundland and Labrador.

**Hon. Shawn Murphy (Charlottetown, Lib.):** Mr. Speaker, the debate today is about honour and promises. It is clear to everyone watching that the Prime Minister broke his promise to the people of Newfoundland and Labrador. He broke his promise to the people of Nova Scotia. He broke his promise to the people of Saskatchewan. He broke his promise to the people with income trusts.

However, there is another thing and that is the comments of the member for Central Nova. He won the leadership of the Progressive Conservative Party based on an agreement with Mr. David Orchard that he would not merge the party with the Alliance. Eight minutes after the agreement was signed, he started merger discussions.

In a question about voting against the budget, and I will quote from *Hansard*, he said:

We will not throw a member out of caucus for voting his conscience. There will be no whipping, flipping, hiring or firing on budget votes as we saw with the Liberal government.

Eight minutes and thirty seconds after the member for Cumberland—Colchester—Musquodoboit Valley voted against the budget, he was kicked out of caucus and 784 confidential files were seized.

Does the member opposite condone the words and actions of the member for Central Nova? Does he associate himself with the actions of the member for Central Nova? Does he now in the House wish he were still a Progressive Conservative member so he could speak with honour and dignity?

• (1110)

**Hon. Loyola Hearn:** Mr. Speaker, let me say to the hon. member, I have been around politics for a long time. I entered provincial politics in 1982. I have been involved in politics since I could walk. There was not a campaign in my riding in which I did not participate, and I ran in 98% or so of them.

I have been around, so let me say to the hon. gentleman, ever since I have been involved in politics I have served under a number of leaders. I have served under two premiers, and I have served under two or three leaders here in Ottawa. At no time did any of them ever try to dictate to me what to say or what to do. I would like to think it was because of two reasons. One, they know I am a stubborn Irishman and two, they do not have to because I try to do what is right and principled. Never has anybody told me what to do or say in this or in any other place, except maybe at home.

[*Translation*]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, today we are debating a motion introduced by the Liberal Party that bears re-reading.

That, in the opinion of the House, the government has failed to live up to verbal and written commitments made to Premiers by the Prime Minister during the last election campaign with respect to the Equalization Program and the Atlantic Accords.

The Bloc Québécois will vote in favour of this motion, because it seems to us that the Prime Minister should have never made those commitments, which he failed to honour. He should have made sure that he would be able to live up to the commitments he was making to Canadians during the election campaign and on other occasions. Otherwise, he should not have made them or promised such things.

The text of the motion addresses only that particular issue. The solution that the government came up with, however, although not ideal, is nevertheless a step in the right direction. In that regard, we must put things in perspective. The Liberal Party can say that the government has failed to live up to verbal and written commitments made to premiers, because that is a fact. But, we must also look at the solution. The Bloc will vote in favour of the motion as it stands.

I would also like to talk about the underlying issue, about equalization. I would remind the House of a number of things. Equalization is fully funded by the federal government using tax money paid by Quebecers and Canadians from across the country. This equalization program is the result of a fundamental commitment to ensure fairness. In a federation like Canada, equalization has a very specific goal, namely, to ensure that, from coast to coast to coast, Canadians have access to public services at reasonably comparable levels of taxation.

*Business of Supply*

Several countries—most of them federations—have equalization programs. The method consists primarily of evaluating the fiscal capacity of the provinces to provide public services. Provinces with a lower capacity to fund comparable public services receive equalization payments, whereas the others receive none. Quebec receives a significant amount in equalization payments, a little more than 50%. However, on a per capita basis, it finds itself behind several other provinces. In this sense, it is not the spoiled child of the system.

The federal government's equalization payments to the provinces are unconditional and have no strings attached. Equalization does not take into account the expenditure needs of provinces and its sole purpose is to increase the fiscal capacity of the provinces to a common standard. There is no reduction in terms of equalization for provinces with fiscal capacity greater than the common standard.

This is not the first time that this situation has arisen. In June 2004, the former Liberal prime minister made election promises during the federal campaign. The Premier of Newfoundland got the prime minister to promise to let the Government of Newfoundland keep all its oil revenues with no reduction in amounts disbursed to the province under the equalization program.

This position was unacceptable to Quebec. However, the Liberal prime minister did not keep this promise. At the first ministers conference of October 26, Ottawa insisted that there be a cap and that amounts exceeding the cap would result in a reduction of equalization payments. The Conservatives went into action on October 26, when the current Prime Minister made a series of very formal commitments.

Recently, I was at the Standing Committee on Finance when the Premier of Saskatchewan testified. He showed in a very clear, precise way that those commitments were made at that time. In that sense, the motion that we are debating today is justified. However, within the framework of our discussions on this subject, it seems to us that the equalization formula set out in Budget 2007 is a step forward but it falls well short of the unanimous demands of Quebec. It contains some positive aspects. It is a formula founded on principles.

•(1115)

The new formula uses the real value of property taxes. The payments are calculated on the basis of the ten province standard, which pretty well puts an end to the notion of ceilings and floors, but nevertheless it does not meet Quebec's demands.

What Quebec is demanding is, more or less, the following. It wants an adjustment of the equalization formula that will take into account the ten province standard, 100% of revenue from natural resources and the real value of property taxes. Why 100% of revenue from natural resources? Because, in the past, for example, Quebec developed its own hydroelectric resources without any significant support from the federal government while, in other sectors, other provinces received major financial assistance: Newfoundland, in particular, for the Hibernia project.

Therefore, we want to see 100% of revenue from natural resources included in the formula, so that in the final tally Quebec has a total envelope of more than \$16 billion for 2007-08. The only formula that will enable equalization to achieve its objective

involves providing receiving provinces with a per capita fiscal capacity equal to the Canadian average.

Quebec's demands flow from the Séguin report that was published in 2001 and unanimously adopted by the Quebec National Assembly. At that time, the Séguin report proposed four measures for adjusting the equalization formula to make it acceptable to Quebec. That involved the conditions that I mentioned earlier, namely, adopting the ten province standard, including 100% of revenue from natural resources, using real property values in calculating that part of the tax base related to property taxes instead of the theoretical value now in force, and abolishing ceilings and floors in the equalization envelope.

The current government's proposal to take account of 50% of revenue from development of natural resources seems to us a step in the right direction but it is not entirely what Quebec wants. It continues to advance its demand for the desired result, which is that 100% of revenue from development of natural resources be considered.

All these proposals in Quebec were developed over the years. They resulted not only from the Séguin report, but also from three main documents on equalization reform. In 2004, the Quebec finance department—the Government of Quebec—revised the Séguin report when it tabled the 2004 budget. The document entitled "Correcting Fiscal Imbalance" updates the report of the commission chaired by Mr. Séguin. This document set out Quebec's unanimous demands and estimated the shortfall at \$2.8 billion for Quebec for 2004-05 and at \$5 billion for Canada as a whole.

Following that report came the Council of the Federation's report in 2005 and, finally, the report of the Expert Panel on Equalization.

All these measures were aimed at recognizing that a fiscal imbalance existed, and it was the Bloc Québécois that raised the issue here in the House. Hon. members will recall that a few years ago, none of the political parties in this House were advocating recognition of a fiscal imbalance. The Bloc Québécois got to work and systematically obtained support from the parties here in the House, until this year's budget was tabled. The federal government has not corrected the fiscal imbalance per se, but it has come up with additional funding that finally corrects an unacceptable situation. The provinces had many needs, while the federal government had the money.

We backed our position on this issue with help from other people and the information and reports I mentioned earlier. But we brought the issue onto the federal political stage. In the end, we won a commitment from the Conservative government that it would pay attention to this issue and correct the fiscal imbalance.

*Business of Supply*

But we find ourselves facing the same situation that the motion criticizes, which is that the fiscal imbalance has not been completely corrected. Admittedly, there was a significant cash component to the budget. This is why the Bloc Québécois decided to support this budget, and as a representative for Quebecers, it still feels it was the right choice.

• (1120)

However, there is still a fiscal imbalance, and in the years to come we will remain dependent on economic vitality, revenues from the federal government, and the situation of the provinces. A permanent solution would be the transfer of tax points, tax transfers, which is currently not the case.

So the Bloc Québécois will continue to fight for a permanent solution to this current situation in which Quebec does not receive its per capita share compared to the other provinces. The debate on whether or not to take into account revenues from natural resources is an important one and will continue.

With the Liberal motion presented today, we can see that in a number of Canadian provinces, people who had received commitments, and who do not see those commitments in what was adopted, are frustrated. At the same time, it is clear that the discussion held to reach the solution set out in the budget is a step in the right direction.

Unfortunately, the Prime Minister should not have made these commitments if he was not certain he could live up to them. He has not lived up to them, or so the motion says and criticizes. The only thing to come out of all this so far was that the Bloc Québécois obtained significant amounts of money for Quebec through the federal budget. We hope to be able to continue in that vein. Nonetheless, our ultimate goal is truly to come to a solution that will no longer be subject to all the ups and downs that are often caused by election periods.

Earlier we looked at the background of the situation. In the past, the Liberal Party made commitments that it did not keep. The leader of the Conservative Party made commitments he still has not kept. Ultimately, the motion is on the credibility of politicians and the commitments they make.

In certain instances, the public is able to understand that something has to give. However, for formal commitments on basic issues such as these, it would have been better if the Prime Minister had not made such a commitment. He should have instead promised to work on finding a better solution. That is not the commitment he made to the provinces, which are particularly frustrated. There was also the commitment made to Quebec to do away with the fiscal imbalance. The solution is still not on the table. There is a monetary correction, but no final solutions. Quebecers are still waiting for a solution to this issue. They will continue to take stock of the effectiveness of the hon. members and the parties in this House, namely on the issue of correcting the fiscal imbalance.

It is important to have a debate on this motion today because we are talking about the credibility of politicians. We have to be able to make the distinction between keeping a commitment and making proposals as a result of further analysis. In no way can we justify not keeping these formal commitments when there is no good explanation for it. The people in the provinces concerned get the

impression they were hung out to dry because the Conservative Party did not keep its election promise.

That is a serious warning for the future. This is a minority government that could go to the polls at the drop of a hat. Political parties will continue to make promises. The lesson to be gained from this is that if we wish to maintain our credibility as politicians and political parties, we must not make promises that we cannot keep.

Can we be sure that they knew this when they made the promise? That is something we should spend more time considering. All the same, the promise should not have been made.

Recently, we have been talking about the marked decline in voter participation in the electoral process. Actions like these are damaging. What we are doing today is reminding the government of its responsibilities, and a timely reminder it is, too. However, this reminder is unrelated to the measure in the budget that is a step forward for Quebec.

• (1125)

I hope that the government will take careful note of the message to be found in the House's vote on this matter. I also hope that, starting now, we can count on the government to keep its promises. If ever it finds that it must change its position on a given measure, I hope that it will be able to justify its action and offer clarification so that the purely partisan tenor of the debate on this issue can be avoided.

In conclusion, the Bloc Québécois will support this motion because it believes that the government has indeed failed to keep its promises. However, the members of the Bloc Québécois still believe that the government's budget is a step in the right direction.

Although equalization and the measures in the budget are not quite up to Quebec's expectations, more time must be devoted to considering natural resource revenue.

In that respect, we will continue to support the budget. However, the government and the Prime Minister should take note of the reminder at the core of today's motion.

[English]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I received an email from a colleague with regard to an editorial in the Halifax *Chronicle Herald*. One of the paragraphs struck me as being reflective of the problem that we are addressing today. It states:

It's not that the general public understands the intricacies of the equalization regime or the offshore deals Ottawa made with Nova Scotia and Newfoundland and Labrador in 2005. But in their gut, folks do understand that the Harper government has broken faith with Atlantic Canada by failing to deliver all that had been promised.

When the media report on the issues of importance of the day and reach the conclusion that this is a broken promise, it is hard to understand how the government and the Minister of Fisheries and Oceans can get up with a straight face and say, "We didn't break the promise. We're in fact giving more money".

*Business of Supply*

It is so puzzling how the public and everyone has assessed this, and it is objectively determinable what the facts are, and yet a minister of the Crown comes into this place and says something totally different and somehow figures that if he says it often enough people might believe him.

There seems to be a very disturbing pattern of saying black is white. I could give many examples. Whether it be on income trusts, Kelowna or Kyoto, there are so many areas where the government seems to want to just say to people whatever it wants even though it is not fact based.

I wonder if the member has some concerns about the believability of the information that the government seems to be putting forward to the House on matters of importance to all Canadians.

• (1130)

[*Translation*]

**Mr. Paul Crête:** Mr. Speaker, I thank my hon. colleague for his question. However, his comment might be better addressed to the Minister of Fisheries and Oceans.

In any case, the Bloc Québécois has decided to base its position on the essence of the issue. Let us take another look at the text of the motion.

That, in the opinion of the House, the government has failed to live up to verbal and written commitments made to Premiers by the Prime Minister during the last election campaign with respect to the Equalization Program and the Atlantic Accords.

There is no doubt that equalization is a complex concept. There is quite a history behind the evolution of this practice, this distribution of wealth. Above and beyond that, however, a commitment was made by the Prime Minister when he was a candidate for election. Basically, his mistake was making a commitment that he was unable to honour afterwards.

The fact is, people came to realize that the commitment was not necessarily realistic. For the Bloc Québécois, the ultimate solution needs to be even more advantageous than the Prime Minister's original commitments. Nevertheless, from a political standpoint, the commitment he made should have been honoured. Failing that, a satisfactory explanation should have been given.

At this time, we do not consider the explanation satisfactory and we see that, throughout all the provinces in question—I was particularly impressed by the testimony given by the Premier of Saskatchewan on this matter—utter frustration abounds. This frustration is due to the fact that the commitment should have been expressed differently. Perhaps he should not have gone so far and should have been less focused on vote-seeking. Ultimately, he should have honoured the commitments he made.

[*English*]

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, the broken promises just keep on coming. Today we have the hon. Minister of the Atlantic Canada Opportunities Agency in Halifax announcing the Conservatives' attempt at a shipbuilding policy, with financing called SFF. The reality is that their announcement comes absolutely nowhere near what the industry has been asking for.

The hon. member from Quebec knows very well that this particular industry is vital to Quebec, Atlantic Canada and the rest of the country. We know about the continually broken promises of the Conservatives on the Atlantic accord. We know about their continually broken promises to widows of veterans. But now they are actually about to break the back of the shipbuilding industry, which is so vital in this country.

Does the hon. member not notice a disturbing trend among these Conservatives, which is that when it comes to actually assisting the regions of our country they fail every single time?

[*Translation*]

**Mr. Paul Crête:** Mr. Speaker, the last election results support my colleague's remarks. The people decided that they did not want a majority Conservative government because there were not enough guarantees that it was the type of government they were looking for. Furthermore, with a minority government members of the opposition have greater power. They can make presentations and obtain results in the end. We must definitely play a major role as a watchdog.

Let us take the example of shipbuilding. My riding is near the Davie shipyards. We want to ensure that there is a real shipbuilding policy. We must do some checking to see how far today's announcements will go, and if they go far enough. We also have concerns regarding international agreements. Canada is preparing to sign agreements with several countries. We must ensure, in that regard, that the outcome corresponds to what we hope to achieve—that we optimize manufacturing in Canada, particularly in the area of shipbuilding.

We travelled around the Maritimes to research this subject. If we can obtain better results, so much the better. The Bloc believes that it has done a very good job with regard to the budget by obtaining part of the solution to the fiscal imbalance. We will continue to work towards a complete solution.

[*English*]

**Mr. Ken Epp (Edmonton—Sherwood Park, CPC):** Mr. Speaker, I listened when the Liberal member who asked the previous question accused this side of repeatedly saying something even though it is not true, so that eventually it becomes believable.

I submit that this is exactly what has happened, but on the other side. Let us look at the facts. Right now that hon. member is grinning. I would urge him to get out the budget document, to look at annex 4 and to read the document, where it states explicitly that these accords are being honoured and that it is the choice of the provinces if they want to move to the other plan. It is up to them. If they want to stay with the old one, they may. The document says this.

Yet repeatedly those members in the House, our political adversaries, and some of the premiers have not taken that into account. Consequently there is misinformation out there that is just very, very unfair. I would like to ask the member whether he would finally agree to read the document and to truthfully report what is in it instead of making false accusations against our party and our leader.

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• (1135)

[*Translation*]

**Mr. Paul Crête:** Mr. Speaker, my colleague's accusations were directed more at representatives of the Liberal Party, but setting partisanship aside, there is a lesson to be drawn from this debate. Voters want campaign promises to mean something. Parties and politicians should not make promises they cannot keep. Otherwise, the reputation of both governments and elected representatives is damaged.

Today's motion will serve as a good reminder for the government. This government has a minority and will likely have to call an election, possibly before the fixed date for the next election. Even if the election is held on the fixed date, the House is sending an important message: any party must keep its promises.

We are not afraid to hold up our record on the fiscal imbalance. We supported the government's budget because we believed it was good for Quebec. At the same time, we are asking the government to fully correct the fiscal imbalance by transferring tax points, because we believe that this is important to Quebec's future in the short term.

We all need to take to heart the message that we should not make promises we cannot keep. That is the way to avoid motions like the one before us today. In a way, the Prime Minister and the Conservative Party deserve this motion, because they have not kept their promises.

[*English*]

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, let me indicate at the outset that I look forward to splitting my time with my colleague, also from Nova Scotia, the hard-working member for Sackville—Eastern Shore.

I want to start my comments in this debate by picking up where I left off yesterday afternoon in question period, when I made a plea, frankly, in the form of a question. To be accurate, let me quote it:

Is there one Atlantic minister with the guts to tell his constituents that he will do everything in his power to fix the mistake?

I could have said “this betrayal”, but I said mistake, because notwithstanding some of the comments we have heard this morning, this is both a mistake and a spectacular betrayal of a commitment made by the current Prime Minister of this country, who not so very long ago, in a slightly different role in between his political careers, talked about building a firewall around Alberta. The real purpose of that was to communicate to Canadians that just maybe Albertans would want to say, “Let us keep all of the benefits of our resources and let Atlantic Canadians freeze in the dark”.

That kind of thinking went out in this country a very long time ago, so when the current Prime Minister decided to make a political comeback he had to figure out how to jettison that view of the world, that view of our Canadian world, which was going to haunt him forever. I cannot help but think that part of the reason why he championed the Atlantic accord, in addition to just grubbing for votes in an election, was to try to change his image, to try to change his reputation as a politician in terms of how he viewed the Canada that we have been trying to build for a very long time in this country.

That brings me to the point that he now is the Prime Minister of Canada and he absolutely committed to the Atlantic accord. One has to wonder what it is that now has changed his mind so that he has decided to basically break this promise.

What needs to be understood is what this broken promise is really all about, and I can tell members that it is understood in Atlantic Canada, but I believe it is also understood by people in the most prosperous and more populous parts of Canada. I am going to put it in Maritime terms. What it is really all about is that the Prime Minister and his ministers, including the ministers who are supposed to be representing the interests of Atlantic Canada, have decided to turf overboard the Atlantic accord commitment they made because they have other fish to fry and bigger votes to catch, to go after and grub for, in the more prosperous and more populous parts of Canada.

I think the Prime Minister should understand that in those more populous and prosperous parts of Canada there are also a great many Canadians of all political stripes, who think that, first, prime ministers should keep their promises and, second, the kind of Canada they want to live in is one where we actually try to find ways to ensure that those who are living with fewer resources and trying to get themselves out of the have not status should be supported. They think that this is the way we want to make Canada work better.

I think he should consider the possibility that there are a lot of Canadians who are going to take the view, whether they live outside of Atlantic Canada or not, that they do not approve of the broken promises and they do not approve of this attempt to block the very purpose of the Atlantic accord, which was to give the possibility and the potential, no guarantee but the possibility, that offshore resource revenues could actually help move Atlantic Canada out of a have not status. It is not just about Nova Scotia and Newfoundland either, because of course what impacts economically on our two provinces impacts on all of the Atlantic region economically.

• (1140)

It is accurate to say that Atlantic Canadians feel absolutely betrayed and that there is a sense of the Conservative government breaking faith with Atlantic Canada. Let me just quickly revisit where this Atlantic accord started. Credit should be given where it is due, but there are also political lessons from it.

Premier John Hamm, a Conservative premier, called together representatives of all political parties at the provincial level in Nova Scotia and then called together all political representatives at the federal level. I remember sitting in his office when he put to us the proposition that we work together across party lines and jurisdictional lines. We did that.

What the lesson showed was that when all parties work together for the common good, they can achieve things that some might have thought were ridiculous. I remember that the Liberal member for Halifax West dumped all over John Hamm's initiative even though he sat around that table and pledged that he would commit to it. He basically said that in the end we just were never going to get agreement on it.



Let it not be said that it cannot be done. Do not let them say that it cannot be done, because it was done, by respecting the fact that as elected representatives, whether we are federal or provincial, whatever party we represent, we share a responsibility to all of our citizens. That is why, in the few moments I have left, I want to make a plea that this debate not be about beating up on one another. This debate needs to be about fixing a problem.

This debate has to send a message, frankly, in part to the premier of Nova Scotia, to tell him to take a lesson out of his own predecessor's book and work across party lines and across jurisdictions to fix this problem. I think it is regrettable that on the three occasions I made representations, through my staff, to the premier's office to say that we would like to have a briefing on exactly where we are with the impact of this broken promise reflected in the budget, on those three occasions we followed up and no such briefing was ever given. There is no way on earth that John Hamm as premier would have failed to bring together the parties that still need to work together to fix this problem.

The second point is an obvious one: this is a minority government. That is the party, no longer the Progressive Conservative Party but the Conservative Party, that said the wishes of this Parliament should be respected, especially in a minority government. Let us be clear that part of how we got the Atlantic accord in the first place was through cooperation and collaboration. Second, in a minority Parliament, it should be easier to fix it. However, we think the government should step forward, take its responsibility seriously and actually take some leadership to say that this is going to be fixed.

I heard some members suggest that there is no real loss, that there is no real problem here, and that we are misrepresenting the potential loss to Nova Scotia and Newfoundland and Labrador from this broken promise, so let me just quickly give an analogy. It is a bit like Mr. Smith being called in by his boss one day, being commended for the tremendously valuable work he was doing and being told that he is getting a bonus. He is very pleased.

The next year the company is doing very well, partly because Mr. Smith has made such a contribution to improving the lot of that company, and he is told that the good news is that everybody else is going to get a bonus this year because of his good work, but that he may not be as happy because he is not going to get the bonus. Mr. Smith says, "Wait a minute, where is the fairness in that?" He is told that he got a big bonus last year.

After arguing it out, the boss finally says to Mr. Smith that he actually can make a choice. Either he can give back his bonus from last year and get the same bonus that everyone else is getting, or he can keep last year's bonus and go without this year's.

This is an analogy that helps to give an understanding of what this choice is that the Conservative government keeps talking about and that Nova Scotia and Newfoundland and Labrador should be happy about. It is analogous to the unfairness of what I have just described between a boss and an employee.

• (1145)

Let us use this opportunity. Let us not allow the Conservatives to say that it is too late. This is something my leader has said again and again when it comes to dealing with tough problems and things

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people say are impossible. This can be fixed. It is our responsibility to learn the lessons of history and work together to fix it.

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Mr. Speaker, I was pleased to hear that the hon. member and her party support the initiative of so many members of our caucus as well.

It will not be a surprise that in the 1950s the Canadian government concluded an agreement with western Canada, particularly with the province of Alberta, to provide an extra 5¢ a gallon to ensure we could develop the infrastructure in Alberta, which would be good not only for Alberta but for the entire country.

That government and successive governments never abrogated that agreement, recognizing at the same time that the revenues would flow to the provinces and at the same time there would be a subsidy in order to make this infrastructure a reality that we are benefiting from today.

I have a question for the hon. member. Given the success we have seen in western Canada, and a good number of members of Parliament can speak to this very well, what would be the overall impact of a respected Atlantic accord in terms of bolstering the economy of Atlantic Canada for her constituents and the Maritimes in general simply because the Prime Minister had the temerity to break a promise? What does that mean in terms of lost opportunities for the people of Atlantic Canada?

**Ms. Alexa McDonough:** Mr. Speaker, I suppose very narrowly what it means is that those who think the way our current Prime Minister does and apparently the way the whole Conservative caucus of the government thinks, except for the member for Cumberland—Colchester—Musquodoboit Valley who had the guts and decency to stand tough for a commitment that he was part of making, there are those who really take the view that Alberta's financial good fortunes must have come about because it or its predecessors planted the oil in the soil which allows it to have tremendous resources with which to deliver important benefits and services to the people of that province so it would get us out of the supplicant role in which they want to try to place us.

However, there is no guarantee of that. The reality is that Alberta had a hand up by special measures that has allowed it to enjoy the level of prosperity it does now. The challenge to Nova Scotians, Newfoundlanders and the whole region, and I keep stressing that because it is a regional benefit, would be to use the opportunity that the Atlantic accord was intended to provide to make smart, long range decisions about how to invest those resources so that we are able to move from a have not to a have status.

There is a sense of pride involved—

• (1150)

**The Deputy Speaker:** Order, please. There are other questions that need to be asked.

The hon. member for Edmonton—Sherwood Park.

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**Mr. Ken Epp (Edmonton—Sherwood Park, CPC):** Mr. Speaker, in direct response to the statement just made by the hon. member, over the years, Albertans, proud Canadians that we are, have happily contributed billions of dollars into the federal coffers without complaint, and we will continue to do so. We believe in equalization. It is part of the Constitution of this country so that provinces throughout the country can provide an equitable level of services at an equitable level of taxation. We believe in that, which is why this government is working to strengthen that equalization program.

I am getting sick and tired of people saying that we broke our commitment on the Atlantic accord because it is not true. I urge members to look at annex 4 of the budget speech, which I will read into the record. It states:

At the time the 2005 Offshore Accords were signed, total Equalization payments were based on the fixed envelope approach....

I will skip ahead because time is short. It further states:

Budget 2007 puts in place transitional provisions under which Newfoundland and Labrador and Nova Scotia will continue to receive payments under that Equalization program. Both provinces will be able to permanently opt into the new Equalization program at any time.

In other words, the commitment is kept, was kept and will be kept. It says so explicitly. Those guys have been building a straw horse and now they are trying to bring it down.

**Ms. Alexa McDonough:** Mr. Speaker, clearly the member chose not to hear the various arguments that have been made. I do not know what he thinks the fuss—

**Hon. Dan McTeague:** You need to do your homework again.

**The Deputy Speaker:** The hon. member for Halifax has the floor, not the member for Pickering—Scarborough East.

**Ms. Alexa McDonough:** Mr. Speaker, let us be clear. The member was not thrown out. He removed himself from that situation once it became clear that the Conservative members and all the members of his caucus were going to follow through on the betrayal.

What we find ourselves doing here is battling over something that had been promised. In effect, in its impact the budget has taken something away from us that was supposed to have been guaranteed in an accord that was signed by both parties. The Premier of Nova Scotia could not have made it more clear yesterday, which was supported by the official opposition leader, Daryl Dexter, that this problem is not fixed yet.

As a result of the important debate happening here, as a result of the guts and courage shown by the member for Cumberland—Colchester—Musquodoboit Valley, it can still be fixed. It is obvious what needs to be done. The Atlantic accord needs to stand, and the new provisions of the equalization formula proposed by the Conservative government in the budget should have no impact. It is as simple as that.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, I regret having to speak to this today because we could have moved on to other issues. However, when the government of the day breaks another promise, especially to the people of Atlantic Canada, we have no other choice but to rise up in opposition to what it is doing.

The hon. member from Alberta, who refuses to keep his mouth quiet, says that there were no broken promises. If that is the case, is he then saying that Premier Williams, a Conservative; Premier MacDonald, a Conservative; the former minister, Mr. Crosbie, a Conservative; and the member for Cumberland—Colchester—Musquodoboit Valley, a Conservative; are not telling the truth? Is that what he is saying? If he is, then he should stand in this place and say it.

I was not even born in Canada. I was raised in Vancouver and in Yukon but after moving to Nova Scotia I quickly learned one thing about the people in Atlantic Canada. This is no reflection on the people in the rest of Canada. Our former colleague, Mr. Gordon Earle, who was an MP for Halifax West from 1997 to 2000, the first black African Nova Scotian to be elected as a member of Parliament to this chamber, said it very well when he said that a people have their word. The thing I learned was that I could take a Maritimer or an Atlantic Canadian at his word. When an Atlantic Canadian gives his or her word it can be taken to the bank.

I was with the hon. member for Halifax and the former premier of Nova Scotia, Mr. John Hamm, who was a Conservative. I did not agree with everything Premier Hamm did but the one thing I have always admired him for and is his grace, his dignity and his ability to work with the official opposition leader, Daryl Dexter, and the NDP, and other people to build the province of Nova Scotia.

When Premier Hamm came to Ottawa I remember being in the parliamentary restaurant with senators and MPs from all parties listening to the proposal by John Hamm. In my case it was the first time that I had heard it.

However, knowing the man himself, from the Stanfield tradition of a Progressive Conservative, that we could trust him in what he was saying. After careful reflection afterward and listening to the people of Newfoundland and Labrador and their representatives, we in the NDP very quickly said that this was something we would work with and support the Conservative premiers in achieving the Atlantic accord to give us that leg up, to allow Atlantic Canadians to develop their natural resources, in this case the offshore resources, for the betterment of all people in Atlantic Canada. What is good for Atlantic Canada is also good for the rest of the country.

After being an MP in this place for 10 years I can list the litany of broken promises from the Liberals when they were the government but, hopefully, they have learned from that.

We then had the sanctimonious Conservatives, while in opposition, saying that they would bring Canadians a clean government, an open government, an honest government and a transparent government.

Let me isolate the Conservatives' broken promise in one very simple little letter that was written on June 28, 2005 to Mrs. Joyce Carter, a widow of one of our heroes, a World War II veteran. Her request was quite dignified, quite right and quite affordable. Her request would actually save the taxpayer money. She asked that all widows and veterans would receive the veterans independence program regardless of the time of death or regardless of application.

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The opposition leader at that time, who is now the Prime Minister, wrote in that letter on June 28, 2005, that if the Conservatives form a government, she could be assured that as a Conservative government it would immediately extend the veterans independence program to all veterans and all widows, regardless of application or time of death.

• (1155)

There were no ifs, ands or buts, no reviews, nothing. It was crystal clear in black and white, a written promise to a widow of a veteran.

This is the party that says “support the troops”. We all support the troops. I would like to ask the Conservatives, where is that commitment and support when they take the uniform off? What about their families? If they can deliberately mislead and betray a promise to a widow of a veteran, can we imagine the broken promise to Nova Scotia—

• (1200)

**The Deputy Speaker:** The hon. member for Edmonton—Sherwood Park on a point of order.

**Mr. Ken Epp:** Mr. Speaker, I believe that it is very clear in our Standing Orders that to use the terminology “deliberately mislead” is unparliamentary. I would ask that you have the member withdraw that statement, especially because what he is saying is not true.

**The Deputy Speaker:** It is unparliamentary for someone to accuse a particular member of deliberately misleading the House, but to accuse an entire party or a government or an opposition party of deliberately misleading the House is, unfortunately, part of the usual rule around here.

The hon. member for Sackville—Eastern Shore.

**Mr. Peter Stoffer:** Mr. Speaker, you know, that hon. member from Edmonton just cannot handle the truth.

At the end of my speech, I will give him the letter that his Prime Minister wrote to a widow of a veteran and then I would like him to stand up in the House and apologize to the House for accusing me of telling something that is not true.

I cannot believe these Conservatives. They stood in opposition on their hind heels and went absolutely crazy on the previous government over this. The reality is it is time for them to go. We cannot trust them any more.

The sad thing is there are some very good people in that Conservative Party whom I would love to call my neighbour. They are decent and honest people, but it is that front bench all centred around the PMO that is being corrupted and absolutely saying anything they can to get elected, to try to get their majority, and betray the promises of Atlantic Canada, Saskatchewan and for that matter as the hon. member for Labrador said, “If they can do it to her, they can do it to you”.

The trust is gone now. It is completely gone. The Conservatives can say and do whatever they please. It simply does not hold any water.

Let me refer to something that is in the *Daily News* today written by a gentleman named Mr. David Rodenheiser who is a well known columnist of the *Daily News*. Mr. Rodenheiser is certainly not a New

Democrat. I do not think we could accuse him of being a Liberal. Here is what he said about the Prime Minister and the Conservative Party, “The Prime Minister's Conservatives area vicious, vindictive —, and I cannot say the last word because it is unparliamentary, but it starts with an *l* and ends with an *r* and there are two vowels in the middle.

The fact is this is what their own commentators are saying now about the Conservatives. It is most unfortunate. We had hoped that there would be openness and transparency, and they would honestly keep their promises. The income trusts promise, gone; VIP promises for widows of veterans, gone; assisted deduction problem for injured soldiers, gone; the excise fuel tax not to raise it above a certain amount, gone; the Atlantic accord, gone.

I have one word to say to the Conservatives from Atlantic Canada especially, they are about to be “gone”. I can assure the House that election cannot happen fast enough. If it was not for the support of the separatists on the budget, they would be gone already today.

The people of Atlantic Canada deserve better. They can only go by what the ministers and the Prime Minister say to them which are on record in *Hansard*. Just a few weeks ago the Minister of Foreign Affairs, the minister for ACOA, who himself has betrayed many promises.

We will never forget the one he made to David Orchard, and I think David Orchard's comments are absolutely correct, “That is the party that was conceived in deception and born in betrayal”. The Minister of Foreign Affairs from Central Nova said very clearly “We do not kick out people of our party for voting their conscience. There will be no flipping or flopping on budget votes. If people vote their conscience, we will not kick them out”. No sooner than the good member of Cumberland—Colchester—Musquodoboit Valley sat down, he was gone.

Then they eradicated all his personal files of his constituents that he was trying to work with. What kind of party is that? What else are the Conservatives going to do to hurt the people of Atlantic Canada?

We say to them quite clearly. The hon. member for Halifax is correct. It is not too late to fix the problem. Go back to the deal that we had before. There should not be any further deals happening. There should not be any last minute conversations and rushing around.

We had a deal, a deal written in stone. Now the Conservatives want to break that stone and turn it into little pebbles and scatter it across. Their word simply cannot be trusted.

It is unfortunate because when the Government of Canada misleads Canadians, it looks bad on all politicians in the House and across the country.

• (1205)

**Mr. Ken Epp (Edmonton—Sherwood Park, CPC):** Mr. Speaker, I have always enjoyed listening to the member and actually as a person, I need to confess, I rather like him. He has a good friendly personality and I always appreciate that in a person.

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I would like to point out, though, to all members of the House that, with all due respect, I think that all members, including those who fashioned the motion of the day, are just hoping that by saying it often enough they will turn Canadians against trusting us because they are claiming that we are breaking a promise when we are not. I am here pleading for a consideration of the truth.

I look at our budget document and I urge people to read it. It says explicitly that it is up to the provinces. I will read again what I read before:

To respect the Offshore Accords, Budget 2007 puts in place transitional provisions under which Newfoundland and Labrador and Nova Scotia will continue to receive payments under that Equalization program. Both provinces will be able to permanently opt into the new Equalization program at any time.

It is also a fact that if they opted now to go to the new one, they would actually get more than under the old one, and that is the truth. I plead with members, let us deal in this chamber with the truth and not with some fabrication of it.

**Mr. Peter Stoffer:** Mr. Speaker, here is the truth, if he wants to hear it.

In March, in the federal budget, Nova Scotia and Newfoundland were given a choice. That is the problem. There was not supposed to be a choice. They would have retained the Atlantic accords plus the equalization. There was supposed to be no choice at all between the provincial accords and the old equalization system called the O'Brien formula with a cap on offshore revenues. That is what the member for Cumberland—Colchester—Musquodoboit Valley indicated.

The finance minister said that is not on the table. There was not supposed to be “either, or”. That is the problem. I wonder when the hon. member from Edmonton, who I happen to like by the way, will finally get it into his head that it is a broken promise.

**Hon. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, I am sure the member is aware that the Minister of Foreign Affairs, the Minister of Finance, and the Minister of Fisheries and Oceans since the budget have claimed that in fact the budget did live up to the terms of the Atlantic accord.

I have a Canadian Press article from this morning that says that the Minister of Foreign Affairs now says the decision of the member for Cumberland—Colchester—Musquodoboit Valley was premature because he is still in talks with Nova Scotia over honouring the accord and there is time to make a deal.

That leaves me rather confused because on the one hand he is saying that the Conservatives have already honoured the accord and on the other hand he is now saying they are in talks over honouring the accord. I would like to hear my hon. colleague's comments on this dichotomy.

**Mr. Peter Stoffer:** Mr. Speaker, there is an old saying that says, “If you're going to walk on thin ice, you might as well dance”.

The Conservatives are backtracking, flipping and flopping like a flounder on an open deck in the open seas. They simply do not even know the truth themselves anymore.

They have misled the people of Atlantic Canada so much. By the way, the analyses of the accord are done by Conservative premiers,

Conservative analysts, economists and legal experts. They all say that the accord has been broken.

Now we have the foreign affairs minister saying, maybe we will do this, maybe we will not. We simply cannot trust the foreign affairs minister or his government to deliver on the promises that they made for the good people of Atlantic Canada, Saskatchewan, and for that matter, the rest of our country.

• (1210)

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.):** Mr. Speaker, this is certainly a very important time in the history of my province of Newfoundland and Labrador and certainly a very important time in the history of Atlantic Canada.

Mr. Speaker, I will be sharing my time with my hon. colleague from Kings—Hants, a beautiful stretch of the Nova Scotia coastline, I might add.

The motion that we have before us today is the second time that we have brought up this issue in the House. We have proposed another motion to allow our colleagues from the Conservative Party the chance to isolate this issue and a chance for them to speak up for their home province, in much the same way that the member for Cumberland—Colchester—Musquodoboit Valley did. For the record I would like to read the motion brought forward by my hon. colleague from Labrador:

That, in the opinion of the House, the government has failed to live up to verbal and written commitments made to Premiers by the Prime Minister during the last election campaign with respect to the Equalization Program and the Atlantic Accords.

Just to give an illustration on how wide and how far the contempt is for the current government against the Atlantic accords, let me just point out that about a month ago, a gentleman from Newfoundland decided to start an online petition. His name is Steve Saunders. He went online and then he got help from the NLFM, which the Newfoundland and Labrador Federation of Municipalities.

In a three week period he had gathered, through many communities throughout Newfoundland and Labrador, signatures against the current actions of the current Prime Minister, the Minister of Finance, and of course the regional representation in the cabinet, our Minister of Fisheries and Oceans.

It went something like this, “We, the undersigned, residents of the province of Newfoundland and Labrador, would like to draw the attention of the House of Commons that in the last federal election the Prime Minister broke his promise”.

What would a petition of this size garner in only a few weeks time? Members probably think a few pages here and there. In the short span of three weeks, we have managed to put together a petition that resembles this. In less than one month, this is what we have, saying no to the Prime Minister, saying no to the Minister of Finance, and saying no to three Conservative members of Parliament from Newfoundland and Labrador.

Here are some names that lead the way on this petition, on the very first page, because at times the Conservative Party will say, “Well, this is a partisan issue”.

The Minister of Fisheries and Oceans earlier today said that we are simply opposing because it is a Liberal thing to do. We are opposing because it is a bad thing to change the Atlantic accords by which the people of Newfoundland and Labrador can truly realize that they are principal beneficiaries of our own resources.

Three signatures lead the way: number one, Danny Williams, premier of Newfoundland and Labrador, leader of the Progressive Conservative Party of Newfoundland and Labrador; followed by Gerry Reid, leader of the opposition, leader of the Liberal Party of Newfoundland and Labrador; the third signature, Lorraine Michael, leader of the New Democratic Party of Newfoundland and Labrador. How partisan is that? That is a clear message to our province and a clear message to the rest of the country.

At this point in time I want to mention my hon. colleague from Random—Burin—St. George's who sits with me today. Unfortunately, he is unable to speak in the House because of what he said earlier. The date was March 28, 2007. My hon. colleague from Random—Burin—St. George's stood in the House and used a word against the Prime Minister stating that he was a—, and it begins with an *l* ends with an *r* and has two vowels in the middle, as was explained by my hon. colleague from Sackville—Eastern Shore. No, it is not “loser”, but my hon. colleague is no longer allowed to speak because he used that word.

● (1215)

The funny thing is that in the last few days our hon. colleague from Cumberland—Colchester—Musquodoboit Valley stood in this House and voted against the budget for the sake of his constituents, for the sake of his province and for the sake of Atlantic Canada, which completely vindicated my colleague from Random—Burin—St. George's for using the word that he used which is one that is absolutely and utterly correct. He will not stand up in this House, as he has so eloquently pointed out, because if he did that, he would only be doing the same to his own constituents by misleading them as well. My hon. colleague is retiring; he will not be running in the next election. I would like to say that it was an absolute pleasure to serve with him here in this House.

Let me refer to some of the quotes that have been talked about over the past year regarding this issue.

The interesting thing is that my colleagues from the Conservatives, the three members of Parliament from Newfoundland and Labrador will say that they continue to work on this issue. At the very last minute, they proposed something different. To my hon. colleague from Nova Scotia who now sits as an independent, it was a scramble of issues.

Here is what some of them had to say. Shortly after the budget was introduced, the Minister of Fisheries who is from Newfoundland said:

We don't always have control over our own destiny. We all like to do things. We make commitments....The Prime Minister made a commitment.... The provinces involved, the majority of them said, “We don't want it. We want a different deal”. So there is the situation you're in.

Now how shameful is that. When they said that they were going to do their version of the Atlantic accord, which was to take the non-renewables out of the formula, we said that there may be some problems with the other provinces, but they said “Oh no, don't worry,

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because we have the fortitude to do it”. Well so much for that. Now they admit that they don't. Therein lies the first treacherous action.

Let me go on to say what else was said. They are now saying that they are continually working for their home region of Newfoundland and Labrador and Nova Scotia, and of course Atlantic Canada. This very morning, on a show called *Open Line* in Newfoundland and Labrador, the hon. member for St. John's East spoke to the host, Linda Swain. Here is part of what he had to say:

We're in the middle of talks right here and now with [the Minister of Finance]. We've met with the Prime Minister on a couple of different occasions.

Obviously something is amiss, yet my hon. colleague from Alberta and my hon. colleague from Saskatchewan continue to rise in the House and say to the people of Canada, “We honoured our commitment”. What are they talking about? Why do the members from Atlantic Canada say that they were continually talking with the Minister of Finance to make this right? It does not make sense. Who is wrong? Did they mislead or did they not? Did they break a promise or did they not? This is all coming from the government side.

Every time that the Minister of Finance and the Prime Minister stand in the House and talk about how they did not break their promise in regard to the Atlantic accord, the members from Atlantic Canada sit there, all of them, with faces like a robber's horse, as my colleague from Random—Burin—St. George's pointed out to me earlier.

Here are some of the other things the Conservative member of Parliament for St. John's East said. He said. “Well, you know, I think if [the member for Cumberland—Colchester—Musquodoboit Valley] had been at the last meeting, and of course it wasn't his fault that he wasn't there because he wasn't invited to be there—”

Here is a gentleman who did the honourable thing by voting for his constituents and before he did that, there was a meeting about the fuss that was going on and he was not even invited. This is absolutely ridiculous. This is a charade, and yet some stand and say they have not broken a promise. Some others say they did. It just does not make a lot of sense.

By the way, several other things were discussed in the House. I will just make one brief mention. I would like at some point for the Minister of Fisheries and Oceans to answer a question, now that we are on the topic of broken promises. On February 4, 2004, the Minister of Fisheries and Oceans brought this motion to the House:

● (1220)

That, in the opinion of this House, the government should take immediate action to extend custodial management over the Nose and Tail of the Grand Banks and of the Flemish Cap.

I asked that question in committee and it turns out that the minister has not done this at all.

**Mr. Brian Murphy (Moncton—Riverview—Dieppe, Lib.):** Mr. Speaker, the Minister of Fisheries and Oceans said that he was a stubborn Irishman, perhaps an omadhaun, I do not know, but his party's leader has said that Canada is a northern European welfare state, that people on employment insurance do not feel bad about themselves, that Atlantic Canada has a culture of defeat. It seems the Conservatives must think we are kind of stupid too because they think that the accords were not broken.

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I wonder what the hon. member thinks about page 347 of the budget document itself which states that the offshore accords provide for 100% protection from equalization reductions.

The Conservative Party cannot have its cake and eat it too. The Conservatives cannot insult Atlantic Canada and take away its money. Maybe they can insult us and let us keep our money, but which would the member prefer? Am I correct in my interpretation of the blue clad budget document provided to all of us by the Conservative government which provides 100% protection from equalization reductions?

**Mr. Scott Simms:** Mr. Speaker, my hon. colleague from New Brunswick has made some very, very good points. Let me point out again what was said this morning by the hon. member for St. John's East on the open line show:

We have a new equalization formula, a formula that was agreed upon by seven out of the 10 premiers in Canada. There is a cap on equalization; we can't do anything about that. I mean the cap is going to be there forever and a day possibly so we can't change that.

The member went on to say, "and the Atlantic accord is, unfortunately, not a perfect document".

My impression was it was, or maybe it was not according to the Conservatives. We think it is perfect, at least as close to perfect as we are going to get. He went on to say that the accord is vulnerable on a couple of different fronts. The accord is affected by the price of oil and it is affected by whatever equalization formula happens to be in place at the time.

That is not true, because the whole point of the Atlantic accord, signed by my hon. colleague from Halifax West I might add, with the former prime minister, the member for LaSalle—Émard, stated that future changes to the Atlantic accord would not affect equalization. If changes were made to equalization, the Atlantic accord would not be affected. It would be effectively insulated from those changes.

Now what they have done, according to independent economists like Wade Locke in St. John's, is they have proven that this new formula does affect it and even if they went to the old formula, it still affects it. The Conservatives stand there and say it is untouched. That is the crux of the issue. Independent economists, unbiased people, say that we will suffer as a result of this. That is what I put before the House of Commons today.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, my hon. colleague knows the Minister of Fisheries and Oceans probably better than any of us, but the reality is the minister is the individual who represents in cabinet the good people of Newfoundland and Labrador.

We heard his speech in the House which was simply a litany of deception. The fact is he is the same Minister of Fisheries and Oceans who said to us that there was broad consultation with fishermen and their families across the country on the new Fisheries Act, Bill C-45.

I remind my hon. colleague that at the Maritime Fishermen's Union conference the minister stood there and said that exact same thing to all the fishermen in the room, that there was broad consultation. I stood up right after the minister and asked the MFU if any of them in the room had been consulted on the new Fisheries Act

before it was tabled on December 13. I asked them to put up their hands. I asked the question twice and not one person put up their hand.

If the Minister of Fisheries and Oceans can mislead a whole group of fishermen at their convention, misleading an entire province is just one rung up the ladder of deception. Would the member not agree?

**Mr. Scott Simms:** Mr. Speaker, as my hon. colleague points out, he and I have both worked on the issue of Bill C-45. We have been inundated with questions from all interests, environmental groups, aboriginal groups, fishing groups far and wide. They are wondering what the government is talking about when it refers to broad consultations. There was absolutely no or very little consultation. That is why we have vehemently argued against the Conservatives ramming through Bill C-45. Why do they recklessly continue to do this?

I am glad my hon. colleague pointed this out. Just the other day during debate at second reading our hon. colleague from South Shore—St. Margaret's moved a motion in the House to make sure that no more amendments could be made to the bill. Shameless. Shameful.

• (1225)

**Hon. Scott Brison (Kings—Hants, Lib.):** Mr. Speaker, it would be nice to say it is with pleasure that I rise to speak to the motion today, but in fact it is with a sense of sadness that I rise to speak to it because of the fact that I think what the government has done, what the Prime Minister has done, what the member for Central Nova has done to the reputation of this House and to politics in general, denigrates and debases the reputation that all of us have as parliamentarians, as people who are committed to public life to making a difference, and yes, to keeping our promises.

I would like to quote from a memo by John Crosbie, a former Progressive Conservative federal minister, a representative of Newfoundland in the cabinet, who recommended to the Prime Minister:

Like any fair and professional leader, the Prime Minister should re-evaluate the performance of his budget in this particular area, and apply the principles of fairness and consistency in public policy. He should adjust his...budget legislation—

John Crosbie certainly is not a Liberal. He certainly is not a New Democrat. The Conservatives are accusing us of indulging in a partisan debate. John Crosbie believes that the Prime Minister should act fairly, but we know that the Prime Minister does not act fairly. He did not act fairly when he cut programs for literacy. He did not act fairly when he killed the court challenges program. He does not act fairly when he attacks women's organizations.

John Crosbie asked that the Prime Minister act professionally. He is a Prime Minister who on the floor of the House of Commons will accuse members of Parliament who ask legitimate questions about Canada's commitment to international protocols, to the Geneva convention, to reasonable treatment of prisoners of war, of supporting the Taliban. He is certainly not professional.

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John Crosbie asked the Prime Minister to be consistent. We certainly know that the Prime Minister is not consistent. He is not consistent when he tells Canadians that he will not be taxing their income trust investments. He is not consistent when his budget makes a ridiculous commitment to eliminating the interest deductibility on foreign investments. He flip-flopped on that a few weeks later.

The Prime Minister is not fair, is not professional, and is not consistent. In fact he is hurting the reputation of all politicians, federal and provincial.

I was part of a cabinet that responded to Premier Hamm's campaign of fairness. The member for Halifax West was a fellow member of that cabinet who led the charge and helped negotiate this accord, and it was a remarkable accord. It was extraordinary for a number of reasons.

First of all, it was not an easy accord to negotiate. It involved the federal Department of Finance and other ministers. It took a lot of discussion, hard work and focus on achieving an agreement that was good for Atlantic Canada and fair to all Canadian provinces. It was a 16 year agreement. It was based on the provinces of Newfoundland and Labrador and Nova Scotia having the ability to receive 100% of their offshore revenue without any impact on that equalization agreement or any further equalization agreements after that.

The government is saying that it only applied to the equalization agreement of the time. That is false. That is one of the reasons it was such a difficult accord to negotiate. It was extraordinary and it did apply to any subsequent equalization agreements. It was based actually on solid ground. The precedent was Alberta.

The Prime Minister in fact in a debate on November 4, 2004 said:

This is an opportunity and it is a one time opportunity. It is a...opportunity to allow [Atlantic Canadian] provinces to kick-start their economic development, to get out of their have not status, to grow this...opportunity into long run growth and revenue that will be paid back to Ottawa over and over again and that will benefit the people of those regions—

He said that it was based on the precedent of Alberta. He said:

This is what happened in the case of my province of Alberta. Alberta discovered oil and gas in the 1940s and 1950s, Alberta was a have-not province. From 1957 and until 1965, Alberta received transfers from the equalization program. Alberta was allowed to keep 100% of its oil royalties and there was no federal clawback.

● (1230)

This is what allowed Alberta to kick-start its economy, to expand and diversify, to build universities, to advance social services and to become one of the powerhouses of the 21st century Canadian...

Those are the words the Prime Minister used to justify his support for the Atlantic accord.

The Albertans in the House today ought to support the Atlantic accord based on those words from their Prime Minister. Albertans need to recognize that before Albertans had the vision, foresight and wisdom to put oil into the ground, they were a have not province as well. However, it actually took the ability for Alberta to have full access to its oil revenues until 1965 for Alberta to diversify its economy and to make the kinds of social investments required to move forward.

Clearly, both the Prime Minister and the member for Central Nova, the Minister of Foreign Affairs, and, frankly, the patron saint

of hypocrisy when it comes to this agreement and on many other issues we know he has taken positions on over the years, have let all Canadians down, particularly Nova Scotians and Newfoundlanders and Labradorians.

The Prime Minister has spoken in the past of a culture of defeat in Atlantic Canada. I believe there will be a culture of defeat on election night in the next federal election in Conservative headquarters right across the Atlantic Canadian region. Atlantic Canadians do not want to be misled. Atlantic Canadians do not want to be lied to. Atlantic Canadians want to be able to trust in their government, to believe what they are being told is true. If the Prime Minister cannot even convince members of his own caucus, members like the member for Cumberland—Colchester—Musquodoboit Valley, that he is telling the truth, how can he convince Atlantic Canadians that he is telling the truth?

That is a Prime Minister who has demonstrated time and time again that he would do anything or say anything to get elected, to get people's vote. There is not a promise that he will make during an election that he will not break after being elected.

In a minority Parliament, which Canadians have chosen, we have an opportunity to respect their choice to make this Parliament work, to advance public policy that is important for all Canadians, to work together in the interest of Canadians and to give Canadians the type of government in which they can believe. It is very tough for us to do this when we have a governing party, the Conservative Party, a Prime Minister and a Minister of Foreign Affairs whose signatures are not worth the paper on which they are written.

That is a Prime Minister who tends not to like accords. He, in fact, is working this week at the G-8 to try to destabilize the industrial world's commitment to the Kyoto accord. He has ripped up the Atlantic accord. One of the editorials in today's *Halifax Daily News* says that the Prime Minister hates accords so much it must be difficult for him to dry by a Honda dealership".

The fact is the people of Nova Scotia and the people of Newfoundland and Labrador have learned the hard way, that they cannot trust the Prime Minister.

Income trust investors who lost \$25 billion almost overnight as a result of the Prime Minister's breaking of his promise have learned that they cannot trust him to keep his word.

On of the editorials in today's *Chronicle Herald* said:

—in their gut, folks do understand that the Harper government has broken faith with Atlantic Canada by failing to deliver all that had been promised.

It went further and said:

If the member for Cumberland—Colchester—Musquodoboit Valley can't even vote for these Conservatives, how can you?

I think that is the question Atlantic Canadians across Atlantic Canada will be asking themselves in the next election.

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•(1235)

Atlantic Canadians are extremely proud to be strong Canadians and to fight for values and interests around the world. They fought in global conflicts in World War I, World War II and the Korean conflict. They made a difference in helping to build a more peaceful, democratic and stable world. They are fighting now in Afghanistan and making a difference, and we are proud of them. Atlantic Canadians are tremendously proud of the difference they make in Canada and around the world. They deserve the respect of the Prime Minister not to break promises made to them.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, I truly respect the words of the hon. member for Kings—Hants. He was a cabinet minister when these deals with the Atlantic accord were being made. He is correct. It was not easy. There was no unanimity saying that we were absolutely going to do this right away. It was tough slogging and they were tough negotiations.

As the hon. member knows, the NDP, the Liberal Party and Premier Hamm worked toward a conclusion to do exactly what the hon. member for Kings—Hants said, to give Atlantic Canadians that step up, similar to what Alberta received, so we could get out of the economic doldrums.

Some people call it the have not provinces. I do not like to use that term. “Have not” reflects upon the people of the area, and we are not in a have not province at all. There are certain developments and policies that need to happen among ourselves and with the assistance of the federal government to get us going again. We have some tremendous opportunities in Atlantic Canada to move forward so our young people do not have to move away.

The hon. member knows very well that when a promise is made repeatedly and broken repeatedly, it has a serious affect on all politicians in this place and across the country. The problem can be fixed.

Could the hon. member tell the House how it should and can be fixed?

**Hon. Scott Brison:** Mr. Speaker, the ultimate irony of this is the Minister of Fisheries and Oceans from Newfoundland and Labrador and the Minister of Foreign Affairs from Nova Scotia both said immediately after the budget was presented that there was nothing wrong with it and that there was nothing to fix. Since then, they have been saying they are working very hard to fix it. Therefore, they are effectively saying that they are working extremely hard with other levels of government to fix a problem that did not exist in the first place.

The fact is it can be fixed simply by enabling the provincial governments of Newfoundland and Labrador and Nova Scotia to continue to have full respect for the original Atlantic accord, which means that any new equalization deal will apply to them, as well as to other provinces, a new, more generous equalization deal, and they will continue to receive 100% of the offshore revenues.

That was the intent, spirit and letter of the Atlantic accord. For a full 16 years Atlantic Canadian provinces of Newfoundland and Labrador and Nova Scotia would have full access to offshore revenue and to any subsequent equalization deal. That principle was broken by the government. It can be changed simply by the

government going back to the original accord and keeping its promise to Canadians.

**Mr. Rick Dykstra (St. Catharines, CPC):** Mr. Speaker, I appreciate the opportunity to participate in today's debate, which was instigated by the member for Labrador, regarding the equalization program and budget 2007.

However, today's spectacle is not about having a rational, factual discussion about equalization or a fiscal balance or the Atlantic accord for that matter. It is not about what is best for the people of Atlantic Canada or best for Canada. It certainly is not about budget 2007.

In fact, I doubt the sponsor of this motion has even read the budget document or the detailed chapter and annex on the subject itself. It does not matter to him or to his party what the budget says or what it proposes. It is simply about partisan politics at its worst. It is really about a Liberal Party that does not know where it is going. It is about a party that is so devoid of principles that logical and rational thinking has been displaced in this debate.

That is why it is so unfortunate that the member opposite would take an issue so important to his province and the province of Nova Scotia, indeed all Canadians, and exploit it for cheap political gain.

I know it would be too much to ask the members opposite to engage in a rational and informed discussion here today, but I urge him, at the very least, to keep all the inflammatory rhetoric down so we can have some semblance of an educated debate. Indeed, if this were an educated debate, the member opposite would admit that the principles of the Atlantic accord have not been abandoned.

If the member opposite had simply read the budget, and he can do that very easily on line by going to [www.budget.gc.ca](http://www.budget.gc.ca), he would see the error in his claims.

In his speech to the House, the Minister of Finance described budget 2007 as an historic document and with good reason. Underpinning the budget exercise is a commitment to strengthening our federation and fulfilling a vision in which all governments come together to help Canadians realize their full potential.

Budget 2007 follows through on every commitment of the plan and it goes even further. It restores fiscal balance with provinces and territories by putting transfers on a long term, principles based footing. It takes another step toward restoring fiscal balance with Canadian taxpayers through major tax reductions and the tax back guarantee. It makes governments more accountable to Canadians by clarifying roles and responsibilities. It strengthens the economic union based on the plan set out in “Advantage Canada”. With fiscal balance restored, governments can focus on what matters to all Canadians, not old, tired arguments.



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The budget should move forward and not be used for petty partisan games that could result in the loss of funding for important programs to improve the lives of Canadians: \$1.5 billion in clean air funding to assist provinces with projects that reduce greenhouse gas emissions and air pollution, gone; \$225 million in new funding for the Nature Conservancy of Canada to preserve and protect environmentally sensitive lands across the country, gone; \$30 million to protect British Columbia's Great Bear Rainforest, gone; more than a billion dollars in health care funding to help provinces reduce patient waiting times and improve the delivery of health services, gone; \$614 million in funding for federal-provincial infrastructure projects and labour market training, gone; \$30 million in funding for the Rick Hansen Foundation spinal cord injury translational research network to improve the lives of more than 40,000 Canadians with permanent spinal cord injuries, gone; and \$135 million in new aid to help the people of Afghanistan rebuild their lives and their country, gone.

What does the opposition think about this? What does the Liberal leader in the Senate, Ms. Hervieux-Payette, have to say about the prospect of that lost funding? She said, "If we spend all our time ringing bells, other bills will not pass as well". Nonsense. It is nonsense that means nothing to the average Canadian and it should.

● (1240)

What does mean something to Canadians are better roads, a renewed public transit, a better health care system, better equipped universities, cleaner oceans, rivers, lakes and air, and training to help Canadians get the skills they need to build a better future for our country. That means giving adequate funding to provincial and territorial governments.

In budget 2007, through our historic plan, we are working to restore fiscal balance in Canada. Contrast that with the Liberals, like the former finance minister, the member for Wascana, who had the audacity to write:

The Conservatives complain that the previous Liberal government didn't concede the existence of a fiscal imbalance in Canada.

Do members know what he said? He said, "so what". We also have the leader of the Liberal Party who has repeated publicly that he does not care about the fiscal imbalance. In fact, he pronounced:

Don't ask me to pretend there is a fiscal imbalance and elect me, and hope I will fix it. I don't want to create those kind of expectations.

Today the Liberal leader said that he was for excluding natural resources from equalization but when asked this March about excluding 100% of resource revenues from the equalization, he said, "No, no. I would not commit to this".

When he was intergovernmental affairs minister he said:

...it would be ill-advised to grant such special treatment to Nova Scotia, Newfoundland...it is essential to maintain equitable treatment of all the provinces within the Equalization framework.

Today the Liberal leader said that he was against a fiscal capacity cap but, when asked last March, he said, "a province that received equalization payments cannot see its fiscal capacity going above the fiscal capacity of a province that does not".

When he was intergovernmental affairs minister he said, "Some provinces want special treatment to maintain their incoming benefits even as their fiscal capacities increase".

What he said was that he disagreed.

I am particularly proud to note that our approach to restoring fiscal balance is the result of significant consultations conducted with all of our partners as committed to in budget 2006.

Our approach to restore fiscal balance was not conducted in a vacuum. Rather, broad consultations were conducted by the Minister of Human Resources and Social Development, the Minister of Health and the Minister of Transport, Infrastructure and Communities.

The former minister of intergovernmental affairs' predecessor held face to face meetings with his counterparts between August and November, 2006 seeking views on ways to achieve a balance between a principled based approach to the limitation of the federal spending power and the need to continue to offer and ensure flexibility.

The minister sought perspectives on lessons learned from the past, options for future consideration and potential priority areas for action. Written submissions from provinces and territories were also provided. These consultations allowed the Government of Canada to demonstrate to provinces and territories its commitment to a new and open federalism. They also provided an opportunity to obtain provincial and territorial views on ways to achieve enhanced accountability through a clarity in roles and responsibilities of all orders of government.

The government took into account all that we gleaned from these consultations and we also committed to returning the equalization program to a principles based, formula driven footing as part of our plan to restore fiscal balance.

In doing so, we relied extensively on the recommendations of the independent expert panel chaired by Al O'Brien, a former Alberta deputy treasurer. A panel appointed under the tenure of the aforementioned member for Wascana, who at the time said of the panel:

There are so many arguments among the provinces about what the right formula ought to be, that we will engage an independent panel of experts—people who don't have a particular bias, don't have any kind of regional, vested interest—and have them come up with recommendations....

I wonder how those experts would react to the member for Wascana's new "so what" attitude to the fiscal balance.

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●(1245)

Following extensive consultations, the O'Brien report proposed a comprehensive, principled based set of reforms to the equalization program. As a *Globe and Mail* editorial pronounced, the O'Brien report "presented a largely acceptable approach to the predicament", a predicament caused by what *The Globe and Mail* termed "recklessly" and "dubious meddling" of the old government.

We reviewed this report and consulted extensively with Canadians and with provincial governments. We have concluded that the O'Brien report forms a solid foundation for the renewal of the equalization program.

As the *Toronto Star* noted, "the Conservative government is cleaning up the equalization mess the member for LaSalle—Émard left behind".

Indeed, the new program meets our commitment on fully excluding natural resource revenues from the program. We said that we would exclude non-renewable natural resource revenues without adversely affecting provinces by the changes to the equalization formula, and we did. Budget 2007 delivers on this commitment.

The new equalization program will give provinces the higher of the payments calculated under 50% natural resources exclusion or full exclusion.

We would expect the exclusion of 50% of natural resource revenues to provide higher payments in most cases because it increases the equalization standard. However, this of course depends on resource production, the levels and natural resource prices.

Giving provinces the benefit of full exclusion or 50% exclusion, fulfills the government's commitment to fully exclude non-renewable natural resource revenues from equalization without lowering payments to any province.

We said that we would respect the offshore accords with Newfoundland and Labrador and Nova Scotia, and we did. Newfoundland and Labrador and Nova Scotia can continue to get the benefits of their offshore accords and operate under the previous equalization system, ensuring that these provinces continue to receive the full benefit envisioned in these agreements.

As *The Globe and Mail* editorial bluntly remarked, there is no cap". It said that resource revenues were not included when the province's share of equalization was calculated. The article goes on to state:

That is because...the Atlantic Accord...explicitly exempted the province's resource revenues from any calculation of its equalization entitlements.

That accord trumps the budget's measures. And the Conservatives went out of their way to underline that stipulation in the budget.

I will conclude my remarks by reminding the member opposite that we do not and we have not abandoned any principles. We have not abandoned the Atlantic accords. Rather, we have taken action on fulfilling our commitments, in an open and principled way, to strengthen our Federation so that government can work in a collaborative way to provide tangible results for all Canadians.

If the members opposite do not believe us, they should listen to what the independent equalization experts are saying, the people

who do not have a particular bias, as the former Liberal finance minister would call them. We have people like Thomas Courchene, who rendered a thumbs up to budget 2007 and its major accomplishment to remove the fiscal basis of our Federation from its earlier state of disarray and to strive to reposition Canadian fiscal federalism within a framework of principles, fiscal, institutional and political.

We just need to listen to the former NDP Saskatchewan finance minister, in that respect an academic, Janice MacKinnon, who lamented the former Liberal government for turning "its back on the long established, formula-driven, rules based process for deciding equalization entitlements in favour of an ad hoc approach".

●(1250)

MacKinnon wants federal-provincial fiscal relations to be put on a more predictable, stable footing and be based on rules and established formulas that prevent the federal government from making ad hoc decisions and, in her words, "the 2007 federal budget goes a long way to achieving this goal".

Let us listen to what Al O'Brien, the head of the expert federal panel, had to say. He said, "Budget 2007 adopted our recommendation. Our recommendation is the core framework and I'm really quite encouraged".

Tackling this issue was not easy. It was not a simple proposition. It involved making tough decisions and seeking compromise. Fundamental to the working of any successful federation is compromise or, as MacKinnon put it, "Federal-provincial relations require compromise and a willingness of provinces to look beyond their own provincial borders".

Through our efforts, equalization has been restored to a principles based program after years of ignoring it. Instead of working for partisan interests, we made our decisions in the best interests of all Canadians, including those in Nova Scotia and Newfoundland and Labrador. That is what all premiers asked and all Canadians expect us to do. We will not apologize for that.

When we look at what we have done and the commitments we have made to each province and territory in this country, it is clear that decisions are not easy and tough decisions are that much more difficult to make. When we look at Newfoundland and Labrador or Nova Scotia, they receive \$1.3 billion under the new equalization formula: \$130 million in offshore accord offsets, \$639 million under the Canada health care transfer and \$277 million for the Canada social transfer, which includes additional funding for post-secondary education and child care. Commitments made throughout the country in each province and territory are included in the budget.

The budget went through committee and the committee heard from witnesses, including the Saskatchewan premier who was given an hour to ensure he had a full opportunity to present his thoughts and his position on the budget and what he felt it did not include. We did not ignore anyone who wanted the opportunity to speak to this.

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However, what is important at the end of the day is that we have a budget, which the finance committee went through clause by clause. We are debating it in the House today. It should go through the Senate process of being heard but, as I indicated in my speaking notes, there are close to \$5 billion worth of priorities waiting.

The fact that we have put a number to it is important and relevant from a numbers perspective but what needs to be heard is that there are many programs that hinge on that funding to be implemented in this year.

We obviously look to the leaders in the Senate, the majority of whom are from the Liberal Party, to dedicate themselves, prior to the end of this month, to ensuring the budget passes and becomes law so the expenditures within it can be met, whether they be from one end of the country to the other, for defence, the environment or the investment in the work Rick Hansen has done for decades in this country, which has now been recognized.

From the over 450 presentations at the finance committee, 44 recommendations were put together by all parties and they were given to the finance minister. Many of those recommendations, which were agreed to by all parties, are in the budget, but there are two parties today that are opposed to the budget.

● (1255)

For those reasons, I sure hope, while the debate happens and the debate continues, that at the end of the day respect for this process is brought and that budget is passed by the Senate.

**Hon. Charles Hubbard (Miramichi, Lib.):** Mr. Speaker, I listened with interest to the member for St. Catharines. In fact, I have been here most of the day and I am waiting for some member from Atlantic Canada on the other side of the House to tell us what a great budget it is.

The member talked at length about equalization. My province of New Brunswick is getting a less than 2% increase this year in its equalization from the federal government. The province of Quebec is getting nearly a 30% increase. In fact, it is such a big increase that the Premier of Quebec has decided he can reduce taxes in that province by nearly \$1 billion.

First, could the hon. member relate to us why the other nine or ten Conservatives from Atlantic Canada are not here supporting him? We would like to hear from them. Second, on equalization, is it fair that only Quebec received a big increase in equalization?

● (1300)

**Mr. Rick Dykstra:** Mr. Speaker, the member has said that he has been here all day. I will take him at his word on that. He may have slipped out for a bite to eat and missed the Minister of Fisheries and Oceans, who delivered a speech in the House this morning on that exact issue.

I do not think there is any doubt that those of us who sit on this side of the House are more than prepared to stand up and defend the budget and the equalization payments that are included within it.

My colleague speaks about New Brunswick. We can talk about percentages, but what we really need to do is start to talk about fairness in equalization, which includes \$1.4 billion in equalization payments to New Brunswick, \$512 million under the Canada health

transfer, \$222 million for Canada's social transfers, including additional funding for post-secondary education, and \$64 million for infrastructure. I could go on.

New Brunswick, Nova Scotia, Ontario and Quebec get what they deserve in this budget.

**Mr. Scott Simms (Bonaville—Gander—Grand Falls—Windsor, Lib.):** Mr. Speaker, we are not really arguing the budget today. This is about one aspect of the budget that concerns the Atlantic accords.

I would like the hon. member to answer two questions.

First, he talked about the offset payments involved here. However, an independent economist says that over the life of the accords \$1 billion will be lost under this formula. How can he justify the offset payments that he talked about, but at the loss of \$1 billion over the Atlantic accords, which is fundamentally breaking a promise?

The other issue is this. The member talked about how the finance minister and the Prime Minister did not break a promise, but yet almost every Atlantic Canada Conservative MP has said that they are continually working behind the scenes to ensure that we get what is right, obviously admitting that it is not right currently as it sits.

I encourage the member not to talk about other aspects of the budget. If he talks about other aspects of the budget, he will fully admit that he has no idea what he is talking about when it comes to the offset payments to the Atlantic accord.

**Mr. Rick Dykstra:** I will speak to my colleague's second point first, Mr. Speaker.

There are members on this side of the House who continually work to improve every aspect of legislation, whether it be justice legislation, or finance legislation, or any other legislation that we have moved forward. The fact is the difference between the Liberal Party and the Conservative Party is that we are prepared to continue to work, continue to move forward and ensure that we have left no stone unturned.

I guess for the Liberal Party members, they say it once and never say it again. Those members continually say that is always right regardless of whether it is wrong.

As I indicated very clearly, we have not broken our commitment. We laid that out very carefully with the budget that the Atlantic accord is being honoured.

● (1305)

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, it would be comical if it were not so sad. The hon. member accuses one of the Liberal members for not reading the budget. I doubt the hon. member even read the Atlantic accord. He did not sit in on the meetings.

*Business of Supply*

He talks about the budget, so I will talk about what is not in the budget. There was a motion passed in the House for veterans first to help injured soldiers, widows and veterans. The motion was passed by the House and not a word nor a penny of it is in the budget. A promise was made by the Prime Minister to a widow of a veteran that a VIP program would be extended immediately, but there is not a word on that in the budget.

I will get back to the point of the accord. There are many things the government left out of the budget, but it will not speak about those parts. An hon. member from the Conservative caucus was unceremoniously booted out, even after the Minister of Foreign Affairs said, "We do not and will not kick people out of the Conservative caucus for voting their conscience".

I will ask the hon. member a very simple question. Does the hon. member support what the Minister of Foreign Affairs said, or does he support booting out one of his own colleagues from the Conservative Party?

**Mr. Rick Dykstra:** Mr. Speaker, the member asked a question and made a comment with respect to issues of conscience.

The member could go back to his riding to talk about the valuable things in this budget and tell his constituents that they are good for his them. These are things such as accelerating the implementation of the Canada first defence plan so Canadian Forces will receive \$175 million this year, earmarking \$60 million to bring the environmental allowances paid to soldiers, \$10 million to establish five new operational stress injury clinics to assist Canadian Forces. These are investments in the member's riding and province.

No doubt, after the budget is passed, even though he will vote against it, the member will say that these things are good for province.

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Mr. Speaker, it is very interesting to hear a member from Ontario discuss this issue. I wish the hon. member would stick to the issue at hand, which is the bold-faced abrogation of an agreement that the then leader of the opposition, now Prime Minister, said fully, squarely and without equivocation he would support.

I will give the hon. member a copy, if he wishes, of the arrangement between the Government of Canada and the Government of Nova Scotia on offshore revenues. It is signed February 14, 2005, St. Valentine's Day. It breaks my heart to have to tell the hon. member this, because it contrasts what is said in the budget.

Under point four, it says:

Commencing in 2006-07, and continuing through 2011-12, the annual offset payments shall be equal to 100 per cent of any reductions in Equalization payments resulting from offshore resource revenues. The amount of additional offset payment for a year shall be calculated as the difference between the Equalization payment that would be received by the province under the Equalization formula as it exists at the time if the province received no offshore petroleum resource revenues in that year... under the Equalization formula as it exists at the time...

The budget on page 115, which the hon. member claims to have read and has invited other members to talk about, simply says:

—the Offshore Accords and ensures that these provinces will continue to receive the full benefit that they are entitled to under the previous system.

There is the problem. The government has gone to the old system while abrogating the new one.

Would the hon. member finally get it right and answer this? Would he at least acknowledge that this is a broken promise?

**Mr. Rick Dykstra:** Mr. Speaker, absolutely not. The member just verified that the Atlantic accord trumps the budget. It is as simple as that. I thank him for doing that.

If the Conservative government were not here and it were a Liberal government, horrid thoughts come to my mind. The fact is a Liberal government would not have dealt nor tried to deal with this issue. It would not have even tried. Members on the other side of the House do not think it is an issue or a problem. We dealt with it.

● (1310)

**Hon. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, I feel sorry for my hon. colleague, the member for St. Catharines. He obviously has been sent in here today and has been asked to give a speech on the subject because his government cannot find many folks from Atlantic Canada who are willing to speak on it from his side. He has come in, read a speech and tried valiantly to defend the indefensible.

I thank my hon. colleague, the member for Pickering—Scarborough East, who has had a look at the Atlantic accord, the accord that I signed, in fact. I am familiar with it as well. He has tried to explain for the member for St. Catharines what it means and how it is a betrayal in this case.

The question before us today is very simple. Has the government honoured the offshore accords with Newfoundland and Labrador and with my province of Nova Scotia? The answer is also very simple. The answer is no.

I know it, Danny Williams knows it and John Crosbie knows it. The member for Cumberland—Colchester—Musquodoboit Valley knows it, and he had the guts to admit it. He can be proud of that. Nova Scotians are proud of him for his decision.

Premier Rodney MacDonald sort of knows it. I wish he would be a little more firm about it and a little stronger. He seems to be a little afraid to stand up and fight for Nova Scotia. Maybe he is afraid of the Prime Minister. It seems a lot of members on that side are, and I understand that. I would like him to be a little firmer and stronger. We have seen Mr. Williams be very strong.

Everyone with a shred of common sense in Atlantic Canada knows it. They know that our region has been betrayed. They know the Prime Minister has shown to Atlantic Canadians that his word is worthless.

I do not think I mentioned, Mr. Speaker, that I have the honour of splitting my time today with the honourable member for West Nova, my esteemed colleague. I look forward to his comments as well.

Atlantic Canadians know the Conservative cabinet and members of the caucus from Atlantic Canada are too afraid of the wrath of the Prime Minister to speak up, to tell the truth, and to fight for the interests of the people of their provinces, as they should do. Atlantic Canadians are not being fooled by the false arguments that are being trotted out by Conservative members to explain how my province, for example, will lose \$1 billion and how that is a good thing supposedly for Nova Scotians.

*Business of Supply*

The finance minister loves to say that Nova Scotia has a choice of either the new equalization program or the accord and the old equalization program. My honourable colleague, the member for Pickering—Scarborough East just explained why that is a false dichotomy, a false choice. As Jim Meek, a columnist at the *Halifax ChronicleHerald* said today, “The minister's cheap parlour—or parliamentary—trick is to suggest he has given the province a fair deal”.

We know that is not the case. The fact is the accord applies, as it says, to equalization as it exists at the time. No matter how it changes, provisions and the terms of the accord still apply. The payments under the accord are still to be made. The government has denied that and it has torn to shreds the Atlantic accord.

What other answers is the government giving? The Minister of Finance, for example, loves to list off the various things in the budget, other things that affect Nova Scotia, Newfoundland and Labrador and Atlantic Canada in general. Is the government really saying that we do not deserve to have payments for health care, that we do not deserve funding for environmental protection, for example? Is that what the government is saying? Is it saying that we cannot have this because we are going to have that? Is the government saying that we cannot have what it promised on the offshore accord because it is going to do something in terms of funding that it is giving to every other province anyway? This is some deal. That is not very impressive.

Is the government really saying that we only get equalization and education dollars because of its charity and goodwill? Is that what the government is saying? It is hogwash. It is absolute rubbish. The argument Conservatives are making is beneath contempt and worst of all, they know it, but they do not dare cross the bully boss, the Prime Minister. They are clearly afraid of him and they have not found intestinal fortitude.

**The Acting Speaker (Mr. Andrew Scheer):** I am not sure if referring to the Prime Minister in those terms would be parliamentary. I would ask the honourable member from Halifax West to withdraw that comment.

**Hon. Geoff Regan:** Mr. Speaker, if that is in fact unparliamentary, and I was not aware it was frankly, then I will withdraw it.

It is fair to say that the hon. members are clearly afraid of the Prime Minister. We have seen many bullying tactics in the House and on the Hill. These colleagues from Atlantic Canada have not found, unfortunately, the intestinal fortitude to stand up to the Prime Minister. There is still third reading of the budget bill coming up shortly. I hope they will show that fortitude then.

There are two things that everyone in Nova Scotia knows. The first is that the Prime Minister betrayed Atlantic Canada on budget day when he failed to honour a signed agreement between the Government of Canada and my province. It was a signed deal, a signed contract; I know, because I signed it.

The second thing is that the hon. member for Central Nova and the hon. member for South Shore—St. Margaret's had the chance to stand up for their province. They could have said, “Wait a minute, this is not right. One cannot just unilaterally tear up a written

contract just because one does not like the region and wants to punish us”. They could have said that.

Those members could have done what the member for Cumberland—Colchester—Musquodoboit Valley did, who showed he has a backbone. He stood up for his region and his province. Instead, sadly, they chose to support their misguided leader. Was it out of party loyalty? Was it out of fear? I do not know what the reason was, why they could not show more fortitude.

I know one thing, that voters in Nova Scotia and across Atlantic Canada will remember the lack of support those Conservative MPs from Atlantic Canada showed the region. When the next election is called and the members are out knocking on doors, I think they will hear about it. Voters will remember that the budget betrayal at the hands of the Conservatives may cost my province, for example, \$1 billion for things that we need, such as better hospitals, schools, fixing roads and many other important investments. They will remember that those Conservative members of Parliament squandered a deal that gave Nova Scotia 100% of its offshore revenues with no clawback.

It is exactly what those Conservative members promised when they sent out a brochure to Atlantic Canadians a few years ago, which said on its cover, “There is no greater fraud than a promise broken”. They promised no clawbacks, 100%. That promise has been broken.

The foreign affairs minister said that the budget respected the accord. That has been his claim for months. Now he is saying that the decision of the member for Cumberland—Colchester—Musquodoboit Valley was premature because he and others are still in talks over honouring the accord. Huh? How is it possible for one to have already honoured it but one is still in talks over honouring it? It seems to me it ought to be one or the other.

The finance minister and his Nova Scotia puppets over there tell us we should be happy that we are getting more in equalization this year. What a joke. What a farce. They should read the accord.

That is why columnists in Atlantic Canada such as David Rodenhiser of the *Daily News* are so outraged. He said today:

We have a government that lies to us, steals from us and aligns itself with a party bent on tearing the nation apart. These are not proud days for Canada.

In fact, underneath his article there is a line which reads:

David Rodenhiser thinks [the Prime Minister] has a phobia of accords: the Atlantic Accord, the Kyoto Accord, the Kelowna Accord. The man must be petrified when passing a Honda dealership.

When the finance minister was Mike Harris's henchman in Toronto, he mocked Premier Hamm, saying that his campaign for fairness was like someone who won a lottery and still wanted to collect welfare. It seems the same meanspirited mentality prevails today. The hon. member for Central Nova and the hon. member for South Shore—St. Margaret's have adopted it, unfortunately. That is very sad. It is frustrating. It is atrocious. They should be ashamed that the government has a petty, patronizing attitude toward Atlantic Canada. The next thing is they will say we have a culture of defeat.

*Business of Supply*

•(1315)

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I listened to the hon. member's words very carefully. I want to ask him a question that I posed to his leader earlier today to which I did not get an answer. I am not sure whether I will get a direct answer from the hon. member. I would like the member to clarify remarks made by his leader in March of this year, only a few short months ago.

In March of this year the Leader of the Opposition stated that he believed that non-renewable natural resources should not be excluded from the equalization formula. He went to say that he also believed in addition to that, there should be a fiscal cap.

Today the hon. opposition leader seems to be completely reversing himself. There is a complete contradiction. Three months ago the opposition leader stated there should be no removal of non-renewable natural resources, and in addition to that, we should put on a fiscal cap, which would have destroyed, frankly, any attempts by Newfoundland and Labrador and Nova Scotia to receive money through equalization.

Since the opposition leader is clearly a learned man and I am sure he chose his words very carefully, was he misleading Canadians then, or is he misleading them now?

•(1320)

**Hon. Geoff Regan:** Mr. Speaker, in fact my hon. colleague should have listened to the answer to his question this morning. Obviously he did not, because he would have heard the leader of my party make it very clear that is not what he said at all. In fact, I know what he said.

The Leader of the Opposition has made it very clear that he will live up to the terms of the Atlantic accord. In fact, he was part of the cabinet that approved the Atlantic accords, that implemented the Atlantic accords. What the member is talking about is absolute nonsense and he ought to know it.

I think we should hear more from Conservative members from Atlantic Canada who actually have some idea, or I hope they do, of what the accords are all about.

**Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP):** Mr. Speaker, I rise in my place today very troubled. We went through an election campaign where we were promised honest and accountable government with good stewardship. In Hamilton where we have lost 11,000 manufacturing jobs in the last year alone, we are facing a situation where there is no manufacturing strategy. We have had the softwood sellout. Now Premier MacDonald, Premier Williams and former premier Hamm are flatly saying that the government has betrayed people.

My question for the member opposite is, how low does he think they will go and who is next?

**Hon. Geoff Regan:** Mr. Speaker, it is becoming increasingly apparent that the Prime Minister has a rather negative attitude toward written agreements and his own promises.

Did the government honour the Kelowna accord? No. Did the government honour the child care agreements that it signed with

every province in the country. No. Did the government honour our international obligations under Kyoto? No. Did the Prime Minister keep his own word on income trusts? No.

Does the government have any honour or integrity left? I do not think it does. It is not showing it.

Can the Prime Minister be trusted to keep his word to hard-working Canadians on anything? No, unfortunately.

**Hon. Scott Brison (Kings—Hants, Lib.):** Mr. Speaker, my question for my colleague, the member for Halifax West, is a fairly simple one.

The fact is the Premier of Nova Scotia said immediately after the budget:

I'm...caught by surprise tonight [by the budget] and quite frankly, my government's caught by surprise. I've always believed the offshore accord was an economic right of Nova Scotians...not a handout.

It is almost as if the government wants to continue to give handouts to Nova Scotia. That is unfair. The premier said that he was blindsided by the federal budget and yet, the other night he was on the phone trying to convince the member for Cumberland—Colchester—Musquodoboit Valley to vote for the budget that he had earlier said blindsided the people of Nova Scotia.

My question for the hon. member is, who is Premier Rodney MacDonald serving, the people of Nova Scotia or the Prime Minister?

**Hon. Geoff Regan:** Mr. Speaker, I must tell my colleague that I am disappointed in the performance of the premier of my province in this case. Actually, I like the premier. I have played hockey with him. He is a very good hockey player and he is a nice guy, but I think he has not been nearly as strong as he should be on this issue.

We have seen very great strength from Premier Danny Williams in Newfoundland. He has been very firm and has shown real backbone. I would like to see a greater strength from the premier of Nova Scotia. To say to the one gentleman here on the Conservative side, the one hon. member who is prepared to stand up for Nova Scotia, that he should not do so is unfortunate and I regret it.

•(1325)

[Translation]

**Hon. Robert Thibault (West Nova, Lib.):** Mr. Speaker, I am pleased to participate in this debate in support of the motion introduced by the member for Labrador, which reads as follows:

That, in the opinion of the House, the government has failed to live up to verbal and written commitments made to Premiers by the Prime Minister during the last election campaign with respect to the Equalization Program and the Atlantic Accords.

[English]

It is quite serious when we have to stand in the House and make such a resolution about the Prime Minister, about his engagement, his respecting of his word. There are institutions that Canadians have to be able to depend on. One is the office of the Prime Minister. While we may debate policy, while we may have different opinions on how to bring the country forward and what the right programs are for our country, we should always be able to depend on the office of the Prime Minister, and that whoever occupies that office at the time will be a person of integrity who is true to his or her word.

*Business of Supply*

It is very disappointing that we are in the situation where Canadians cannot trust the office of the Prime Minister because the person who holds the office has shown time and again that his word is completely meaningless. Let us remember back to before the same individual became Prime Minister. He said that supply management was a communist scheme of price fixing. He said that we had to build firewalls around Alberta. On national unity he said he did not care how many national capitals there were, and he now calls himself the great defender of national unity. That is the person in whom we should be able to put our trust and confidence in trying to advance the interests of the citizens of this country and the country's future.

When we look at the example of the Atlantic accord, I think first we should look at what the accord is. The accord is quite simple. It says that Nova Scotia and Newfoundland shall benefit from 100% of the revenues from their non-renewable resources, in this case offshore oil and gas, to the exclusion of all other programs. That means if there is change in equalization, if there is additional money given in other programs by the federal government to the provinces, that Nova Scotia and Newfoundland would their share and the Atlantic accord is separate from that. It is above and beyond all other programs.

The budget turns it into an either/or situation. The province of Nova Scotia and its finance minister must decide whether to participate in the new equalization formula which has some advantages for Nova Scotia, or to maintain the Atlantic accord which also has some advantages for Nova Scotia. If Nova Scotia goes into the new equalization formula, the Atlantic accord substantially disappears, the amount of revenue is capped and Nova Scotia stands to lose \$1 billion.

Some may argue that in the current system the accord is a disproportionate benefit for Nova Scotia and Newfoundland and Labrador. Well, perhaps one could make that argument. Perhaps the Prime Minister could advance that argument but that is not the argument he advanced during the election campaign. He said in writing and verbally that he would honour the letter and the intent of the accord.

I remember when I was on the government side of the House, we presented a budget that included the ways and means to implement the Atlantic accord. The Prime Minister and members of his party, the opposition at that time, asked that we split the bill, that we remove the Atlantic accord from the budget because the intention of the opposition members at that time was to vote against the budget but they wanted to vote in favour of the accord.

That was the very same accord they are now knee-capping. That is pure hypocrisy and it is a betrayal. It is a betrayal to the people of Atlantic Canada and it is a betrayal to the people of Saskatchewan who were promised that they would get 100% of the revenues of non-renewable natural resources outside of the equalization formula.

It was pointed out by the member for Labrador that we are getting hit now, as will others, each at their time.

The Prime Minister, when he made those promises in the campaign, did not say he would somewhat honour the accord but would cherry-pick elements, suggestions and recommendations out of this and that report, some from O'Brien and some from others, and

make a budget that dismantles the intent of the Atlantic accord. That is not what he promised. He promised that there would be 100% exclusion of non-renewable natural resource revenues from the equalization payment and that the accord would be maintained.

● (1330)

I was disappointed. I happen to have the privilege of sitting on the finance committee, where we evaluated the budget. Premier Lorne Calvert came before us and made a very good presentation on behalf of his government. I was very disappointed, as was mentioned by the member for Halifax West, by the relative weakness of the premier of Nova Scotia on this issue.

We know that he is in a dire political situation. We see in the polls that he is in third place. There is not a lot of confidence in his government. People are looking for alternatives. Rather than showing strength and fighting for what already has been won by his predecessor, the relative weakness of the premier of Nova Scotia on this issue can be seen. We are not asking for anything new here. We are asking that the Government of Canada honour its commitment.

That brings me to the second point, which is the institutions. We must be able to trust the Office of the Prime Minister and whoever occupies it, and we also must be able to trust the legacy of the succession of the Government of Canada, in that an agreement signed by one Government of Canada lasts until the end of its natural course. In this case, it would be 2020. An agreement is an agreement is an agreement.

Premier Rodney MacDonald should accept the invitation of Stephen McNeil, leader of the Liberal Party, to put forward a common front. Although I have not been in discussions with him, I am sure Darrell Dexter would join. We would have a common front with all Nova Scotians fighting for 100% of the Atlantic accord.

What we see and hear in the papers and the media is that there are negotiations happening, and the Minister of Fisheries and Oceans mentioned that in question period, negotiations for improvements in the bill presented by the government, but not the 100% retention of the Atlantic accord.

A promise 90% kept or 80% kept or 70% kept is 100% broken. The accord is a signed deal. It should be maintained. I think the member for Cumberland—Colchester—Musquodoboit Valley has made it very plain.

Let us look again at the institutions of our country. Let us look at our Prime Minister. He and the Minister of Finance, during the election period, promised that they would not tax income trusts. They gave that solemn promise to Canadians. Canadians, many of them seniors, were encouraged to invest even more within the income trust sector as they had the promise of the Prime Minister that they would not be taxed.

What does he do? At the first occasion, there is a 33% tax and a 100% betrayal of those investors, with \$25 billion worth of capital loss, a lot of it in the hands of seniors, either retired or preparing to retire. Let us imagine this. I spoke to some seniors who told me that they went from having a comfortable retirement, and being economically and financially self-sufficient, to poverty, essentially, to sustenance living on small pensions and reduced savings.

*Business of Supply*

They were losing \$10,000 to \$15,000 of revenue a year. When one's revenue is \$35,000 to \$45,000, losing \$10,000 is a lot. It is huge. That is money they had depended on. They had been encouraged to do it by the Prime Minister. If the Prime Minister had not made that promise, the reasonable investor would not have had such huge exposure in one element of the market, but that was not the case.

The Atlantic accord? Betrayal. It was a betrayal by the Prime Minister of the people of Atlantic Canada. And there was a betrayal by the Prime Minister of the people of Saskatchewan.

As for the member for Central Nova, he is an experienced member of the House of Commons who is not prone to fly off the handle and do things he has not considered. He has been here long enough. In answer to my question, he made a promise in the House to his colleagues that they could vote as they wished, that they could vote their conscience on the Atlantic accord and there would be no retribution and they would not be kicked out of caucus.

Either he was misleading the House or he is a complete buffoon, because he knew, as we saw with the vote, that the minute the member for Cumberland—Colchester—Musquodoboit Valley voted his conscience, he was removed from his caucus.

The member for Central Nova goes around the world representing our country. We have seen the Prime Minister betray the country, its citizens and Atlantic Canada, and we have seen the Minister of Foreign Affairs betraying his colleagues. These people are out there representing the interests of the nation and entering into dialogue with statesmen from other countries in trying to find accommodations to bring forward. Those people from other countries can have no confidence in the institutions of our country.

It is a dire situation. It is a situation that I have not seen before. I ask that the Prime Minister and the Minister of Finance apologize to Canadians, to Saskatchewan and to Atlantic Canadians before it is too late and reverse this unfortunate decision.

• (1335)

**Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP):** Mr. Speaker, the member's comments draw to mind the newspaper headline following the last election in Nova Scotia which stated that the NDP is a government in waiting. With the references to what that premier has been doing, now I am starting to understand why.

My question is very simple. I would never claim to be a mathematician, but if there is no exclusion, that is a billion dollar loss for Atlantic Canada. It should be that simple. When we have Premiers MacDonald and Williams and former premier John Hamm all saying that the government has betrayed them, again I say, who is next?

**Hon. Robert Thibault:** Absolutely, Mr. Speaker. A quick evaluation of the budget shows it on the equalization and on transfers. The three provinces that will suffer most and not get any increases are Saskatchewan, Nova Scotia, and Newfoundland and Labrador, three provinces that need a lot of assistance, that need a hand up in using their resources to advance their own cause.

I was honoured to see that the member for Cumberland—Colchester—Musquodoboit Valley had the courage to make a very tough decision and vote against his caucus. I am amazed that not one

of the Newfoundland and Labrador MPs had the courage to do that. One out of three from Nova Scotia did, but zero out of 12 from Saskatchewan. There are a dozen Conservative MPs from Saskatchewan and none of them raised the issue. None of them made any noise. A dozen is six of one and half a dozen of the other: six sheep and half a dozen cowards. They should fight for their province, as did the member for Cumberland—Colchester—Musquodoboit Valley.

**Hon. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, that was an excellent speech by my hon colleague from West Nova. I am sure he is aware of the brochure that was sent out by the Conservatives in our province during the discussions over the Atlantic accord some two and a half years ago. It stated:

The Conservative Party of Canada believes that offshore oil and gas revenues are the key to real economic growth in Atlantic Canada. That's why we would leave you with 100 per cent of your oil and gas revenues. No small print. No excuses. No caps.

Then we have the comments of the Minister of Foreign Affairs on May 15 in answer to a question from my hon. colleague from West Nova. He said:

We will not throw a member out of caucus for voting his conscience. There will be no whipping, flipping, hiring, or firing on budget votes as we saw with the Liberal government.

Yet our hon. friend, the member for Cumberland—Colchester—Musquodoboit Valley, was in fact thrown out of that caucus. I would like my hon. colleague's comments on what has happened.

**Hon. Robert Thibault:** Mr. Speaker, it was amazing. I have never seen anything like it and I have been in this House going on seven years. I have never seen the government stand in this House and say that a vote would not be a confidence vote and then, after the vote has been held, declare it a confidence vote.

A senior minister of government, the Minister of Foreign Affairs no less, the former leader of the Progressive Conservative Party of Canada, the same guy who said he would not unite the Progressive Conservatives with the Alliance but did, the guy who said he did not make disparaging remarks about one female MP of the Liberal caucus, but all witnesses say he did, that same guy stands in this House and says that it is a free vote and that members of Parliament from Atlantic Canada or anywhere else will have the freedom to vote their conscience.

However, when one of them has the courage to do that, he cuts the legs out from under him and kicks him out of his caucus. The member for Cumberland—Colchester—Musquodoboit Valley did not have time, according to what I read in the papers, to make it to the curtains. He was kicked out and expelled from that caucus on the spot.

It is not unusual for members to have whipped votes on the budget and the Speech from the Throne. What is unusual and amazing is that the government would make an announcement that a vote is not a confidence vote, that members have the right to vote how they feel, and then, when one member votes his conscience, he is immediately expelled from that caucus in a very hypocritical fashion. It is either a misleading of members or total buffoonery or both.



*Business of Supply*

[Translation]

**Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ):** Mr. Speaker, I am pleased to join the discussion on the Liberal Party's motion today, which reads as follows:

That, in the opinion of the House, the government has failed to live up to verbal and written commitments made to Premiers by the Prime Minister during the last election campaign with respect to the Equalization Program and the Atlantic Accords.

The Bloc Québécois supports this motion because to do otherwise would be to deny the obvious. As we have said in the past, we did not agree with the Atlantic accords in principle, and we still do not agree with them. However, it is perfectly obvious that the government has broken its promise, and we will not argue with that whether we like it or not. No matter what we think of the promise, we do, in principle, agree with the motion.

Unfortunately, this is not the only commitment that this government has broken since coming to power. This government calls itself the “new government” and promised to do things differently from the previous Liberal government. Unfortunately, it seems that the government has learned quickly and has wasted no time following in its Liberal predecessors' footsteps. This government has broken a lot of promises.

The Atlantic accords we are talking about today are a prime example, even though—and I will come back to this later in my speech—we do not agree with these accords and we do not think the government should move forward with them.

According to this motion—or at least according to the Bloc's interpretation of it—the government is being criticized for, deliberately or not, making irresponsible election promises. I would hope it did so out of incompetence and not with the deliberate intention of misleading and fooling the electors. The fact remains that a promise was made and it is not being kept. The Bloc Québécois denounces this irresponsible promise.

Among the many other areas where the government has not kept its promises is the matter of the seat at UNESCO. Once again, the government is playing with words and repeating the same thing ad nauseam—that it made good on its promises—in the hope that by constantly repeating the same thing, whether it is true or not, the public will believe it one day. That is what happened with the seat at UNESCO.

During the election campaign the Prime Minister promised to give Quebec a seat at UNESCO, like the seat Quebec has in the Francophonie. That is what he said, verbatim, what he repeated, what he wrote down and has never denied. Obviously, when we talk about a seat in the Francophonie, we are talking about a full seat, a voice and a vote. That is what all Quebeckers were expecting. That is what everyone was talking about. The Prime Minister never said to Quebeckers during the election campaign that what he was really promising was a small folding seat, a little stool at the back where they could whisper their agreement, or stay quiet should they disagree. That was never the case.

When the Conservative government proposed this accord, it was saying to Quebeckers that it agreed to bring its delegation along, that it would be allowed to participate and give its opinion provided that

this opinion fell within the general position of the federal government, or something to that effect.

● (1340)

In other words, Quebec would have the right to indicate its agreement, but if it does not agree, it would not be allowed to say so. More importantly, unlike what was promised, Quebeckers would have no right to vote, as it does at the OIF. That is another promise that was completely broken. It is so true that nothing has been done. When the government made that proposal, even my predecessor in Jeanne-Le Ber, who was once the Minister of Canadian Heritage, said that, in any case, that was already how it was done. No one ever stopped Quebec representatives from coming along, sitting in the background and whispering comments. We are really no further ahead. This has been nothing but smoke and mirrors, with basically nothing new to indicate that this promise, giving Quebec the right to vote, will be honoured.

The Prime Minister resorted to false arguments concerning the issue of Quebec's right to vote, saying that, at UNESCO, only independent states have the right to vote. First of all, with all due respect, I would point out that, when the Prime Minister and the Conservatives made this promise to Quebeckers, they knew that. Second, they could have allowed for a mechanism by which, when the two positions are at odds, Quebec would abstain, which would mean the same result. That is another broken promise. For people in the maritime provinces, there was a broken promise regarding the Atlantic Accords, and for Quebec, it was our seat at UNESCO. Income trusts have been discussed at length in this House. The structure of these income trusts allowed certain legal entities to get out of paying taxes, and we saw more and more businesses convert to income trusts under pressure from their shareholders to pay less tax.

The Bloc Québécois had asked for a moratorium on the conversion to income trusts. It has always said that the conversion of businesses to income trusts for tax purposes was not a good thing. This was its position before, during and after the election campaign. Naturally, when the government decided to tax income trusts to partly close this loophole in Canadian taxation, we thought it was a good idea and we supported it. Nevertheless, that was another promise that the Conservatives did not keep. The Prime Minister had personally promised, in black and white, during the election campaign to never—and not just maybe—never tax income trusts. Consequently, some Quebeckers and Canadians, taken in by the Prime Minister, invested in income trusts believing that they would realize large returns. The value of income trusts continued to climb on the premise of the Prime Minister's good faith. The mistake made by these investors was that they probably believed the Conservatives would keep their promise. They did not. The day the government announced that it would put an end to the special tax treatment for income trusts, they dropped sharply in value, placing many investors in very unfortunate circumstances because they suffered huge losses. And all this because the government, to get elected, made unacceptable and irresponsible promises resulting in this situation.

And that is not all. Many other promises were broken by this government. I would like to speak in more detail about the promise regarding the fiscal imbalance. This has been a long fight for the Bloc Québécois

*Business of Supply*

Here again, the government seems to think that it only has to continue repeating the same thing and the public will end up believing it.

• (1345)

I was amazed to see how the Minister of Finance “corrected the fiscal imbalance” in his latest budget. He just tabled a budget, increased cash transfers to Quebec and the provinces and then got up in the House and said that the fiscal imbalance had been fixed. To him, just saying that, despite all the evidence to the contrary, was enough to convince people. When the Conservatives promised Quebeckers to correct the fiscal imbalance, Quebeckers expected that the solution would be along the lines of the consensus that had formed in Quebec, which had been built around the Séguin commission on the fiscal imbalance. When the concept of fiscal imbalance was put forward, the phrase “fiscal imbalance” was not chosen at random, out of a hat, it was chosen deliberately, because there was an imbalance between the federal government and the provinces and this imbalance was fiscal in nature. Otherwise, it would have been called the budgetary imbalance or the monetary imbalance. But it was called the fiscal imbalance.

When the Conservatives promised Quebeckers to correct the fiscal imbalance, Quebeckers had reason to expect a fiscal solution. Yet this budget contains no tax measures. I asked the finance committee, officials and the minister himself. The minister admitted quite candidly that his budget contained no tax transfers to Quebec or the provinces. At the same time as he is saying that the budget contains no tax transfers, no tax measures to correct the fiscal imbalance, he is telling us that it has been fixed. Something is wrong there.

We voted for the budget because it represented a step forward and transferred significant amounts to Quebec and the provinces. But there is no guarantee that those amounts will still be there in one year, two years or three years. Quebec and the other provinces that receive equalization transfers, for example, are still subject to the whims of the federal government. The equalization formula has just been amended, but it could be amended again in the next budget, whether that budget is brought down by this or another government.

Quebec wanted financial autonomy, it wanted to receive stable, predictable revenues which would grow over time, and over which it would have control, so that it would not be at the mercy of the federal government's choices. It is so true that the fiscal imbalance is not permanently corrected and that Quebec still depends on the federal government, that even the Conservatives' Quebec advertising says—and I want to get this right—that the Leader of the Opposition, if he became prime minister, could take back the money. This is what the Conservatives are saying. Their advertisements in Quebec say that the fiscal imbalance that they claim has been permanently corrected, could return if another government were elected. This is not a correction. It would have been corrected if tax fields had been transferred, GST for example, to the Government of Quebec. It could have had complete and total control over the revenues, which would be predictable over time, and all this with no chance of the federal government backtracking. It could have been the transfer of tax points, as was done in the past, but this was not the case.

A number of promises have been broken by this government, and the government before it. We can objectively say that it is fortunate this is a minority government, because it is breaking just as many promises despite the fact that it is a minority. I cannot imagine what would happen if it was a majority government and could do what it wanted in the House.

• (1350)

We can imagine that the number and importance of the broken promises would increase significantly.

Today's Liberal motion has the advantage of being a reminder to Quebeckers. They must send as many Bloc Québécois members as possible to Ottawa to ensure that their voice is strong. No matter which party is in power, we are crossing our fingers that it is a minority so that it cannot do whatever it wants.

I have made a list of some election promises broken by the government. I would now like to get down to specifics and talk about the Atlantic accords, which the Bloc Québécois does not agree with. On the one hand, these accords violate the equalization principle, which should ensure that all provinces can offer similar services to all their citizens, with a similar tax rate, regardless of how rich the province is. On the other hand, Quebec has already contributed financially to the development of the fossil fuels industry. Now that this development has taken place, we absolutely do not agree with continuing to contribute to it.

For example, from 1970 to 1999, Ottawa gave \$66 billion in direct subsidies to the fossil fuels industry, including coal, natural gas and oil—an industry that for all intents and purposes does not exist in Quebec. During the same period, a paltry \$329 million was given to the renewable energy sector. Of that money, not a penny went to hydroelectricity. While Quebec was investing in hydroelectricity, Ottawa was supporting the development of polluting energy sources instead.

The oil and gas industry was developed in large part with the taxes paid by Quebeckers, even though this development went against the fundamental interests of Quebec, economically or environmentally speaking, since polluting energy sources, as their name suggests, create more pollution. Some \$66 billion has already gone toward this development. In the case of Hibernia, we can talk about \$5 billion, roughly a quarter of which came from Quebeckers' taxes. Now that we have paid for this development, now that the companies have become profitable and the development of these non-renewable resources has become lucrative for the provinces, Quebeckers are being asked to keep paying for this development? It seems completely illogical to me to give a bonus to provinces for developing non-renewable energies, but not for renewable energies.

This exclusion of non-renewable resources is completely arbitrary. Why was this choice made when there are hardly any such resources in Quebec and other tax fields could have been excluded? Excluding the aerospace industry, for example, would have benefited Quebec greatly. Excluding renewable energies such as hydroelectricity would also have represented billions of dollars in equalization, but no. Non-renewable resources were chosen and are excluded from the equalization calculation. This seems completely arbitrary and unjustified.

I want to close by dispelling a myth I have heard far too often in this House, that Quebecers were the main beneficiaries of equalization. It is true that the amount is greater. That said, the population of Quebec is larger and, per capita, Quebecers receive the least amount of equalization. Just take the amount and divide it by the number of people in Quebec.

• (1355)

[English]

**The Acting Speaker (Mr. Andrew Scheer):** The hon. member for Jeanne-Le Ber will have a 10 minute period for questions and comments after question period.

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## STATEMENTS BY MEMBERS

[English]

### ELGIN REGIMENT

**Mr. Joe Preston (Elgin—Middlesex—London, CPC):** Mr. Speaker, this past weekend, 20 surviving World War II veterans and their families gathered at St. Thomas-Elgin to celebrate the Elgin Regiment's 60th and last reunion of World War II veterans.

Festivities began Friday with a reception honouring the veterans. Saturday, the veterans, accompanied by soldiers of the 31 Combat Engineers, the Elgins, paraded to city hall to request the freedom of the city. The parade even included a Sherman tank.

This weekend's activities concluded Sunday at the Royal Canadian Legion's Last Post Branch in Port Stanley. One of the Elgin's young veterans attended, a 21-year-old corporal, Kayla Campbell, who recently served in Afghanistan.

Lord Charles Bruce from Fife, Scotland attended to serve as the honorary colonel for the Elgins, and Charlie Phillips, the oldest surviving World War II veteran in Elgin, joined in the celebrations. Charlie faced battles in Sicily, France, Belgium and Holland before returning to St. Thomas in 1946.

I would like to take this opportunity to salute Charlie, Kayla and all of the Elgin veterans for their service to Canada.

\* \* \*

• (1400)

### RETIREMENT CONGRATULATIONS

**Hon. Shawn Murphy (Charlottetown, Lib.):** Mr. Speaker, it is my pleasure to rise in the House today to congratulate and pay tribute to Mr. Mike Campbell who is retiring this month from his position as chief executive officer of the Charlottetown Airport Authority.

### Statements by Members

Mike Campbell has been the manager of the Charlottetown airport for many years now. In the late 1990s, the Charlottetown airport was transferred from the Government of Canada to the Charlottetown Airport Authority and Mike at the time stayed on as general manager.

Since the transfer, Mike has guided the activities of the Charlottetown airport as it has expanded its facilities, welcomed new domestic and international carriers and increased traffic.

He will continue to serve the industry as a member of the board of the Canadian Air Transport Security Authority. The Charlottetown airport is a vital component to the economy of Prince Edward Island and Mr. Campbell always understood this very clearly.

Mike is retiring this month and on behalf of all residents living on Prince Edward Island I want to thank him for his many years of service and wish him all the best in his future endeavours.

\* \* \*

[Translation]

### ABDELKADER BELAOUNI

**Mrs. Vivian Barbot (Papineau, BQ):** Mr. Speaker, for a year and a half, Abdelkader Belaoui has lived in a church in the Pointe-Saint-Charles area of Montreal. He is an Algerian national and he never leaves the church, for fear of being arrested and deported from Canada.

Mr. Belaoui, who is diabetic and has been blind since 1992, fled Algeria during the civil war, to live in the United States. In 2003, after being discriminated against in the wake of the September 11 attacks, he applied for permanent refugee status in Canada. Unfortunately, he still has not been successful in obtaining such status.

Mr. Belaoui is very well integrated into Quebec society. He has enough support to guarantee that he will never be a burden on society.

Having myself been a refugee in the Argentinian embassy in Haiti for nearly two years, I am particularly aware of what Mr. Belaoui is going through.

I appeal to the compassion of the Minister of Citizenship and Immigration and urge her to meet with Mr. Belaoui, as he has requested, and grant him permanent refugee status for humanitarian reasons.

\* \* \*

### JEAN GAUVIN

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, I am very sad to rise today in this House to mark the passing of the hon. Jean Gauvin at the age of 61.

Mr. Gauvin was the fisheries minister in the New Brunswick government of Richard Hatfield. He represented the riding of Shippagan-les-Îles from 1978 to 1987 and again from 1991 to 1995. In all, he fought nine election campaigns at the provincial and federal levels and was elected three times.

*Statements by Members*

Mr. Gauvin earned the nickname “Vroom-Vroom” because of his choice of official vehicle. He was an ardent defender of francophone rights and campaigned fiercely against allowing former members of the anti-francophone Confederation of Regions Party back into the Conservative Party.

Mr. Gauvin left his mark on New Brunswick as an MLA and a minister, but he was also known for his involvement in his community.

I would like to extend my deepest sympathy to Mr. Gauvin's family and friends.

Thank you, Jean.

\* \* \*

[English]

**INFRASTRUCTURE**

**Mr. Norman Doyle (St. John's East, CPC):** Mr. Speaker, I want to commend the federal Minister of Transport and the provincial Minister of Municipal Affairs for Newfoundland and Labrador, the hon. Jack Byrne.

Last week, Minister Byrne and I, on behalf of the Minister of Transport, announced a \$10 million road project in my riding of St. John's East in the provincial district of Cape St. Francis.

The Torbay bypass road was a long awaited road project for the area. It was on the drawing board back when I was provincial minister of transportation in the 1980s.

At present, Torbay Road is the major artery for traffic in and out of the city of St. John's and the entire northeast Avalon region. During rush hours, traffic congestion on this road is terrible and the bypass road will go a long way toward alleviating these problems.

Again, I congratulate all those involved in this \$10 million project. It is an excellent example of federal-provincial cooperation for the common good.

\* \* \*

●(1405)

[Translation]

**JEAN PEDNEAULT**

**Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.):** Mr. Speaker, New Brunswickers were very saddened to learn of the passing of Jean Pedneault on Tuesday evening, at the age of 67.

Mr. Pedneault was a great humanitarian and worked in the journalism industry for more than 30 years, in particular, for the weekly Edmunston newspaper *Le Madawaska* and, more recently, as a columnist for the daily newspaper *L'Acadie Nouvelle*.

A dedicated journalist, Mr. Pedneault was actively interested in international development, politics and social justice. Personally, I always held Jean Pedneault in the highest esteem.

Mr. Pedneault received an award from Pope John Paul II for service to the church and was named Knight of the Order of the Pleiade of the International Association of French-speaking

Parliamentarians in 1989. He was also awarded an honorary doctorate in communication from the Université de Moncton in May 2001 and received the Louis-Napoléon-Dugal award in 2003 for his dedication to the French and Acadian cause in Madawaska.

Mr. Pedneault marked all of our lives in some way, and we owe him one last tribute to thank him for his active contribution to our community. I would like to extend my sincere condolences to his family and friends.

\* \* \*

**DEATH OF TWO LAVAL UNIVERSITY STUDENTS**

**Mr. Steven Blaney (Lévis—Bellechasse, CPC):** Mr. Speaker, I would like to bring to your attention the tragedy that has struck a family from Lévis.

You are undoubtedly aware of the unfortunate accident that caused the death of two Laval University students on May 28 in Bolivia. The young women were on field training for an agricultural economics course and decided to end their stay with a vacation in a small community. The hotel where they decided to spend the night they died as a result of carbon monoxide poisoning caused by a faulty heating system.

One of these students, Andréanne Lacroix-Pelletier, was the daughter of Hélène Lacroix and Clarence Pelletier, a lung specialist at Hôtel-Dieu Hospital in Lévis. In a cruel twist of fate, these same parents lost their older daughter in January in an automobile accident. They had only these two children.

The spirit of human solidarity makes it impossible to pass over such circumstances in silence. I wish to extend, on behalf of my colleagues and myself, sincere sympathy and support to these bereaved families.

\* \* \*

**FRANÇOIS BEAUCHEMIN**

**Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ):** Mr. Speaker, I would like to congratulate first-time Stanley Cup champions, the Anaheim Ducks.

Outstanding defenceman François Beauchemin, of Sorel-Tracy, was one of the team's most noted and valuable players. François played minor hockey in Sorel-Tracy before getting into the Quebec Major Junior Hockey League and the American Hockey League. Drafted by the Montreal Canadiens, he moved on to Columbus before joining the Ducks, where he became an integral part of the team and one of the best defencemen in the National Hockey League.

His exceptional talent, hard work, determination and desire for constant improvement enabled him to play at the highest level.

I would like to join his parents, his partner, his friends and everyone from Bas-Richelieu in offering my sincere congratulations and wishing him a long career in the National Hockey League.

Thank you, François, for being such a good ambassador for Quebec. You are a role model for our young people.

*Statements by Members*

[English]

● (1410)

**STATUS OF WOMEN**

**Mrs. Patricia Davidson (Sarnia—Lambton, CPC):** Mr. Speaker, once again we are still learning about Liberal incompetence.

The Liberals commissioned a report surrounding Status of Women Canada's role. The report was conducted by an independent research group and, after several interviews and surveys with Status of Women Canada officials, the report concluded there was a lack of political will and leadership and that Status of Women Canada could no longer go forward with the status quo.

While the Liberals were happy to allow this 30 year old agency to become, as its own officials described it, a relic of the past, it took a Conservative government to modernize the agency, inject new money into programming for women and prioritize areas of concern.

This is true political leadership from a government that knows how to make a difference, a real change from Liberals who are still scratching their heads and telling Canadians, "Do you think it's easy to make priorities?"

The truth is out. They were out of touch with women. They could not deliver results but we did. Canadian women deserve better and now they know the truth.

\* \* \*

**NORTHERN YOUTH LEADERSHIP PROGRAM**

**Mr. Gary Merasty (Desnethé—Missinippi—Churchill River, Lib.):** Mr. Speaker, the Saskatchewan Association of Northern Communities, better known as New North, has recently launched an ambitious program aimed at empowering youth, aged 13 to 29, in my riding.

The Northern Youth Leadership Program is designed to allow young people to play an active role with their local village and town councils.

Ten communities in my riding, La Ronge, Beauval, Buffalo Narrows, Cumberland House, Île-à-la-Crosse, La Loche, Pinehouse Lake, Sandy Bay, Stony Rapids and Black Lake are involved in the project so far.

The program allows first nations, Métis and non-aboriginal young people to participate in elected youth councils that run parallel to the local councils and report to them once a month. The goal of the program is to engage a generation of young people in civic issues so that they may encourage their peers to reject crime, substance abuse, vandalism and violence. Some of the project ideas in the various communities include the creation of a youth centre, a skate park and working more closely with elders.

The Northern Youth Leadership Program aims to provide practical, hands on experience for tomorrow's generation of leaders. I ask my colleagues to join me in wishing them success.

**SENATE TENURE LEGISLATION**

**Mr. Chris Warkentin (Peace River, CPC):** Mr. Speaker, the first part of our plan to strengthen accountability through democratic reform was a Senate term limits bill. This simple, three clause bill was introduced on May 30, 2006 and for over a year it has languished in the unaccountable, unelected Liberal dominated Senate. We introduced this Senate reform bill for one simple reason: the Senate must change.

The 45 year terms for unelected, unaccountable politicians are simply not acceptable. Remarkably, yesterday the Senate committee recommended that the Senate not consider this bill at third reading until the government refers it to the Supreme Court, even though the Senate has no constitutional authority to do so.

These obstruction tactics are a dangerous grasp at power by the Liberal dominated Senate and simply offer more proof that the opposition leader is powerless within his own party and that the Senate must change.

Our Conservative government is leading the charge to end the practice of 45 year terms for unelected, unaccountable politicians.

\* \* \*

**RAIL TRANSPORTATION**

**Hon. Bill Blaikie (Elmwood—Transcona, NDP):** Mr. Speaker, I rise today on a matter that I have raised before in this House and that is the growing length of trains and the subsequent length of time the trains take to clear a crossing.

Waits of 10 to 15 minutes are not uncommon. This is a problem in many constituencies but it is particularly acute in Transcona where constituents report that some crossings are tied up for close to half an hour because of switching in and out of the nearby yard.

I urge the Rail Safety Task Force, headed by former transport minister, Doug Lewis, to look into the effect that these 10,000 or 11,000 foot, or two mile trains, are having on public safety and community access to emergency services. Otherwise, it may be only a matter of time before someone in an emergency situation is sacrificed to a railway bottom line.

\* \* \*

**ENVIRONMENT WEEK**

**Mr. David McGuinty (Ottawa South, Lib.):** Mr. Speaker, I rise today in honour of Environment Week. Unfortunately, this year Environment Week is a reminder that the Conservative government celebrated its return to power by slashing over \$5.6 billion in environmental spending.

### Oral Questions

Following a strategy of deny, delay and deceive, the government released a climate change plan rejected by 9 of 10 provinces and not endorsed by any independent third party. True to form, it allows emissions to increase well past 2010 and contains gaping loopholes for the oil sands.

After rewriting the clean air act, Bill C-30 has been suppressed and debate around it censored. Just an hour ago, at the environment committee, we confirmed that the Minister of the Environment misled all Canadians by claiming that his ecotrust funding had been delivered.

After all the photo ops, after all the gimmicks and after all the bravado, now we learn that his department cannot confirm the status of \$1.5 billion while the Prime Minister works to weaken G-8 commitments abroad.

It is Environment Week. How unfortunate that Canada has been tossed into complete uncertainty about its environmental future.

\* \* \*

[Translation]

#### GASPÉSIE—ÎLES-DE-LA-MADELEINE REGION

**Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ):** Mr. Speaker, today, the people of Gaspésie—Îles-de-la-Madeleine are highlighting the fact that they live in such a beautiful and great region by dressing in blue, the colour of the sea and rivers so characteristic of the region.

This initiative from the Gaspésie—Îles-de-la-Madeleine youth commission is part of its promotional campaign to make the public aware of the growing number of young people who have decided to settle in the region, and of their involvement in developing their community.

I would like to take this beautiful blue day to invite all of you to come visit the wonderful region of Gaspésie—Îles-de-la-Madeleine. I am sure you will enjoy experiencing island life with the panorama of sky and sea in the Îles-de-la-Madeleine, and that you too will fall in love with the Gaspé Peninsula.

\* \* \*

[English]

#### AGE OF PROTECTION LEGISLATION

**Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, I rise today to denounce Conservative duplicity. Last week, the government made a number of patently false statements about the opposition in this House. The government House leader claimed that we had held up Bill C-22, the age of protection bill, in committee.

This is clear disinformation when in fact the committee dealt with the bill in six productive meetings for a total of six hours. He also neglected to say that his own reckless government MPs voted against Bill C-22 when it came time for third reading. If it were not for the Liberals, that bill would not be in the Senate at this time.

This proves once again that the Tories simply will not let facts stand in the way of a good smear. I say shame on the Tories, shame on the Conservatives.

• (1415)

#### ASIA-PACIFIC GATEWAY

**Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC):** Mr. Speaker, this week we read that the deputy leader of the Liberal Party, Elizabeth May, is calling for the federal government to withdraw the \$1 billion in funding that our government has committed to the Asia-Pacific Gateway and corridors initiative.

This is one of the most important initiatives in British Columbia's history and it is crucial to addressing our infrastructure needs in western Canada. The policy proposed by Ms. May would jeopardize infrastructure plans in Vancouver, Surrey, Port Coquitlam, Winnipeg, Edmonton, Delta, Saskatoon, Banff, Richmond and Coquitlam.

This Conservative government backs the Asia-Pacific Gateway. We believe in creating Canadian jobs through world sales. We believe in opening new markets and opportunities for Canadians. We stand with the premiers of all four western provinces in support of the Asia-Pacific Gateway.

We want to ensure the Liberal leader will actually show some courage and speak out and tell Elizabeth May that she is wrong in jeopardizing \$1 billion that this Conservative government has committed to western Canada for our economic future.

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## ORAL QUESTIONS

[English]

#### THE ENVIRONMENT

**Hon. Stéphane Dion (Leader of the Opposition, Lib.):** Mr. Speaker, when the Prime Minister said that he wanted to be a bridge at the G-8, he did not say that it was a bridge to nowhere; to a watered down declaration that does not recognize the scientific imperative to limit a temperature increase to 2°C, that does not set targets for global emission reductions, and that does not set clear energy efficiency targets.

Why has the Prime Minister failed Canada and the world?

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, we are quite proud of what has happened at the G-8 meetings. There is a declaration that has been issued today by the G-8 which states:

In setting a global goal for emissions reductions in the process we have agreed today involving all major emitters, we will consider seriously the decisions made by the European Union, Canada and Japan which include at least a halving of global emissions by 2050.

Canada is now being cited as a leader in the world after a decade of waste.

*Oral Questions*

[Translation]

**Hon. Stéphane Dion (Leader of the Opposition, Lib.):** Mr. Speaker, the bar has been set so low to please the Prime Minister of Canada that this agreement does not achieve what is needed to really fight climate change. The Prime Minister wanted the world to agree to do the minimum, because that is all he wants to do here in Canada, the bare minimum, with his bogus plan.

Will the government not admit once and for all that it is prepared to do only the bare minimum for climate change in Canada and around the world?

[English]

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, the bar was set ridiculously low by that leader's track record as an environment minister. But there is something else that is ridiculous that is going on for which he must be held accountable.

The Liberal leader must be held accountable for an alarming development unfolding in the Senate. Liberal senators have initiated an extraordinary process to unilaterally amend Canada's Constitution, grabbing powers that are granted solely to cabinet, the power of reference to the Supreme Court.

I ask the Liberal leader, will he instruct the senators to abandon this dangerous attack on Canada's Constitution and ask them to do their job of dealing with government legislation?

**Hon. Stéphane Dion (Leader of the Opposition, Lib.):** Mr. Speaker, the proof that this government is embarrassed by this watered down international declaration is that it is even unable to speak about it.

Canadians expected from their Prime Minister that he would raise the bar. Instead, he helped President Bush lower the bar. This is not what Canadians expect from a Prime Minister who is supposed to be a leader.

Is this what the Prime Minister calls leadership? Is his definition of leadership to lower the bar so much that all the experts have said that this argument was not what was needed to fight climate change?

• (1420)

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I notice that leader will not even answer a question about his senators' conduct. They have brazenly launched a resolution that represents a real danger to Canadian democracy.

If passed, it would allow the Senate to refuse to deal with any government legislation. It irrigates to the Senate a power to compel references to the Supreme Court, something not even allowed the House of Commons. This is all to avoid losing their entitlements through Senate reform.

I ask the Liberal leader, will he direct his senators to respect the Constitution? Is there any leadership in the Liberal Party prepared to stand up for Canada's Constitution?

**Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, at the G-8 the Prime Minister made empty commitments on the world stage to conceal his lack of leadership here at home. Like a child crossing his fingers behind his back, the Prime Minister

committed to stabilize emissions overseas while his plan at home would allow emissions to continue to rise beyond 2020. And he hopes no one will notice.

Why has the Prime Minister continued this campaign of dishonesty on the world stage? And why did he join this rush to failure at the G-8?

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I think the G-8 is quite proud of what it has declared and we are quite proud of being seen as leaders by the G-8.

However, I was hoping that when he stood there might be a leader there in the Liberal Party willing to stand up for Canada's Constitution against the senators' efforts to brazenly amend Canada's Constitution unilaterally.

This member is also an academic with a distinguished record, like his leader. They both know how the Constitution works. They both profess to be defenders of the Constitution. And now we are having a brazen usurpation of constitutional power by the Senate to protect their entitlements.

Will they, for once, stand up for democracy and protect Canadian democracy and the Canadian Constitution?

**Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, the House leader makes reference to my academic experience and he has as well. He will understand that he has just engaged in a non sequitur. It is not an answer to the question he was asked.

[Translation]

The German chancellor called for global action, but instead—

**Some hon. members:** Oh, oh!

**The Speaker:** Order, please. The hon. member for Etobicoke—Lakeshore.

**Mr. Michael Ignatieff:** Mr. Speaker, the German chancellor called for global action, but instead, everyone agreed to do nothing. There are no targets, no limits on temperature increases, no mention of 1990 reference levels, and therefore no leadership.

Why did our Prime Minister contribute to this weak compromise?

[English]

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I guess nobody there in the Liberal Party is willing to show any kind of leadership on Canada's Constitution, but I will tell the House who is showing leadership. It is our Prime Minister at the G-8, leadership that has been recognized in a G-8 declaration which says that Canada has a leading position that should be given regard for in terms of long term commitments.

What did Angela Merkel, who is president of the G-8 meetings and president of the EU, say right now? Merkel said that the goal is to cut greenhouse gas emissions in half by 2050. She hailed the decision as a huge success.

*Oral Questions*

Everybody but the Liberal Party says this is a great success. I guess that is because the Liberals do not know what a success is. That is because they had—

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

\* \* \*

[*Translation*]

**OPTION CANADA**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, last week Judge Grenier said there were still a number of grey areas around the role the federal government played during the 1995 referendum campaign. In fact, yesterday Chuck Guité revealed the existence of a pamphlet promoting the no side that was supposed to be distributed to all the homes in Quebec during the 1995 referendum period. We still do not know how much that pamphlet cost.

Will the government admit that a public inquiry is needed to get to the bottom of how federal public funding was used for partisan purposes during the 1995 referendum?

**Hon. Christian Paradis (Secretary of State (Agriculture), CPC):** Mr. Speaker, the Bloc Québécois is coming back to something that happened 12 years ago. It is important to realize that we do not live in the past; we live for the future. We are offering an open federalism and we want it to work. We want the federation to work: a better Quebec within a united Canada.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the same government that thinks that 12 years ago was too long ago, is holding an inquiry into polls that were conducted in 1990. If it wants to have open federalism, then it should open an inquiry.

Chuck Guité told us that he made several return trips between Montreal and Ottawa in order to distribute promotional material at the love-in. These expenses were never accounted for, which is against the referendum legislation.

What is the government waiting for to launch a public inquiry? Is it afraid of also being mixed into the referendum scandal?

• (1425)

**Hon. Christian Paradis (Secretary of State (Agriculture), CPC):** Mr. Speaker, it is important to realize that on January 23, 2006, Quebecers voted for change. Why? Because there is hope for the future. We are talking here about open federalism. We are talking about a Quebec that is recognized as a nation within a united Canada. We are talking about a seat at UNESCO. We are getting things done, not rehashing the past.

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Mr. Speaker, yesterday, Chuck Guité told the Standing Committee on Public Accounts that undeclared expenditures had been made during the 1995 referendum campaign. Flags, pins, various promotional items that were not declared, as well as travel on the very day of the famous “love-in”, which he organized, are all expenses that were not looked into by Justice Grenier.

Given that the Prime Minister tells us that everything has been investigated, can he tell us if he was aware of these facts?

**Hon. Christian Paradis (Secretary of State (Agriculture), CPC):** Mr. Speaker, once again, this government is looking to the

future: there is hope for a better Quebec in a united Canada. Questions about the sponsorship scandal should be directed to the Liberal Party. Here, we have hope, we have open federalism and we want federalism to work.

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Mr. Speaker, Guité also acknowledged that millions of copies of a brochure had been printed and paid for by the Privy Council and the Intergovernmental Affairs Secretariat.

Given that Daniel Paillé is already probing polls carried out between 1990 and 2003, why not change his mandate so that he can also conduct a public inquiry into federal expenditures before, during and after the referendum period?

Daniel Paillé is already at work. Could he not investigate this even though it happened 17 years ago?

**Hon. Christian Paradis (Secretary of State (Agriculture), CPC):** Mr. Speaker, one thing is certain: the results of the latest provincial election show that the vast majority of Quebecers do not want a referendum. Why? Because we have open federalism, because we have recognized the fiscal imbalance and because we have solved it. It is important to understand that.

\* \* \*

[*English*]

**THE ENVIRONMENT**

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, reports out of Germany show that the Prime Minister has failed as a mediator within the G-8 leaders.

What we see now is a watered down commitment that amounts to nothing more than something cooked up by George Bush and served up by our Prime Minister. What our Prime Minister should have been doing is working to convince George Bush and the Americans to adopt higher targets and goals, and standards preferred by the Europeans and other countries, and by Canadians instead of watering it down.

Why is the Prime Minister helping George Bush export his bad ideas instead of importing—

**The Speaker:** The hon. the government House leader.

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, leadership on the environment means making the environment better in a serious way and not just having a holier than thou position.

For us to survive in the long term on this planet, we have to have the major emitters that are creating greenhouse gases part of the solution. That means we have to bring them in.

Canada, as a recent convert to actually taking action on the environment, is well positioned to serve as a bridge, to serve as a mediator, and that is exactly what has happened at the G-8. That is why we have a declaration that sets a global goal for emissions reductions in the process. We have agreed today to involve all major emitters. We will consider seriously the decisions made by the European Union, Canada and Japan, which include at least—

**The Speaker:** The hon. member for Toronto—Danforth.



*Oral Questions***AFRICA**

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, the fact is that the Conservative government is scared of adopting real firm targets on these issues because of its friends in the corporate oil and gas sector, and its friends at the White House.

More disturbing, or at least equally disturbing, are the reports coming out now that Canada is trying to water down the commitment to Africa to deal with the HIV-AIDS crisis there. Instead of adopting the firm targets and goals that are needed to reduce the suffering in Africa, our government is trying to come up with just general language, no longer committing us to getting the job done.

Why is the Prime Minister turning his back on Africa?

• (1430)

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, that is entirely untrue. In fact, Canada is carrying through on its commitment to double aid to Africa.

I know there is a concern, and this was disclosed by Gerry Barr the other day, that while the Liberals made that commitment, they then reneged on that commitment and did not talk about it.

We cannot do much about broken Liberal promises, but we can keep the commitments we made since we came to office. We are doubling foreign aid to Africa. In fact, we are doubling our entire foreign aid program over the period intended.

\* \* \*

**AFGHANISTAN**

**Ms. Ruby Dhalla (Brampton—Springdale, Lib.):** Mr. Speaker, the chaos, the confusion, and the cover-ups by the Conservative government are never-ending.

After repeatedly misleading this House, the Minister of National Defence, the Minister of Foreign Affairs, and the Minister of Public Safety were forced to admit that there were two new detainee capture cases. They are obsessed with covering up their own mistakes rather than protecting fundamental human rights.

Will the minister tell us how many detainees have been captured by Canadian Forces? Or will he admit once and for all that he just does not know?

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, I think the hon. member is quite confused. She asked two different questions: one about detainees and one about allegations of abuse.

What we do know is that the previous agreement had shortcomings which we have now enhanced. We have an agreement in place that allows for unfettered private visits.

During one of those visits in Kandahar and another in Kabul, it came to our attention that there were in fact four allegations of abuse. We are following up on that with the process that is in place. That includes consultation with the Afghanistan Independent Human Rights Commission, the Red Cross as well as the Afghan government.

**Ms. Ruby Dhalla (Brampton—Springdale, Lib.):** Mr. Speaker, this is just more hypocrisy because the government's story changes on a daily basis.

Yesterday the defence minister said that neither the Americans nor other NATO forces in Afghanistan published their list of prisoners. He is wrong again. The fact is the U.S. issues a press release about every detainee it captures.

Why does the minister refuse to be as transparent as the U.S.? Why is he hiding behind the excuse of operational security? Most important, why is the government refusing to tell Canadians the truth?

**Hon. Gordon O'Connor (Minister of National Defence, CPC):** Mr. Speaker, in Afghanistan each country determines its policies. In the case of Canada, the military has determined that the public release of information on detainees would be detrimental to its military operations.

The operational chain of command has a responsibility for deciding what type of information is releasable or not. It is a military decision, not a political decision. We do not intend to do anything to impede military operations in Afghanistan.

[*Translation*]

**Hon. Denis Coderre (Bourassa, Lib.):** Mr. Speaker, we know that in April and May of 2006, there were 40 detainees. Thanks to our colleague from Pierrefonds—Dollard, we just managed to find out that our concerns about the allegations of torture and abuse of Afghan prisoners were well founded.

The government's lack of transparency, its inability to provide accurate information and its ongoing desire to hide the truth simply confirm how deeply it is involved in this scandal.

I have two questions for the government. First, how many Afghan detainees have we transferred? And second, do they intend to take custody of transferred detainees who have been subjected to abuse and torture? No more cover-ups.

[*English*]

**Hon. Gordon O'Connor (Minister of National Defence, CPC):** Mr. Speaker, as I said before, this is an operational security issue. Our military has determined that it would be counter to its operations to reveal any information about detainees. We will not impede its operations. Therefore, no details with respect to detainees will be released.

[*Translation*]

**Hon. Denis Coderre (Bourassa, Lib.):** Mr. Speaker, in April 2006, Canadians had 40 detainees. There was no security issue then.

Yesterday, the Minister of Foreign Affairs told us that there had been four allegations of torture since February. One of the detainees was in Kandahar and three were in Kabul. These detainees had been captured by Canadians.

However, in April, the Minister of Public Safety told us that two of the alleged torture cases had taken place in the Kandahar prison.

*Oral Questions*

Once again, the information is unclear. Given that this government has already admitted to losing prisoners and to being unfamiliar with the role of the Red Cross, we have every reason to doubt what it says.

My question is simple. How many allegations of torture and abuse have there been, and where?

[*English*]

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, the hon. member was at the committee yesterday. I am surprised he is still confused about this. What I said is that since the new agreement has been put in place, there have in fact been four allegations. They came to our attention very recently during visits to a Kandahar and Kabul facility.

We followed the process that we put in place as pursuant to this new agreement. This provides greater access and greater interaction with the Afghan government, as well as bringing into the fold the Afghanistan Independent Human Rights Commission and the Red Cross.

A report will be tabled back from that investigation. We will receive that information and act accordingly.

\* \* \*

• (1435)

[*Translation*]

**WAGE EARNER PROTECTION PROGRAM ACT**

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, the CSN, the FTQ and the Canadian Life and Health Insurance Association have all said they are in favour of quick passage of the bill on wage earner protection, provided that the jurisdictions of Quebec and its Civil Code are respected. This morning, the National Assembly of Quebec also voted unanimously in favour of this.

In this context, should the Minister of Labour not change his position and table his bill to protect wage earners whose employer declares bankruptcy?

**Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC):** Mr. Speaker, I want to thank the hon. member again for her question.

I want to remind her that it was the House of Commons that unanimously passed legislation in the last Parliament to protect the wages of employees in bankruptcy situations. This House unanimously passed that legislation.

Then the Senate unanimously passed it as well after calling for technical changes to the legislation. That is what we tabled before Christmas.

Since then, the Bloc Québécois has been inconsistent. It is changing its mind and wants to amend the legislation.

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, the Minister of Labour is saying that he cannot table his bill because his colleague, the Minister of Industry, is opposed to the Bloc Québécois amendment. That is just an excuse. What is the

purpose of this amendment? It is to protect the workers and the Civil Code of Quebec.

Why is the Minister of Industry opposed to such an amendment? What interests is he defending?

**Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC):** Mr. Speaker, this legislation is currently on track and the Bloc Québécois wants to derail it.

We are ready to fast track this legislation through first, second and third readings. We are prepared to include this morning's resolution by the National Assembly, as well as the suggestions by the Bloc Québécois, to bring everything to the Senate so that it may consider the point of view expressed by the National Assembly. If they want, we can proceed this very afternoon.

\* \* \*

**THE DOLLAR**

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, in addition to stiffer competition from developing countries and rising energy costs, the manufacturing sector is now grappling with the devastating consequences of a soaring dollar. The Prime Minister said that he would not intervene.

Is the Minister of Finance aware that the Prime Minister's statements have given the green light to a speculative increase in the value of the dollar and have thereby compounded the misery of manufacturing companies and contributed to job losses, according to experts?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, I would like to thank the member for his question.

[*English*]

The matter of monetary policy, of course, as the member knows, is the responsibility of the Bank of Canada. We recognize the challenges faced by manufacturers over the past several years. The Canadian dollar, more than any other currency, has borne the brunt of the depreciation of the American dollar.

That is why in budget 2007 we brought in a dramatic increase in the capital cost allowance for manufacturers, at an estimated cost of \$1.3 billion, a direct writeoff over the course of the next two years, so that they can acquire more efficient—

**The Speaker:** The hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup.

[*Translation*]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, those measures are not enough.

According to a study by the Quebec Forest Industry Council, the dollar's 8¢ rise this year has cost the industry \$1.2 billion and eliminated 15,000 jobs. The same thing is happening in other sectors. The Prime Minister has said that he sympathizes with people who have recently lost their jobs.

Isn't it time for this government to do better than offer sympathy, to abandon its laissez-faire attitude, and to implement a real plan to help the industry through this crisis? That is its responsibility.

*Oral Questions**[English]*

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, the recommendations of the industry committee of the House were unanimous on this issue, and that includes the party of the member opposite who has asked the question.

That is why, because we are concerned about manufacturers and the health of the manufacturing industry, particularly in central Canada, in Quebec and Ontario, we brought in this dramatic change in capital cost allowance.

With respect to employment, since this government was elected there are more than 450,000 more jobs in Canada today.

\* \* \*

• (1440)

**AFRICA**

**Hon. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, in 2005 Canada's Liberal prime minister went to a G-8 meeting and promised to double Canada's aid to Africa. The 2005 Liberal budget actually doubled Canada's aid to Africa by spending \$2.8 billion in 2009. That is on page 213.

However, the Conservative government has reduced that amount and is trying to tell the world that none of this ever happened. It is an absolute fabrication.

Will the minister admit that she is either unable or unwilling to protect all the money the Liberals committed to the world's poorest people in Africa?

*[Translation]*

**Hon. Josée Verner (Minister of International Cooperation and Minister for la Francophonie and Official Languages, CPC):** Mr. Speaker, I would remind the hon. member that the Prime Minister made a commitment and confirmed that we are on track to double our aid to Africa, as stipulated in the 2005 agreement reached at Gleneagles.

*[English]*

**Hon. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, Bob Geldof and Gerry Barr say the minister is wrong.

There is a simple fact. Canada made a commitment and these Conservatives want to walk away from that commitment.

Africa needs help to fight AIDS. It needs help to fight tuberculosis and malaria. It needs better governance. It needs more schools and it needs clean water. It needs micro loans. It needs economic opportunities.

What Africa really needs is for Canada to keep its word. Why will the government not show some respect for the world's poorest people and stop nickel-and-diming them?

*[Translation]*

**Hon. Josée Verner (Minister of International Cooperation and Minister for la Francophonie and Official Languages, CPC):** Mr. Speaker, Mr. Barr was forced to issue a correction concerning the allegations he had made in the interview.

The base amount for doubling aid to Africa is \$1.05 billion and we are on track to achieve that goal, as indicated in the *Financial*

*Times*, which reported on June 5, 2007, that Canada is the only G-8 country that is on track to meet its Gleneagles commitments.

\* \* \*

**FOREIGN AFFAIRS**

**Hon. Lucienne Robillard (Westmount—Ville-Marie, Lib.):** Mr. Speaker, Canadians are very concerned about the fact that the Prime Minister of Canada is always very quick to adopt the same positions as the President of the United States.

Yesterday, the Prime Minister came to the rescue of President Bush in his disagreement with Russia over the missile defence shield.

Based on the Prime Minister's attitude, are we to understand that he intends to reverse Canada's position and that he wants Canada to join Bush's missile defence shield?

*[English]*

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, I can assure the hon. member, and I thank for her concern, that clearly there has been no ask whatsoever to revisit this issue. We are not pursuing missile defence.

*[Translation]*

**Hon. Lucienne Robillard (Westmount—Ville-Marie, Lib.):** Mr. Speaker, the Prime Minister always falls back on the same tactics when it comes to issues that are important to Canada: he creates confusion. In 2005, he said he was prepared to sit down again with the Americans on the issue of missile defence. Today the government tells us that it is waiting for an invitation from the Americans, but yesterday, the Prime Minister came to Bush's rescue concerning Russia.

Can the government be honest with Canadians and can someone clearly tell us, yes or no, whether the Prime Minister wants to be part of the missile defence shield?

*[English]*

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, on the member's last question the answer is no, but in spite of the efforts to sow confusion, here is what we do know clearly from the Liberal Party's stated position. I am quoting from the Liberal Party's position:

We should indicate our willingness to be part of discussions within NORAD to determine whether such a North American ballistic missile shield is not only viable but also desirable.

That is from the Liberal Party of Canada's democratic society task force report on security. Those are its words.

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**INTERNATIONAL TRADE**

**Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC):** Mr. Speaker, Canada is a trading nation. Our economy and quality of life depend heavily on doing business with the world.

*Oral Questions*

Earlier today, the Minister of International Trade announced that Canada has concluded a free trade agreement with the countries of the European Free Trade Association. This is Canada's first free trade agreement in six years.

Can the Minister of International Trade explain the significance of this agreement for Canada on the global stage?

• (1445)

**Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, that is a great question from the hon. member for Chatham-Kent—Essex and I can announce today that we have reached a free trade agreement with the members of the European Free Trade Association.

As the hon. member said, this is Canada's first free trade agreement in six years. During this time, our competitors have been entering into numerous free trade agreements that are disadvantaging Canadian exporters. This is an important agreement of \$22 billion in—

**The Speaker:** The hon. member for Skeena—Bulkley Valley.

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**BRITISH COLUMBIA FLOOD MITIGATION**

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Mr. Speaker, the people of northern British Columbia are deeply worried as the flood waters rise. States of emergency have been called right across the northwest. As gas stations and grocery stores run out of food, literally thousands of people have been stranded.

All across the region volunteers and emergency workers have been doing their part and helping out neighbours. Will the Minister of Public Safety do his part and commit to doing everything within his power to reassure the people of my region? Will he also commit to joining me in a tour across the northwest to see the disaster at first hand and to properly understand its scope and magnitude?

**Hon. Stockwell Day (Minister of Public Safety, CPC):** Mr. Speaker, we can give great assurance to the people not only in my hon. colleague's region but other regions of B.C. who are threatened with these floods. The level of cooperation between municipal, provincial and federal levels frankly has been very impressive to see in the weeks and months preceding what we knew was going to be a very difficult flood season.

I anticipate that within the next 40 hours I will be in British Columbia with some of my colleagues touring some of those areas. I will check with my colleague to see if he is available within the next 48 or so hours in the areas that I am going to be touring.

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Mr. Speaker, southern B.C. is facing similar threats. In my riding, residents of the Westminster Quay, Queensborough and Big Bend areas are increasingly anxious as the flood waters rise and they prepare for evacuation.

We have had little federal investment in flood control, just last minute insufficient funding, but flood damage is not insurable for residents. Communities need support and the government has to quickly do more. Will the minister commit today to immediate federal aid to homeowners and businesses in the path of the Fraser

River flood waters and commit to long term funding to prevent future flooding?

**Hon. Stockwell Day (Minister of Public Safety, CPC):** Mr. Speaker, perhaps my hon. colleague could consult with his colleague, who just asked me a far more reasonable question.

History and the recent record will show that the commitment of \$16 million, which was exactly the amount requested by the province of British Columbia to assist in building up the dike system along that river, was granted in unprecedented time by this government, as were dollars for the dredging operations and for the debris in the Lower Mainland.

No flooding there has occurred yet, but there are programs in place.

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**ATLANTIC ACCORD**

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Mr. Speaker, in March 2005 the current Minister of Fisheries and Oceans said about the Atlantic accords, "You cannot ever turn your back on your province on an important issue like this". It seems the principled stand he flirted with at that time is a distance memory.

How can he and the whipping, flipping, hiring and firing minister from Nova Scotia explain why they turned their backs on their provinces when they voted against the accord two nights ago?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, the question comes from a member of a party that says there is no fiscal imbalance in Canada. Budget 2007 addresses the issue of fiscal imbalance in Canada. I would have thought the member opposite would welcome the fact that this budget provides the province of Nova Scotia with massive benefits, \$2.4 billion in restoring fiscal balance in the province.

Why is the member opposite opposed to \$1.3 billion under the new equalization system, \$130 million in offshore accord offsets, \$600—

• (1450)

**The Speaker:** The hon. member for Cumberland—Colchester—Musquodoboit Valley.

**Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, Ind.):** Mr. Speaker, I am glad the Minister of Finance brought up the equalization payments. Every day he stands in the House and says that Nova Scotia and Newfoundland and Labrador can have the new formula and the old accord, but that is not accurate.

I know the minister will want to be accurate. I would like him to acknowledge his own amendments to the Atlantic accord, the 12 paragraphs of amendments in sections 80, 81 and 82 that amend it and the 6 paragraphs that amend the John Hamm agreement of 2005.

I would like the minister to acknowledge his own five amendments and refer to this from now on as the amended Atlantic accord.

**Hon. Jim Flaherty (Minister of Finance, CPC):** The Atlantic accord with the provinces of Nova Scotia and Newfoundland and Labrador is the same now as it was before, Mr. Speaker. There is a choice to be made.

There is also, as I was saying, \$277 million for the Canada social transfer, \$73 million for infrastructure, \$24.2 million for the patient wait times guarantee, all for the province of Nova Scotia.

As the member for Cumberland—Colchester—Musquodoboit Valley said to the *Truro Daily News*, “I have never seen a budget that has had more in it for the people of my riding than this one does”.

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#### THE BUDGET

**Hon. John McCallum (Markham—Unionville, Lib.)** Mr. Speaker, economists and analysts almost always couch their budget commentary in moderate, respectful language. Why did such normally polite people use the following words in describing this year's budget: “unbelievable”, “worst in 35 years”, “stupid”, “clueless”, “insane”, “idiotic”, “nut job”?

Is Canada suffering from a contagious attack of rudeness from economists, or does this extreme language reflect an extremely incompetent Minister of Finance?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, I think the friendly question from the member opposite is called a lob question.

That is the member who travels to Paris, France to tell the people of the world that the Liberal Party wants to raise the GST. That is the president of the save the GST club and now raise the GST, a massive tax grab, more than \$10 billion, from Canadians that the Liberal Party intends to do, according to the member for Markham—Unionville.

**Hon. John McCallum (Markham—Unionville, Lib.):** Mr. Speaker, he got it all wrong, but that is not surprising. He never gets anything right.

The problem goes beyond competence. The minister raised income tax, but keeps saying he cut it. He said that he would not tax income trusts and then did just that. He made solemn commitments to three provinces and then reneged on them all.

Canadians are a kind and forgiving people who might show some sympathy to a minister who is honestly out of his depth. However, how will Canadians react to a minister who is less than honestly out of his depth?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, since this government was elected, more than 450,000 new jobs have been created in Canada. More than 70% of them are full time jobs. We have the lowest unemployment rate in 33 years—

**Some hon. members:** Oh, oh!

**The Speaker:** Order, please. We cannot waste time. The Minister of Finance has the floor. We will have some order so we can hear his answer.

#### Oral Questions

**Hon. Jim Flaherty:** Mr. Speaker, we know the members opposite want bad economic times for Canada, but we have brought good economic times for Canada, tax reductions over three years of almost \$40 billion, including personal tax reductions in the area of \$25 billion. No wonder we have the strongest economic fundamentals, our country of Canada, in the G-7.

\* \* \*

[Translation]

#### HEALTH

**Mrs. Carole Freeman (Châteauguay—Saint-Constant, BQ):** Mr. Speaker, last July 25, the Conservative government announced that victims of hepatitis C infected before January 1986 and after July 1990 would be compensated as soon as possible, subject to the approval of the provincial courts. Ten months later, the victims are still waiting and are calling for a settlement to be made as quickly as possible.

Could the Minister of Health tell us if he intends to set up an emergency fund to pay some of the victims most affected by hepatitis C?

• (1455)

[English]

**Mr. Steven Fletcher (Parliamentary Secretary to the Minister of Health, CPC):** Mr. Speaker, there is no dispute that the previous meanspirited government denied compensation for those hepatitis victims, tainted blood victims.

The Conservative government has fulfilled its commitment to compensate the pre-1986 and post-1990 tainted blood victims. We put in \$1 billion toward this fund. The victims will be receiving that money shortly after the courts have approved the agreement.

\* \* \*

[Translation]

#### TELECOMMUNICATIONS

**Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ):** Mr. Speaker, the regional conference of elected officials in the Bas-St-Laurent area is opposed to the deregulation of local telephone service, which penalizes all rural inhabitants. What is absurd is that price increases will only affect rural and not urban areas.

Does the Minister of Industry realize that his decision to deregulate the telephone services sector will slow down or even compromise regional development rather than foster it?

[English]

**Mr. Colin Carrie (Parliamentary Secretary to the Minister of Industry, CPC):** Mr. Speaker, the CRTC has decided to update its price cap framework. I remind the hon. member that the government will continue to put consumers first, and we always put consumers first. We have ensured that the CRTC will continue to regulate in areas where there is little competition.

Because the decision was made by the CRTC, it can be appealed within 90 days. Therefore, it would be inappropriate for me to comment at this time.

*Oral Questions***BRITISH COLUMBIA FLOOD MITIGATION**

**Hon. Hedy Fry (Vancouver Centre, Lib.):** Mr. Speaker, British Columbians have been under flood warning all spring. The upper Fraser has flooded. Evacuation is under way. The Lower Mainland is next.

The Minister of Agriculture, who represents the region, ignored the municipalities' pleas for funding all year. Federal funding, promised only three weeks ago, was too little, too late. The government gutted the Liberal new deal for cities, which could have paid for the diking borne by cash-strapped provinces.

Will the Prime Minister commit immediately to a special fund to help these municipalities with the costs of their infrastructure rebuilding?

**Hon. Stockwell Day (Minister of Public Safety, CPC):** Mr. Speaker, as I said just a few moments ago, we had a request not long ago from the province of British Columbia. It was estimating it would be about \$33 million to reinforce the diking system along that area. It was also asking for assistance with dredging.

In an unprecedented move, because of the hard work of MPs from that area, the request was put together. The funds are in place and delivered. I want to congratulate the first responders and the others who are working so hard in these areas right now.

The member should get tuned in. She was not even on the file while our members were out there checking it out and helping people at the local level.

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**SENATE TENURE LEGISLATION**

**Mr. Scott Reid (Lanark—Frontenac—Lennox and Addington, CPC):** Mr. Speaker, a year ago our government introduced Bill S-4, which would limit the terms of senators to eight years. All Canadians, except Liberal senators, apparently agree that the current 45 year maximum term for unelected senators is just not acceptable.

Yesterday, however, Liberal senators decided to hold Bill S-4 hostage, unless and until the government referred the bill to the Supreme Court, even though Canada's top constitutional experts and a previous Senate committee studying the issue have already deemed Bill S-4 to be fully constitutional.

Could the Minister for Democratic Reform update the House on this new development?

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, let me be very clear, the Senate has no constitutional authority to refer a bill to the Supreme Court of Canada. In fact, it is exceeding its constitutional authority by refusing to deal with government business in this fashion.

The Liberal Red Chamber has an obligation to do its job and consider government business. The actions of unelected, unaccountable Liberal senators represents a dangerous grasp for power that is clearly extra-constitutional.

This alarming development must be halted. I hope the Liberal leader will instruct his senators to abandon this dangerous attack on

Canada's Constitution and tell them to do their job of dealing with legislation.

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● (1500)

**HUMAN RESOURCES AND SKILLS DEVELOPMENT**

**Ms. Catherine Bell (Vancouver Island North, NDP):** Mr. Speaker, the Conservative government created a backlog when it changed the levels at which Human Resources and Skills Development Canada contracts for job creation programs need to be signed by the minister.

Projects that have a short turnaround for approval, such as the completion of the North Coast Trail in my riding, have been waiting for weeks instead of days. This project should be up and running now.

When will the minister clean up his desk and sign a JCP so we can complete the North Coast Trail?

**Hon. Monte Solberg (Minister of Human Resources and Social Development, CPC):** Mr. Speaker, I appreciate her concern with respect to these important projects. I can assure the member that my department is working very hard to ensure that all of these very worthy groups and the causes they represent get their funding and get it very quickly.

**Ms. Catherine Bell (Vancouver Island North, NDP):** Mr. Speaker, why did the minister not take into consideration the backlog when he made his signing authority changes? This is becoming just like the summer jobs program debacle and the passport fiasco, and there is more.

Now the minister has instituted a five day waiting period from the time he approves job funding to when the project gets notified. Why? So he can put forward a press release.

Why is the minister more interested in media creation than job creation? Why does he make us wait?

**Hon. Monte Solberg (Minister of Human Resources and Social Development, CPC):** Mr. Speaker, the member mentions job creation. I point to the fact that we have the lowest unemployment in our country in 33 years, thanks to the leadership of the Minister of Finance. I am very proud of that record.

I also point out that it is important to do these things correctly. We do not want to rush money out the door without proper accountability. That is the old Liberal way. We saw it in the sponsorship scandal. We do not want to go there.

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**PRESENCE IN GALLERY**

**The Speaker:** I would like to draw the attention of hon. members the presence in the gallery of the Hon. James W.L. Kinobe, Minister of State for Youth and Children Affairs, for the Republic of Uganda.

**Some hon. members:** Hear, hear!

**BUSINESS OF THE HOUSE**

**The Speaker:** It being Thursday, I believe the hon. member for Wascana has a question. The hon. member for Wascana.

**Hon. Ralph Goodale (Wascana, Lib.):** Mr. Speaker, I wonder if the government House leader would inform us of what would be on his agenda for government business through to the end of next week. I wonder if he could also in his answer indicate what he considers to be the government's major priorities to be completed before the normal summer recess on June 22. Finally, I wonder if the minister could indicate the government's intention to act or not under Standing Order 27(1) next week.

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, today we will be continuing with the business of supply.

Tomorrow we hope to conclude third reading of Bill C-52. In answer to the question on priorities, I would point out that Bill C-52, the budget implement bill, is the number one priority of this government. We can talk about other priorities after we see an indication that it will be heading for royal assent. If we do not have it, it will result in the loss of \$4.3 billion in 2006-07 year end measures which include: \$1.5 billion for the Canada ecotrust for the provinces; \$600 million for patient wait times guarantees; \$400 million for Canada Health Infoway; \$200 million for protection of endangered species; \$30 million for the Great Bear rain forest; \$600 million for labour market agreements for the provinces; \$30 million for the Rick Hansen Foundation; \$100 million in aid for Afghanistan; \$100 million to Genome Canada; and so on. It is a long list of important priorities financing that will be lost if the bill is not passed by the end of this session in June. That is obviously our number one priority.

Next week will be getting things done for all of us week when we consider a number of bills that are in their final stages of the legislative process.

• (1505)

[Translation]

The following bills will be placed under Government Orders for debate: Bill C-11, An Act to amend the Canada Transportation Act and the Railway Safety Act and to make consequential amendments to other Acts, which the Senate reported with amendments and which is now back before the House to receive the approval of the members, and Bill C-23, An Act to amend the Criminal Code (criminal procedure, language of the accused, sentencing and other amendments).

We are awaiting the Senate's report with amendments on Bill C-31, An Act to amend the Canada Elections Act and the Public Service Employment Act.

Bill C-33, An Act to amend the Income Tax Act, including amendments in relation to foreign investment entities and non-resident trusts, and to provide for the bilingual expression of the provisions of that Act, Bill C-42, An Act to amend the Quarantine Act and Bill C-47, An Act respecting the protection of marks related to the Olympic Games and the Paralympic Games and protection against certain misleading business associations and making a

*Routine Proceedings*

related amendment to the Trade-marks Act, will probably be passed by the House at third reading.

Discussions have taken place with the opposition parties, and there may be consent to fast-track some or all of the following bills: Bill C-59, An Act to amend the Criminal Code (unauthorized recording of a movie), Bill S-6, An Act to amend the First Nations Land Management Act and Bill C-51, An Act to give effect to the Nunavik Inuit Land Claims Agreement and to make a consequential amendment to another Act.

[English]

There is also a possibility of quick passage of a new bill entitled "An act to amend the Geneva Conventions Act, an act to incorporate the Canadian Red Cross Society and the Trademarks Act", which appears on today's notice paper.

There are a number of other bills I am still hoping we could get included in getting things done for all of us week, provided that they get reported back from committee, in particular, Bill C-6 aeronautics; Bill C-27 dangerous offenders; Bill C-32 impaired driving; and Bill C-44, the bill to grant first nations people the human rights that every other Canadian enjoys. First nations people expect the House to get things done for them as well, so I urge the aboriginal affairs committee to stop delaying Bill C-44 and report it back to the House early next week. It is a priority for this government.

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**POINTS OF ORDER**

## ORAL QUESTIONS

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, I rise on a point of order. In a question from the member for Bourassa during question period, in response I referenced a report being received from Afghanistan that would be tabled. I meant to say it would be received by the Canadian government.

**ROUTINE PROCEEDINGS**

[Translation]

**EMPLOYMENT EQUITY**

**Hon. Jean-Pierre Blackburn (Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, CPC):** Mr. Speaker, if I had the unanimous consent of the House, I could table the report on employment equity this very afternoon. It is the 2006 annual report.

**The Speaker:** Unanimous consent is not required; the hon. minister may table it when he wishes. The documents have now been received.

The hon. member for Saint-Bruno—Saint-Hubert also wishes to raise a point of order.

*Points od Order*

**Mrs. Carole Lavallée:** Mr. Speaker, when I saw the Minister of Labour rise to ask for unanimous consent, I had a glimmer of hope that was quickly dashed.

Nevertheless, I rise on a point of order to seek unanimous consent of the House to adopt the following motion, which is different than that of the other days. It bears on the same subject, but the motion is different.

That the government's notice of ways and means motion No. 13, tabled in the House by the Minister of Labour on December 8, 2006, be deemed adopted and that the House require the Minister of Labour to table immediately in the House, for first reading, the bill listed on the order paper under "Introduction of Government Bills" and entitled "An Act to amend the Bankruptcy and Insolvency Act, the Companies' Creditors Arrangement Act, the Wage Earner Protection Program Act and chapter 47 of the Statutes of Canada, 2005", in order that this bill can be amended by this House, pursuant to the request of the National Assembly of Quebec, in a motion adopted unanimously this morning.

• (1510)

**The Speaker:** Does the hon. member for Saint-Bruno—Saint-Hubert have the unanimous consent of the House to propose this motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Speaker:** There is no unanimous consent.

The hon. member for Thunder Bay—Superior North on a point of order.

\* \* \*

[English]

**POINTS OF ORDER**

## 53RD REPORT OF PROCEDURE AND HOUSE AFFAIRS COMMITTEE

**Hon. Joe Comuzzi (Thunder Bay—Superior North, Ind.):** Mr. Speaker, although I open this debate as a point of order, I truly believe that it is a question of members' privileges. I will rise on a point of order with the understanding that you may decide that it is a question that deals with members' privileges.

I refer to a discussion that was held in the House yesterday regarding the motion to concur in the 53rd report of the Standing Committee on Procedure and House Affairs which did not receive the unanimous consent of the House of Commons. The four independent members of the House did not give their consent.

There was really no problem until this was presented by the whip of the Bloc Québécois. He presented it to the standing committee, not to remedy the orders of the House but in order to silence a former member of that party because the Bloc considered she was getting too many questions in the House. That was the purpose of this amendment.

What surprises me is that all the other parties consented to the motion. Every party consented to the motion and it opened a can of worms.

This is an issue that the standing committee presented that affects the privileges of all independent members of Parliament.

Mr. Speaker, I submit that it is in your exclusive jurisdiction to protect the privileges of every member of the House of Commons. I ask that until this matter is resolved, and since there are only four of us but our party is growing, I am asking for your assurance that this matter will not come before the House for unanimous consent unless some of us are present in order not to give consent and then the matter can be resolved either in committee or through your wise counsel.

[Translation]

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Mr. Speaker, I would like to reassure my hon. colleague from Thunder Bay—Superior North, as well as the three other independent members of this House, my hon. colleague from Rimouski-Neigette—Témiscouata—Les Basques, my hon. colleague from Nova Scotia and the hon. member for Portneuf—Jacques-Cartier. This morning, at the public meeting of the Standing Committee on Procedure and House Affairs, I tabled an amended version of the 53rd report. I amended that report simply for tabling.

The four independent members will be consulted before the next discussions, which are to be held next Tuesday at the Standing Committee on Procedure and House Affairs. I am certain that we will be able to find a solution.

Nevertheless, I changed my approach somewhat as a result of the comments I received earlier this week.

[English]

**Hon. Mauril Bélanger (Ottawa—Vanier, Lib.):** Mr. Speaker, I think it would be useful for you to know that not everybody in every political formation would necessarily support this if unanimous consent were requested. I for one would have tremendous difficulty in restricting the ability of independent members of Parliament to address questions in this House as well.

**Hon. Jay Hill (Secretary of State and Chief Government Whip, CPC):** Mr. Speaker, this issue was raised yesterday and again today. I know that the whips have discussed looking at clearing this up. Perhaps I could explain it to other members because I think there is a lot of concern not only by the independent members but by others about what it is that the whips and the procedure and House affairs committee are concerned about here.

As I understand the issue, it is this: When there are a number of independent members there are obviously a certain number of questions and Standing Order 31 statements by members that could be assigned to those independent members.

We have had cases in the past, and indeed we could have cases in the future, where a party falls below the requisite 12 members. For that purpose there has been a precedent set for Speakers to pool the questions that those independent members would be entitled to so that they could assign their questions to their leader or to some other member of their caucus.



*Points of Order*

In my political lifetime, members will recall that post-1993, we had that situation with two parties in the House of Commons. While the Progressive Conservative Party and the New Democratic Party were recognized registered political parties outside of this chamber, they did not have the requisite 12 members to be a recognized party in the chamber at the time. One had two members and the other had nine, as I recall. The Speaker at the time pooled, or bundled, or whatever term one wants to use, the number of questions that they would get during question period and then assigned the questions to them as a group.

I think this is where the problem lies, Mr. Speaker. Let us take into consideration that there are currently four independent members of Parliament. Of the questions that we usually go through in the rotation, the number of questions in a day, if we divide those, excluding the three that the government gets, by the number of opposition members of Parliament, whether they are one of the three recognized parties or the four independent members, we get to a ratio of how often each member would be eligible for a question, all things being equal.

The problem arises if, for example, there were three independent members, each one of them should get one question per week. That makes sense. To make it equal, whether they were in a recognized party or sitting as an independent, they would have exactly the same rights to ask one question per week.

What has been happening as I understand it, Mr. Speaker, is that if you bundle those questions together and there are three questions for independents in a week and then two of the independents choose not to ask a question and you give the other questions to that other member as though they were a party, then that individual independent member would obviously get more questions than they would be entitled to if they sat in a recognized party.

I think that is the question that we are trying to deal with. Certainly, and I can speak for myself here, I do not want to see any inequity. I want to see the same rights and responsibilities for every member of Parliament, whether the member is an independent or whether the member sits in a recognized party, with no greater or lesser advantage to being in a party or sitting as an independent when it comes to those rights of a Standing Order 31 statement or asking a question in our chamber.

I think the goal is to ensure that if we take that equation, the number of questions asked per day or the number of questions asked per week and divide it by all the opposition members and we get to how many questions that person would get in a week, then it should be the same whether the person is an independent member or in a party.

● (1515)

Obviously when a member is in a party, there is a mechanism in place to assign that question. Let us say for argument's sake, every member would get one question per week, whether the member was an independent or was in the Liberal Party, for example.

Obviously the Liberal Party has a mechanism in place in its caucus to assign those questions to certain members, whether it is the leader, the deputy leader or whoever it is. However, it should not detract from the basic rule that each member is equal in the eyes of

this chamber. That is what we are trying to get to, I believe. I would look for others to support that fundamental principle of equality.

● (1520)

**The Speaker:** We are on points of order here, not to debate the merits of any proposal that may or may not be before the House. We are not debating a motion for concurrence, and while I am sure the House appreciates the comments from the chief government whip, it sounds like debate.

I see two other members rising on this. We have spent almost 20 minutes on it already. We do not have a motion before the House. In my view, there is no point of order here. I gave a ruling yesterday that this was not a point of order.

The member for Thunder Bay—Superior North has asked me to give an assurance that somebody will not pull a unanimous consent stunt when the members are not here. I can only urge him to stick around. I cannot control what members do in the House. If a member stands up and asks for unanimous consent for something and gets it, I am stuck. I cannot say no.

I can only urge the hon. member to keep a close eye on the House. He has three colleagues. One of them could sit here 24 hours if necessary and the others could do what they have to do if they are concerned about this. However, no one has moved concurrence in this report at this stage.

The hon. member for Mississauga South is rising on a point of order. I hope he will stick to the point of order and not debate the merits of any proposal.

**Mr. Paul Szabo (Mississauga South, Lib.):** Yes, and I do agree, Mr. Speaker. As I raised the matter yesterday, I believe that privileges will not be affected unless a decision is taken. I doubt there is a matter of privilege here.

The point of order is that within the Standing Orders, there are mechanisms for ordinary members to debate relevant changes to the Standing Orders. There were special legislative committees set up to consider a renewal, improvement or modernization of the rules. We have not had that.

I am simply asking on behalf of all members, which I believe would support the premise, that the majority of members should not establish rules that will affect a minority of members of Parliament. It is an issue. I would only ask that a proposal from procedure and House affairs come forward for the information of members, so that all members can have input before a question is put before this place.

I believe you would then find unanimous consent for that motion.

**The Speaker:** No proposal from procedure and House affairs can be adopted by the House without a motion for concurrence in the report. It is simple. There has to be a motion. Motions are debatable if members choose to debate them. It is up to members. It is not up to the Chair. The hon. member must know that.

He must realize that if the motion for concurrence in this report is to be put in this House, it has to be done either with unanimous consent and no debate, because everyone agrees not to debate it and let it go through, or the member moves concurrence. This is basic procedure.

*Business of Supply*

If the motion for concurrence is moved, there is a three hour debate and then the question is put. It is standard on all committee reports, including ones that recommend changes to the Standing Orders of the House.

**Mr. Paul Szabo:** There have to be two questions.

**The Speaker:** No, there are not two questions. There is a motion to put to the House and then we vote on it. I will leave it at that.

The hon. member for Rimouski-Neigette—Témiscouata—Les Basques on a point of order as well.

[*Translation*]

**Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, Ind.):** Mr. Speaker, I will be very brief. First of all, I would simply like to say that I support the hon. member for Thunder Bay—Superior North and, second, that we should be very pleased here in this House, if a process becomes truly transparent. That is the foundation of democracy. Furthermore, I would like to point out to the Leader of the Government in the House of Commons that, yesterday, I raised another issue, that is, if this were ever approved, even with the amended version, we would have three kinds of members: members who belong to a party, party members who are not recognized in this House and are not recognized as independent members, and lastly, the independent members. I think we must continue to resist this.

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## GOVERNMENT ORDERS

### BUSINESS OF SUPPLY

#### OPPOSITION MOTION—EQUALIZATION PROGRAM AND ATLANTIC ACCORDS

[*Translation*]

The House resumed consideration of the motion.

**The Speaker:** Prior to oral question period, the hon. member for Jeanne-Le Ber had the floor. He now has ten minutes left for questions and comments on his speech.

[*English*]

The hon. member for York South—Weston.

**Mr. Alan Tonks (York South—Weston, Lib.):** Mr. Speaker, I was following the discussion and the presentation made by my colleague from the Bloc. I am sure the House would be interested to hear a restatement of the relationship that the Atlantic accord has to the problem that is created with respect to equalization.

I ask that question deliberately because the Bloc is the party in this House that protects and stands to protect provincial rights. It seems to me that it was a recognition through the Atlantic accord that there in fact had been a longstanding shortage of equalization for the Atlantic provinces and that there was an agreement through the Atlantic accord to come to terms with that issue.

Yet, we find the Bloc is still resisting supporting this resolution and through the budget the continuation of the accord. Voting against the budget would at least show that the Bloc supports those provincial rights.

Would the member restate the reasons why the Bloc finds that the Atlantic accord is contradictory to the very essence of equalization and the fiscal balance that we in a federal state are attempting to achieve for the provinces?

• (1525)

[*Translation*]

**Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ):** Mr. Speaker, the equalization program was put in place so that every province could provide equivalent services for equivalent tax rates.

The general idea is this. Each province's revenues and fiscal capacity are examined and compared to the Canadian average. Provinces whose fiscal capacity is below the Canadian average receive funds from the federal government to bring them up to the average. That is the principle.

The problem lies in how fiscal capacity is calculated. Under the Atlantic accords, the fiscal capacity of the Atlantic provinces is underestimated to make them appear poorer than they are, when the calculation is done, so that they receive more money than they would normally get if the principle were honoured.

The Bloc Québécois believes that this has nothing to do with ensuring that the Canadian federation works well. Rather, it is a purely arbitrary choice. The government decided to exclude non-renewable natural resources simply because that favoured a few provinces. It could have excluded other sectors of the economy that would have benefited Quebec.

I am sure that if the government had decided to exclude hydroelectricity and aerospace, for example, from the equalization calculation, many people would have stood up and asked why the government was deviating from the principle just to please Quebec. And they likely would have been right.

We believe that the same rule should apply to everyone. If we are going to compare the provinces' fiscal capacities, we have to do so without playing with the figures, without excluding one sector or another of the economy to benefit one province or another.

Overall, equalization has nothing to do with the fiscal imbalance because equalization is a budget transfer. With the latest equalization formula and other transfers, the Government of Quebec receives more money than before. This does not correct the fiscal imbalance, because it is not a real transfer of tax room, such as the GST or tax points.

In the next budget, the federal government can take back what it gave to Quebec, as it just took back what it had given to the Atlantic provinces. This shows that the problem of the fiscal imbalance has not been resolved at all. Even though we do not basically agree with the Atlantic accords, they are eloquent proof that, in a system based on equalization, the provinces are all at the mercy of the federal government's benevolence at any given time for their finances. That is what we do not like and have been fighting for a very long time.

*Business of Supply*

•(1530)

[English]

**Mr. Dean Del Mastro (Peterborough, CPC):** Mr. Speaker, I listened to the hon. member's comments. I was interested to hear his comments and in fact I would like to ask him a question that I think is also pertinent to today's debate. It is regarding fiscal balance.

I would like to know about the previous government's tenure, but I know he is going to speak about the province of Quebec. However, it applies to all provinces. Because of the fiscal imbalance, how difficult was it for provinces to provide health care, education, post-secondary education, in addition to other types of strains? Why is it important to have a principled approach toward fiscal balance in Canada in order to provide capacity to the provinces to provide these services?

[Translation]

**Mr. Thierry St-Cyr:** Mr. Speaker, my colleague is quite right. For 13 years, the Liberal government did not even recognize the existence of a fiscal imbalance, and the Liberal Party still does not recognize it. They refuse to admit that there is a fiscal imbalance. People say that Quebec and the provinces have been hard hit by this, but it is really the people of Quebec and the provinces who have suffered. We cannot say that it is just the provinces and so we do not really care. People have gone without services because of the imbalance between the constitutional obligations of the federal and provincial governments and their respective revenues.

Even though the Conservative Party, for its part, recognizes that there is an imbalance in the federation, it does not really see that the imbalance is fiscal in nature. The fix it provided in the last budget took the form of cash transfers. This means that, every year and for every budget, Quebec is ultimately at the mercy of the ideological and political choices that the federal government may make in light of the political situation at the time, regardless of whether the Conservatives, the Liberals, or some other party is in power.

That is the nub of the problem. That is why Quebecers of all political stripes in the National Assembly, regardless of whether they are Liberals, ADQ or Parti Québécois, are demanding a genuine fiscal solution. That was the thrust of the Séguin commission which asked, for example, that the GST be transferred to the provinces. Equalization would have to be re-worked, of course, if the direct transfers to the provinces were cut by this much. If there is a tax transfer to the provinces, however, they will have stable, predictable revenues over which they have full control and which are not subject to every whim of the federal government.

This is really the nub of the issue. The Liberals have never even acknowledged the existence of a fiscal imbalance, and even though the Conservatives acknowledge it in theory, they still do not understand the real nature of it. We are working hard to get this fixed in the next budget.

[English]

**Mr. Paul Zed (Saint John, Lib.):** Mr. Speaker, I will be pleased and honoured to split my time with the courageous hon. member for Cumberland—Colchester—Musquodoboit Valley.

Having served in the House for seven years, I have never seen such a blatant disregard for the economic prosperity of an entire

region such as the way the government and Prime Minister have treated Atlantic Canada.

The Prime Minister came to office trumpeting a new approach and a new relationship between the federal government and the provinces. He called it open federalism. He said that a Conservative government would be more sensitive to the differences between provinces and regions.

He broke promises to the governments of the Atlantic provinces and decided that the welfare of our people was not his concern. He continues with his campaign of pitting region against region.

With this budget, the Prime Minister has wielded his knives on Atlantic Canada and tried to give truth to his lie about a certain "culture of defeat".

The numbers I find in this budget simply speak for themselves. Quebec receives a 29% increase, or almost \$700 million more in equalization payments. New Brunswick, on the other hand, receives a mere 1.8%. Atlantic Canada receives only 4% of all new money spent on equalization. For the second straight year, the Atlantic Canada Opportunities Agency does not even receive a mention in a 478-page budget document.

This callous disregard for New Brunswick and all of Atlantic Canada adds to the government's list of broken promises on income trusts, the slashing of literacy programs, the failure to fund affordable housing in my city of Saint John, and the cancellation of the court challenges program. These pile onto the broken promises of the Atlantic accord.

The government simply does not understand Atlantic Canada, though the Prime Minister believes ACOA could be for wasteful projects, unnecessary spending, projects that are not of vital important to Atlantic Canadians.

It is true Atlantic Canada does not have the financial security of Alberta or the industrial base of Ontario. Ours is a region trying hard to promote itself as a destination for 21st century business and industry.

A new generation of political leaders, including my premier from New Brunswick, Shawn Graham, has taken up the challenge of reaching for full economic self-sufficiency. However, provinces like New Brunswick need help from the federal government today in order to put tomorrow's economic blueprints in place.

The former government proposed a plan that would have brought \$830 million, new dollars for infrastructure and new program funding for New Brunswick, at the same time that the Atlantic accords were signed. This plan served as the baseline of funding for the province in its effort to achieve a goal of self-sufficiency. Our plan had a similar goal to the deal that was reached with Alberta in its drive for self-sufficiency 30 years ago.

The hon. member for Fredericton crafted a plan to put New Brunswick on the road to requiring less equalization from Ottawa.

*Business of Supply*

What happened instead was that the former New Brunswick premier, Bernard Lord, changed from a Progressive Conservative to a Reformer. He decided he would rather deal with a Conservative government in Ottawa. The result was piecemeal projects instead of a comprehensive plan, each garnered less money than the Liberal plan.

The people of New Brunswick said no to that approach. They fired Bernard Lord for tearing up the child care agreement and saying no to \$115 million in new federal spending on early learning and child care in our province.

• (1535)

In the months since the Prime Minister came to office, he began treating Atlantic Canada as an afterthought of Confederation. A distinct trend has swept across Atlantic Canada. In Nova Scotia the Progressive Conservative premier ranks third in popularity behind the New Democrats and the newly minted Liberal leader, Stephen McNeil; in New Brunswick, a new dynamic Liberal leader has swept aside a two time Conservative majority government; in Prince Edward Island, a new Liberal leader, Robert Ghiz, won a landslide victory over a three term Conservative majority government; and in Newfoundland, a Progressive Conservative stalwart premier goes on television every day and has three simple words for Canadians: anybody but Conservative.

These should be ominous signs for the government finding itself out of ideas after only 18 months in power and sitting across from a new, renewed, and reinvigorated Liberal Party under the leadership of the member for Saint-Laurent—Cartierville.

Things have only gotten worse this week for the government. As the hon. member for Cumberland—Colchester—Musquodoboit Valley has shown, not every member of the Conservative government's Atlantic caucus is willing to stand aside and let their province be sold out by the federal government.

As every member in the House is aware, in voting against the government, the hon. member from Nova Scotia made a great political sacrifice. He was bullied. He was maligned by his cabinet members and colleagues. He was kicked out of caucus and has since had his constituent files seized by the Conservative Party. Some new government.

Why has this happened? This has happened because the member took the word of the Prime Minister when he wrote to the premier of Newfoundland and said:

We will remove non-renewable natural resources revenue from the equalization formula to encourage the development of economic growth in the non-renewable resources sectors across Canada. The Conservative Government of Canada will ensure that no province is adversely affected from changes to the equalization formula.

He believed the Minister of Finance when he said, "We will respect the Atlantic accord". He trusted that the hon. member for St. John's East knew what he was talking about when he said, "The Atlantic Accord will not be adjusted. It's written in stone. It's signed, sealed, delivered, and it's something that the province need not have any fear".

Despite the claim by the foreign affairs minister, the member for Central Nova, that no member of his caucus would be removed for

voting against the budget, the hon. member for Cumberland—Colchester—Musquodoboit Valley sits as an independent for voting his conscience and voting to defend the interests of his constituents.

Over and over again the government and the Prime Minister have pledged to defend the economic interests of Atlantic Canada. They said it to get elected. They said it to prepare for an election. When it came time to govern, Atlantic Canada simply has not fit into their plans.

New Brunswick has a right to be treated with equality. Atlantic Canada has that same ambition. Canadians want all of us to treat each other with respect, dignity and equality.

• (1540)

**Hon. Robert Thibault (West Nova, Lib.):** Mr. Speaker, my colleague is an experienced member of the House. It is not his first time around the block. He will recognize that there are certain government bills which require members, by tradition, to vote with one's party, the Speech from the Throne being one of them and the budget being another.

Exceptions can be made. Has the member ever heard of a case where a government has made an exception, where a senior minister of government has stood in the House and said that its members could vote their conscience and would not be kicked out of their caucus if they voted against a bill?

Has he ever heard a minister make that promise in the House of Commons? Has a member of his party followed his or her conscience, voted in the interests of that member's constituents, and been kicked out of caucus?

**Mr. Paul Zed:** Mr. Speaker, I must say that the member is a very experienced member, and he too well knows that it would be beyond possibility to think that a member of the governing party's cabinet would have ever made such a statement as the member for Central Nova made and then have the complete opposite effect occur.

I am, like a lot of Canadians and like a lot of members of this House, frankly shocked at such a betrayal, shocked at such a treachery that could possibly have occurred, and frankly I think it does this place a weakness when our words are not honoured, the way the member for Central Nova spoke about his own colleague.

• (1545)

**Mr. James Rajotte (Edmonton—Leduc, CPC):** Mr. Speaker, I want to pose two substantive questions to the member opposite.

First, the O'Brien panel was appointed by his government, by the former government. The former deputy minister from Alberta Al O'Brien chaired this panel. Does he and does the Liberal Party accept, or does the Liberal Party reject, the recommendations of the O'Brien panel? That is the first question.

The second question is with respect to fiscal capacities of provinces. Without naming any province, we could have a situation in the future with the equalization system. Does he believe that taxpayers in one province with a lower fiscal capacity than another province should be paying into equalization, while those people in another province are receiving equalization even though their fiscal capacity is higher?

*Business of Supply*

On those two substantive questions, could he just indicate where he stands and where the Liberal Party stands?

**Mr. Paul Zed:** Mr. Speaker, the hon. member will know that in the speech that I just gave, I specifically cited his own province from 1957, 50 years ago, when it was allowed above the cap under equalization.

What is really important for all Canadians to understand is that we believe in Atlantic Canada and in these reinvestments, the Atlantic accord, the people-building New Brunswick document, which were going to reinvest in the province of New Brunswick \$800 million.

The member for Fredericton had crafted a document with the previous Liberal government and had a document ready that would be part of helping out a province like New Brunswick which, moving forward into the 21st century, wants to say that it does not want to be taking the same draw on the national treasury for equalization. It believes in self-sufficiency, just exactly like the national government helped out the province of Alberta 50 years ago.

**Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, Ind.):** Mr. Speaker, I represent the flat earth party and we have a position on this.

I am pleased today to debate this issue and I will focus most of my remarks on the Atlantic accord aspect of the debate today.

I want to address the comments made by the very distinguished member for Edmonton—Leduc who tried to provide the perspective perhaps from Alberta. However, the part of the debate that I am focused on is not whether equalization is right or wrong or what is best for this province or that province. My focus is on the fact that I think the Government of Canada should honour a signed contract.

I believe that when the Government of Canada signs a contract this should be gold-plated. It should be bulletproof. When the Government of Canada signs its name, with the little red flag, on a piece of paper, whether it is a person in Tokyo, in Moscow, in Halifax or in St. John's, Newfoundland, the person should be able to count on that signature as being solid gold.

The contract we are talking about today, the one that has been amended so much in the budget, Bill C-52, was only signed in 2005. It is a 14-year contract signed by the Government of Canada and the Province of Nova Scotia. We are only two years into the contract and the government has decided it does not like it. Consequently, the government has put 12 amendments in the budget. I want the members opposite to notice, because what they say is not accurate, but under consequential amendments there are 12 paragraphs of amendments to the Atlantic accord.

If we go further, there are six paragraphs of amendments to the offshore revenue agreement that John Hamm signed two years ago in 2005. The government is now taking the contract signed by the Government of Nova Scotia and the Government of Canada and amending it with six fundamental changes to the contract. This is simply right or wrong and I think every Canadian has an interest in this. This is not just in the interest of Nova Scotia or Newfoundland. Every member of Parliament in this House should insist that if the Government of Canada signs a document, no matter if it is a Liberal government, a Conservative government, an NDP government or,

heaven forbid, a Bloc government, the Government of Canada should honour the contract, no matter what, for the life of the contract. It is not flexible and it is not amendable. I honestly think the member for Edmonton—Leduc would agree with that.

I was just given a news article containing a comment by the Prime Minister at the G-8 a few minutes ago. He commented about my voting against the budget. He talks about how good the budget is.

I do want to say that it is a good budget and it is good for my riding. Many things in the budget do support and help my rural riding. However, that does not give the government permission to break a contract. Just because the government does some good things, it does not give it permission to break a contract. My opposition to the budget and the reason I voted against it was that I am 100% convinced that the budget does break this contract.

The Prime Minister said that the budget actually gives the Province of Nova Scotia \$95 million in equalization over and above the Atlantic accord, but that is not right. He also said: .

That's one of the reasons Mr. Casey voted four times for the budget so obviously I don't think much of him changing his view the fifth time.

In all fairness, he knows better than anybody that we met with him and with the Minister of Finance over and over again. We put proposals on the table and got legal opinions. We raised it in caucus and we raised it in the House. We have done everything we can.

A week ago yesterday I realized that we were not making any headway. I wrote to the Prime Minister and put it right in his hand and said, "We're not making any headway with this by working behind the scenes. I am going to start speaking out publicly". He took exception to that. I said, "We have to put pressure on it to make it move ahead". I gave it to him in writing. I did not want to broadside him. I waited two days and then I made my first statement. Again, we made no progress.

On Monday morning, I wrote the Prime Minister a letter and said, "I cannot support this bill because it breaks a contract between the Government of Canada and the Government of Nova Scotia and I will not vote for it". I made it very clear. I said it in two places in the letter.

● (1550)

The Prime Minister knows exactly why I voted for the budget the first time. We were in negotiations trying to find a solution but they went absolutely nowhere.

The Prime Minister says that Nova Scotia will get \$95 million more in equalization, but that is not true. If the Atlantic accord were honoured, it would get the \$95 million, plus the benefits of the offset that are not included in this. That is the fundamental part of the problem.

We believe the Atlantic accord could be changed with four or five words. The problem is that the budget and the accord have different wording. I have pointed this out to the Prime Minister and the finance minister several times. The accord says that the calculation of the payment will be based on the equalization formula that exists at the time. Any time the Government of Nova Scotia wants to calculate its offset payment, it would use the equalization formula that exists at the time.

*Business of Supply*

Now, if we change it in 2010, it is that formula. If we change it in 2015, it is that formula. If we change it in 2019, it is that formula. That is what the accord says, which is a signed agreement and agreed to by both sides.

However, if we go to page 115 in the budget, it says that from now on it will be based on the previous formula. Instead of the vision of the accord, which is to follow along as the equalization formula evolves and changes, the budget locks it in at the previous formula. It, therefore, amends and changes the Atlantic accord fundamentally.

I asked the Minister of Finance today if he would stop saying that Nova Scotia has the option of the new formula or the old Atlantic accord, because it does not. He said it a thousand times. Many of the ministers have. I said it myself, because I believed it, until I got into this. However, it is not true. The Province of Nova Scotia and the Province of Newfoundland and Labrador do not have the option of the new formula or the old Atlantic accord. Everybody in this House has heard the Minister of Finance say that a dozen times. It is not true because the budget changes both Atlantic accord agreements. Twelve paragraphs in the accord are changed and amended and six paragraphs on the John Hamm agreement that was negotiated in 2005.

If the government wants to be honest and accurate, it should say that the Province of Nova Scotia has the choice of the new formula or an amended Atlantic accord, but that it does not have access to the old Atlantic accord.

I had hoped the minister would take my advice and be accurate and say that if that is the case. When I asked that question, he pointed out that I said that the budget was good. I did say the budget was good and that it was good for my riding but it does not give anybody the right to break a contract. We all sign contracts and we all honour them. All Canadians honour contracts. The Government of Canada should honour its contracts, no matter who signs them, whether it is the Liberals, the Conservatives, the NDP or whichever party is the government at the time. I feel very strongly about that.

I will go back to this nine paragraph agreement called the Atlantic accord. It was signed and agreed to by John Hamm and the very distinguished minister of fisheries and oceans at the time, the member from Halifax. It is a simple agreement but a very meaningful one to Nova Scotia.

Newfoundland and Labrador has a similar agreement and it means the world to Newfoundland and Labrador, as it does to Nova Scotia.

The member for Edmonton—Leduc took exception to the agreement but every province has exceptions and every province has special deals. This is our special deal and we value it tremendously.

We just signed an agreement with British Columbia to give it hundreds of millions of dollars for the Pacific Gateway. Manitoba did not get a Pacific Gateway fund, neither did Ontario nor did Digby.

Nova Scotia's special deal is the Atlantic accord and we are not flexible on it. We will continue to demand the Atlantic accord. It is only nine paragraphs long but it is a work of art. I did not realize how good it was until we got into this debate and I started to study it.

It is really neat. I was moved to call John Hamm, the former premier of the province, because it is magic. I sold cars for 20 years and made a lot of deals but I could not make a deal as good as this one. It is an excellent deal and John Hamm deserves the credit.

● (1555)

John Hamm also agrees that this budget changes the purpose, the intent and the spirit of this agreement. I have great faith in John Hamm and his comments on it. He has helped me a great deal through this as I have learned to understand how it all evolved and how it came to be.

I am again asking the government to not only honour this signed contract, but to honour every contract. When the Government of Canada signed that contract it should have been gold-plated and recognized around the world as Canada.

**Hon. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, I want to thank and congratulate my hon. colleague from Cumberland—Colchester—Musquodoboit Valley for his comments today and for taking part in this debate. I also thank him for his decision this week to vote against the budget, which was a very courageous move. Nova Scotians are very proud of the actions he has taken. I just wish the other Conservative members from Nova Scotia would show the same kind of intestinal fortitude.

I know the member has been carrying around for weeks a copy of the offshore accord and he referred to it at some length in his recent comments. I know he is aware that it talks about the fact that it is to apply to the equalization formula as it exists at the time. It seems to me, as I have heard comments from Conservative members today, that there has been a failure to comprehend that, a failure to comprehend what the accord is actually all about and what it means. The fact that no matter how equalization might change in the future, the accord and its provisions and the payments under it were to apply so that there would not be a clawback of offshore resource royalties from Nova Scotia or Newfoundland and Labrador.

I think there has been a failure to understand that on the other side but it is time they did. It is time that they lived up to this signed agreement. The member is absolutely right when he says that when the Government of Canada signs a contract it should live up to it. I signed that contract on behalf of the Government of Canada, as he has pointed out to me a few times, and it is time for the government to live up to it.

**Mr. Bill Casey:** Mr. Speaker, I want to address one thing the member mentioned about the other members of the Conservative Party, with whom I formerly sat just a few days ago. The Prime Minister said in his note that I had voted for it four times before I voted against it. I just want to say that I worked hard to discuss it in caucus. I and many other members of the Conservative caucus met with ministers and with the Prime Minister. We all did the best we could.

*Business of Supply*

I made an independent decision that we were not making any headway a week ago. I notified the Prime Minister that I felt we were not making headway and then I notified him on Monday that, as far as I was concerned, this was dead and that we were moving ahead. Some of the members think they can affect this decision more by staying in caucus and I respect that decision. I just made my decision to stand and vote against the budget because the contract is broken and I cannot live with that.

• (1600)

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I appreciate the opportunity to ask the member for Cumberland—Colchester—Musquodoboit Valley a brief question. I want to say that I appreciate that the member for Halifax West has asked the question because I think he would be the first to be willing to acknowledge that he was not totally persuaded at the front end that this was doable.

When we sat together with John Hamm, the premier of Nova Scotia at the time, he expressed some reservations quite openly. What we saw is that the more people did get their head around what it really meant for Nova Scotia, then none of us was prepared to take no for an answer if working across party lines and across jurisdictional lines we could actually get the Atlantic accord into an agreement that would be honoured by the Government of Canada.

The member for Cumberland—Colchester—Musquodoboit Valley is quite right to suggest that maybe we should now be calling it the “triple-A agreement”, the amended Atlantic accord.

My question arises out of the response that was very clear from Nova Scotians yesterday to the gutsy stand that the member took in saying that he could simply not live with the broken commitment. There was an actual accord that needed to be honoured and he could not live with any other outcome.

I was also struck by the fact that Premier Rodney MacDonald made it very clear in his commentary to the media, and I have no reason to think it is not accurate reporting because I read it again and again, that he also acknowledges that this is a broken promise, that it is not fixed and that there is no offer on the table to fix it. I want to know whether the member has any advice for the rest of us on how we can work together to support the current premier in trying to get this fixed and what efforts he has made and to what effect.

**Mr. Bill Casey:** Mr. Speaker, this is not complicated. This is not about policy where we can weigh the pros and cons of it to determine whether it is a good or bad policy. This is right and wrong.

It is a 14 year contract that was signed. We were only into it for two years. The government has decided it wants to change the contract without the permission of the Nova Scotia government. The government has 18 paragraphs of amendments in the budget, which unilaterally change this agreement. I think that not only we in the House but every Canadian should say that we want every contract signed by the Government of Canada to be honoured 100%.

This is not just Nova Scotia, Newfoundland and Labrador, it is our reputation as a country. It is important that people around the world know when the Government of Canada signs a contract, it is bullet proof, they can depend on it. It is important that it is bullet proof, solid gold.

This contract is being broken and there is no reason for it.

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, I am very pleased to have an opportunity to participate in this debate. I have listened carefully to remarks today, many of which were aimed at me. That is the slings and arrows of this place, Mr. Speaker, as you know full well having served here for so many years.

I did find myself curiously agreeing with some of the comments by my colleague from Halifax, though. She quite rightly pointed out, when she asked a question a moment ago, that the member for Halifax West could be described as somewhat of a recent convert of the Atlantic accord. During the time he filled the post as minister for Nova Scotia, the post I currently hold, he was pushing the province of Nova Scotia to accept a deal that was not in the best interest of my province.

I remember at the time the member from Halifax said, “If Nova Scotians were as wealthy as Ontarians in eight years time I don’t believe they would be expected to keep getting equalization”. He said this on October 26. This was in advance of the Atlantic accord being signed. He also urged the minister of energy at the time, Cecil Clarke, to accept the deal, that it was an excellent deal for Nova Scotia. Yet the numbers now clearly show that at the time the offer that was put forward by the member from Halifax was for \$640 million. We know the final deal that was arrived at with Nova Scotia was for \$830 million. Therefore, he was bargaining hard for his province, my province, to take hundreds of millions of dollars less than it actually achieved.

This is what he had to say at the time, “I can’t imagine for the life of me why Nova Scotia would not accept a deal this rich”. In October 2004 he told the Halifax *ChronicleHerald*, “They’re turning up their noses at an excellent offer. I really can’t understand why they’re not agreeing to it and why they’re so hung up on this question of eight years”.

The member can be here today and sanctimoniously hold himself out as a champion of this cause, but at the end of the day he really had to be brought on side by the pushing and prodding of the premier of the day, John Hamm, as has been mentioned, who truly was the champion of the Atlantic accord, along with Cecil Clarke, the energy minister.

He and the member for LaSalle—Émard, the Liberal leader and prime minister at that time, and the member for West Nova all voted against the motion in the House recognizing the Atlantic accord, all recognizing at that time that Nova Scotia should be the primary beneficiary of offshore oil and gas revenues. That is what they did. On November 15, 2004, I was here as were you, Mr. Speaker. There was a motion before the House that you and I both supported. They voted against it. Every member in the Liberal Party who has spoken today, with the exception perhaps of the not so newly elected member, who was not here in 2004, voted against the Atlantic accord.

Therefore, I will not take any lessons or any sanctimonious, disingenuous, holding themselves out as champions.

*Business of Supply*

This is really about, when we strip away the rhetorical flourish, when we take away some of the contrasting views of a contract and when we strip away the discussion of what this comes down to, it is about equalization for the country, an offshore oil and gas revenue deal that was put in place to insist that Nova Scotia and Newfoundland and Labrador in a similar vein receive primary benefits of their offshore oil and gas.

People have talked about special deals. This is not a special deal. This is the same sort of deal, others have mentioned this, historically in the context as Alberta enjoys with respect to their underground oil and gas. The Auto Pact could be singled out for the province of Ontario as something specific to it. Quebec has similar deals, one in fact that affects Newfoundland and Labrador, which is quite contentious. That is of course Churchill Falls.

Therefore, this is about ensuring fairness. That is exactly what we intend to do. The budget is exactly about that. Liberals have repeatedly refused in the past to recognize accords such as this.

The bill itself, when it finally came to fruition, when it finally came before the House, put in place a recognition of natural gas revenues that were to come to the province of Nova Scotia.

Fast forward to what we have in the budget. After 13 years of the Liberal government denying that there was fiscal imbalance in the country, our government immediately upon taking office, under the leadership of the Minister of Finance and the Prime Minister, went about consultation with the provinces to see that fiscal imbalance did exist. A lengthy, indepth and complex discussion took place about how we set the fiscal imbalance right.

• (1605)

I am a member from Nova Scotia. That is my home, that is where I was born and raised and that is where I will retire. I will always be there. The member opposite, who is also from my home province, can try to beat his chest, put on floppy shoes and a red hat and try to be clown, but that is not going to get him anywhere. People at home know this is a serious issue. If he wants to make it personal, that is fine, that is his right. He can continue in that vein.

We are here to talk about a serious issue. This is a serious issue that affects my province. It affects very much the well-being and the future of the province of Nova Scotia. That is why I have undertaken to continue in the same vein as the finance minister, to meet directly with the Premier of Nova Scotia, the premier who is now charged with protecting Nova Scotia's interests, as do I. I stand shoulder to shoulder with him in that exercise.

We met this morning and we have spoken in the past repeatedly, since the budget came down, about how we protect Nova Scotia's interests and how we do so together. That is exactly what we are doing.

This is very much about clarifying our commitment with respect to the Atlantic accord. This is about ensuring the implementation of the new O'Brien equalization formula, which is the option for which Nova Scotia has opted. This formula benefits my home province to the extent of \$95 million more. That allows us to put more money into education, infrastructure, health, all sorts of important life altering and quality of life aspects. It has allowed Premier MacDonald and the provincial government make those investments.

With regard to some of the apocalyptic discussion here about how Nova Scotia was going to be forced into financial ruin, the budget provides Nova Scotia with \$2.4 billion in the year 2007-08, \$130 million in offshore accord offsets, \$639 million in Canada health transfers, \$277 million in Canada social transfers with respect to post-secondary education and child care and the list goes on. Millions of dollars are going into the Nova Scotia economy. All of that is buttressed with an additional \$95 million that is coming from the federal government this year. That is what members opposite are voting against.

I should have indicated at the start, Mr. Speaker, that I will be splitting my time with the member for Edmonton—Spruce Grove, who is the Minister of Intergovernmental Affairs. She will be giving a riveting speech, as she has in the past, with respect to how the province of Alberta is very much in concert with the province of Nova Scotia on the recognition of offshore oil and gas revenues. She, as do all members of the Conservative caucus, wants to see that Nova Scotia is treated fairly. They want to know that we will be treated the same way in Atlantic Canada as the west was during the period in time it was developing its natural resources.

This is all about that. The offshore oil and gas revenue stream is protected, it is intact and it is whole. That is the intent and the spirit of what has taken place. That was the commitment that was given by the Prime Minister. He said that no province would be worse off after this equalization formula was in place. That is what he intends, and that will happen.

I want to acknowledge my colleague opposite, the member for Cumberland—Colchester—Musquodoboit Valley, who has been a long-serving member of this place, a hard-working member here in Ottawa and in his constituency. He is a well respected friend, and I say that with great earnest. I feel very badly for the position he finds himself in because he is sincere and pure of heart in what he believes he has done. What is unfortunate is he is not among us. He is not here now to continue these discussions on behalf of the government in dealing directly with the province of Nova Scotia.

Our colleagues from St. John's, our colleagues from New Brunswick, our colleagues from Newfoundland and Labrador, have been closely involved and work diligently to see that Atlantic Canada is treated fairly, that their provinces are treated fairly and that they receive a fair share of equalization and a fair share of offshore oil and gas revenue.

• (1610)

For the people of Nova Scotia, that is the critical issue. We can talk about caps and O'Brien formulas, and changes to the offshore and transfers. What they know and what they need to know is that, as a result of this budget, my province, the province of Nova Scotia, will receive \$95 million more than it did last year.

That has allowed my home province to balance the budget this year and to move forward on other important projects. We will continue to work with it, as we did with ecotrust announcements, as we did with health arrangements, and as we continue to work toward an important infrastructure deal as regards to transportation and ports in the province of Nova Scotia.



*Business of Supply*

I am committed to that. No one has to remind me of my obligations or responsibilities to the people of Central Nova and the people of Nova Scotia whom I represent. I am here every day working to the best of my ability, as I am at home when this place is not in session. These are in addition to my cabinet responsibilities.

The members opposite have their views on this. What I know is that I have been working in a very productive and positive way with the premier of Nova Scotia. He continues, of course, to stand up for and bring a very positive and patient attitude to this discussion, and to that extent, I want to thank—

• (1615)

**The Deputy Speaker:** Questions and comments, the hon. member for Halifax West.

**Hon. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, the government that I was a part of, the previous government, made an agreement with Nova Scotia that was worth \$1.1 billion in the first eight years, and more in the years after that, but it went beyond any previous promise in fact, and delivered \$830 million of that up front to Nova Scotia.

The member voted against the budget that implemented that deal. He has said in the past that the budget respected the accord. These days, according to the Canadian Press, he is now saying he is working to ensure the accord is honoured. How is it possible that both are true?

Second, he said on May 15, in response to a question from the member for West Nova:

We will not throw a member out of caucus for voting his conscience. There will be no whipping, flipping, hiring or firing on budget votes as we saw [before].

Why was he misleading this House?

**Hon. Peter MacKay:** Mr. Speaker, what I would say to that is simply this. Why was the member opposite misleading the people of Nova Scotia by trying to represent that budget deal that was not a good deal, that would have cost our province hundreds of millions of dollars? He championed that cause. He repeatedly publicly urged our province to sign onto a deal that would have cost us hundreds of millions of dollars.

We know that he is voting against a budget that will give the province \$95 million more, so he can talk about the past. He can talk about the future. What is happening here is that he is voting against the interests of the people of Nova Scotia. He in fact broke his word to the people of Nova Scotia when he tried to surreptitiously get them to sign onto a deal that would have cost them hundreds of millions of dollars. That is not good representation for the people of Halifax or the people of Nova Scotia.

With respect to the situation involving the member for Cumberland—Colchester—Musquodoboit Valley, I have already stated a number of times that this is very unfortunate. I certainly did not see that the member would decide this with time remaining, with time on the clock. We all know that the final budget vote will take place at some point next week. My preference is to never leave the ice until the game is over. There is a lot of time left on the clock. We are in the third period. There is no final vote on the budget until next week.

I am confident we are going to continue to work positively with the province of Nova Scotia to see that we honour those commitments, to see that the province of Nova Scotia is treated fairly, and I am confident that that is happening.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I do not disagree that there is still time on the clock to fix this, but that really does not answer the question as to why the member who has just spoken, the political minister from Nova Scotia, would say he feels very badly that the member for Cumberland—Colchester—Musquodoboit Valley left the ice with there being still time on the clock. He did not leave the ice. He was kicked out for standing up strongly behind the accord.

The Atlantic accord anticipated precisely the situation in which we might find ourselves today, and that is precisely why the accord explicitly says in clause 4 that Nova Scotia does not have to choose. The accord says that Nova Scotia gets the full accord benefits whatever equalization is in place at the time, but what that does not take into account is that what was promised has actually been broken.

The accord has been broken, and so no matter how many times the government says Nova Scotia is going to get more benefits, the issue is not whether there are going to be more benefits, the issue is whether Nova Scotia is going to end up being forced to make a choice where it would in part forfeit benefits that were promised. There was never any understanding that the government would end up forcing Nova Scotia into making this choice.

**Hon. Peter MacKay:** Mr. Speaker, I would disagree with the member on a number of points. First, I would disagree that Nova Scotians would not want more money. That in fact, given the choice to receive \$95 million more, they would say “yes, we would prefer to have the \$95 million more”.

We know that there would be more money in fact again next year. That is also an option. There is flexibility here and there has been a choice offered. The province of Nova Scotia chose to take more money, which is a wise choice, I would submit.

With respect to the member's comments about equalization and how in fact the province of Nova Scotia will benefit, it is clear the province will benefit. It is clear that our province, sadly a have-not province, is in need of the fiscal support that it receives from Ottawa.

There has been a lot of glossing over of fact here, trying to suggest somehow that Nova Scotia was going to come out at the short end of the stick, that it was going to receive less.

I have not heard a single member from any opposition party take issue with the fact that the province is getting more money. That is what it boils down to. That is, by the way, what equalization is meant to do. It is meant to recognize the circumstances that exist in regions such as ours. It is meant to give people in Nova Scotia an opportunity to stay and work, and be in their communities and towns and cities, rather than have to take the option to go out west to work.

*Business of Supply*

I hope to see the day when the trend is reversed and Nova Scotians and Atlantic Canadians are coming home in droves because there will be jobs there. That is what our government intends to do. We intend to work toward that day when we will see the jobs, opportunities, and prosperity available in our province of Nova Scotia as it is elsewhere in Canada.

● (1620)

**Hon. Rona Ambrose (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister of Western Economic Diversification, CPC):** Mr. Speaker, I would like to commend the Minister of Foreign Affairs and my colleague for Central Nova for the passion that he has shown in cabinet and in this House for his constituents of Central Nova and also for the people of Nova Scotia. In fact, many times in cabinet he speaks for all Atlantic Canadians. I want to commend him for his commitment and his passion. It is a pleasure for me to participate in this debate today.

[Translation]

When our government assumed its role, it made a commitment to promote open federalism. In our 2007 budget, we kept this promise and announced a long-term plan to restore fiscal balance within the federation. Our plan responds to the concerns of all Canadians, the provinces and the territories.

[English]

I would like to take a moment to note just how far we have come in 16 months. This government inherited an equalization program that was divorced from principle. It also did not suit the demands of the day and our federation. It was obvious that federalism was not functioning as it should.

The previous Liberal administration did not even give a thought to tomorrow or to the future of the provinces. The approach that it used was stagnant and unresponsive to the changing needs of Canadians and to the changing needs of the provinces. What we saw with the previous Liberal governments for years was what we call "cheque-book federalism".

[Translation]

That is when the concept of open federalism was born. Under this concept, the federation is no longer an inactive entity, but an evolving institution that has to adapt to the changes and impacts of the modern world.

[English]

This government has already taken tangible measures to ensure, for example, that Quebec has the tools that it needs to develop within a united Canada, the recognition that the Québécois form a nation within a united Canada and the restoration of the fiscal balance.

Of course, the historic presence of Quebec at the Canadian delegation to UNESCO is a concrete example of that commitment. Open federalism demands that we recognize the maturation and the evolution of the provinces within our federation.

[Translation]

This concept recognizes the important and precise role the provinces must play in developing national policy.

[English]

It was clearly a time for a new approach to federalism, one that we believe could accomplish, among other things, ensuring a return to a principled based approach to federal fiscal transfers and recognizing, of course, the evolving nature of the federation. We believe in the need to capitalize on the strengths the provinces have to the benefit of all of Canada.

It was with great pride that I watched the Finance Minister deliver his budget in the House last March. Budget 2007, of course, was described as a historic agreement and with very good reason. I am particularly proud to note that our approach to open federalism and restoring fiscal balance is the result of significant consultations with all of the provinces and territories, as we committed to last year in our budget 2006.

It was in the spirit of open federalism that we worked with every province and territory, and we sought their views on ways to help achieve a balance between a principled based approach to the limitation of our spending powers and the need to ensure flexibility in our country. We sought their perspectives on lessons learned from the past, options for future consideration, and potential priority areas for action for the future.

However, we have to be clear about where we were when our government came to power. Canada was in a situation where the Liberal approach to equalization created, as we know, division between the federal and provincial governments, and between the provinces, particularly between different regions of our country. We saw this clearly in the inability of the Council of the Federation to come to any sort of consistent position on equalization.

● (1625)

[Translation]

We have shown the provinces and territories our commitment toward the new open federalism.

[English]

We provided an opportunity to provinces and territories to share their views on ways to achieve enhanced accountability. We committed to returning the equalization program to a principled based, formula driven plan to restore the fiscal balance.

The equalization formula, as we know, was thoroughly studied by an independent expert panel that was chaired by Al O'Brien, in fact a former Alberta deputy treasurer.

The O'Brien report proposed a comprehensive principled based set of reforms to the equalization program. We reviewed this report and we consulted extensively with Canadians and with provincial governments. We concluded that the O'Brien report formed a solid foundation for the renewal of the equalization program.

*Business of Supply*

As we know, in our budget 2007, we finally tackled the longstanding irritant of provinces called double equalization by committing finally to a principled move to per capita health and social transfers. With this move we clearly demonstrate a principle that the equalization formula itself is meant to address interprovincial and interregional disparities, while other federal transfers, like health and social transfers, should ensure equal treatment of Canadians in all parts of our country. We also advanced the principles of transparency and accountability.

As we know, the provinces have responsibilities and ultimate accountability in their own fields and in their own areas of jurisdiction, while the federal government offers clear and predictable support to them. By providing equitable and predictable funding for shared priorities and attempting to clarify the roles and responsibilities in our federation, we have offered a solid, principled based approach on which government can continue to work into the future.

This commitment was a reassertion of the benefits that can be found in a flexible federation that, of course, allows our diversity to serve as a source, both of strength and innovation, a reassertion of the need for an open, honest and respectful relationship with the provinces, and a reassertion that true collaboration can really only take place when resources and accountability are matched with responsibility.

As I mentioned earlier, our second major policy goal for our approach to open federalism is to identify and facilitate opportunities for provinces to play a greater role in our own jurisdiction, the federal jurisdiction, when our moves and actions actually impact on provincial jurisdiction.

[Translation]

In our opinion, the provinces have various means available to them to play a more active role on the national and international stage for the good of the federation.

[English]

We believe that by identifying strategic opportunities to work with the provinces, seizing these opportunities, and responding with a readiness to work collaboratively will benefit the entire country.

Of course, now the question, both for the provinces and for the federal government, is which opportunities and when. We have already started to capitalize on those.

We committed in our 2006 election platform to find those kinds of practical ways to facilitate provincial involvement in areas of federal jurisdiction when provincial jurisdiction is affected, and the Quebec participation at UNESCO is a perfect example.

When we wrote that policy, what we had in mind is this kind of identification of clear, practical opportunities like that where the federal government could work with the provinces in areas of mutual interest.

I will conclude my remarks proudly stating that we continue to live by those principles.

• (1630)

[Translation]

We have respected our commitments and kept our promises in a transparent manner that is inspired by principles. By doing so, we have consolidated our federation in such a way that all the governments are working together in order to build an even stronger Canada.

[English]

**The Deputy Speaker:** Before I proceed to questions and comments following the speech by the hon. member, it is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Gatineau, Official Languages.

Questions and comments, the hon. member for Ottawa South.

**Mr. David McGuinty (Ottawa South, Lib.):** Mr. Speaker, I appreciate the minister's remarks. They follow hard on the heels of the remarks from the minister for Atlantic Canada.

I have a couple of pointed questions. They are specific questions and I think Canadians deserve specific answers.

In 2006 the Conservative Party of Canada's election platform said very clearly:

A Conservative government will:

Work to achieve with the provinces permanent changes to the equalization formula which would ensure that non-renewable natural resource revenue is removed from the equalization formula to encourage economic growth.

It went on to say, "We will ensure that no province is adversely affected from changes to the equalization formula".

Slightly after, the Conservative Party circulated a mailing to Newfoundland and Labrador residents in the Prime Minister's name, then as leader of the opposition, in which it was written in bold black and white letters:

The Conservative Party of Canada believes that offshore oil and gas revenues are the key to real economic growth in Atlantic Canada. That's why we would leave you with 100 per cent of your oil and gas revenues. No small print. No excuses. No caps.

Could the minister please tell us if the Conservative Party was misleading Atlantic Canadians then or is the Conservative government misleading them now?

**Hon. Rona Ambrose:** Mr. Speaker, I am sure the hon. member knows the equalization formula is complicated. I am one who understands it and I am sure he does, too, so he does understand that a fiscal cap is about fairness.

When the O'Brien commission came back with its report, it recommended a number of changes to the equalization formula to return it to a principle based approach. The reason for that was so we would not have the Liberal approach to chequebook federalism, pitting provinces against provinces, pitting regions against regions to the detriment of the federation. A principle based approach brings back the best for all regions of this country in a fair approach.

*Business of Supply*

As the member knows, these key changes to the equalization formula are in the best interest of the entire federation. These include a 10 province standard and that provinces can opt for an equalization payment formula. Provinces have a choice, as the member knows, which is what would affect Newfoundland and Labrador. It has a choice to either have a payment formula that would be based on the full exclusion of natural resources or it could move to a formula that contains 50% exclusion, whatever it wishes to do and whichever formula is in its best interest.

The member also knows that a fiscal capacity cap provides fairness, particularly in the case of the Ontario government. He knows the fiscal capacity cap directly relates to the economic and fiscal capacity of Ontario. He is arguing against—

**The Deputy Speaker:** Order. We do have other questions that need to be asked.

The hon. member for Acadie—Bathurst.

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, when we talk about misleading the people of Nova Scotia and Newfoundland, I will say that the government misled the member for Cumberland—Colchester—Musquodoboit Valley by saying what was said by the Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency:

Mr. Speaker, what I suspect Nova Scotia and Atlantic MPs will do is support the budget because it is good for Nova Scotia. It in fact allowed the government of Nova Scotia to balance its budget this year.

That is what I do not understand. The government said that to the member, because the member was sitting in the House:

However, I can tell the member opposite what we will not do. We will not do what the Liberal leader did to the member for Thunder Bay—Superior North. We will not throw a member out of caucus for voting his conscience. There will be no whipping, flipping, hiring or firing on budget votes as we saw with the Liberal government.

My question for the member is, did the government mislead the member of Parliament? Did the member of Parliament feel that he could vote his conscience and he would stay with the Government of Canada, the Conservatives? Then all of a sudden, right after the vote, he was told that he would be sitting on the other side the next day. It is the same way that the government has misled the governments of Nova Scotia and Newfoundland, because we—

• (1635)

**The Deputy Speaker:** Order. We are running out of time and I want the minister to have a chance to respond.

**Hon. Rona Ambrose:** Mr. Speaker, I thank the hon. member for his rant and I have two words for him that he might like to recall. Those two words are: Bev Desjarlais. I will leave it at that.

The member talks about opposing the budget. What the budget does for the people of Nova Scotia is it restores fiscal balance and brings federal support to Nova Scotia to the tune of \$2.4 billion in 2007-08, including \$1.3 billion under the new equalization system, \$130 million in offshore—

**The Deputy Speaker:** Resuming debate with the hon. member for Desnethé—Missinippi—Churchill River.

**Mr. Gary Merasty (Desnethé—Missinippi—Churchill River, Lib.):** Mr. Speaker, I will be splitting my time with the member for Cape Breton—Canso.

I am quite pleased today to speak on the subject of equalization. I am pleased because this debate affords me the opportunity to speak about this important topic while raising issues such as fairness, justice, truthfulness and honesty. Some people might argue that terms such as these may be a bit flowery for the often arcane statistical language one uses when speaking about Canada's complex equalization formula. The precise details are well known to those of us who deal with the minutiae of government policy on a day to day basis, but these details may not be known to the average Canadian.

Regular folks do not have the time to pore over the thousands and thousands of pages of information on government programs produced by our country's hard-working public servants. Regular folks are more concerned with working hard, making sure that their children and grandchildren grow up with good values so that they too may some day contribute in meaningful ways to their communities.

Regular folks expect their elected officials to do the monotonous work of combing through the endless documents to make sure that nothing is lost in the fine lines and they expect their public officials to do this in a fair, just, true and honest manner. Regular folks in Saskatchewan in most instances probably could not quote the precise numbers of the equalization formula, but regular folks in Saskatchewan know that a promise is a promise and that the Conservative government has broken far too many of them.

While I am pleased today to speak on this subject, I must admit that I get no pleasure in seeing the way the Conservative government has treated Saskatchewan's share of equalization in the last budget. I would like to take a brief moment to quote Premier Lorne Calvert's testimony to the Standing Committee on Finance last week. He said:

I'd like to begin by reminding committee members of commitments that were made to the people of Saskatchewan regarding proposed changes to equalization, in a letter delivered to myself from the now Prime Minister of Canada.... He said to me, "The Conservative Party of Canada will alter the equalization program to remove all non-renewable resources from the formula, as well as move the program to a ten-province standard.

Mr. Calvert went on during this testimony to outline promises from the 2006 Conservative election platform which restate the same promises that he received in the 2004 letter from the then leader of the opposition and now our Prime Minister.

Whether here in Ottawa or at home in Saskatchewan, Mr. Calvert has been a tireless crusader advocating fairness for Saskatchewan in equalization at every opportunity. While I may not agree with the New Democratic premier of Saskatchewan and many of his ideological positions, as a proud resident of that great province I admire his tenacity and the way in which he represents honesty and integrity.

Some have argued that his campaign is to bring attention to the Conservative government's betrayal of Saskatchewan as simple posturing, an attempt to shift attention away from his own government's issues and place blame on Ottawa's politicians. Like some of my colleagues in the House, I certainly would not try to know the thoughts or motivations of Mr. Calvert, but I am proud to say that I agree with his logic on this issue 100%.

*Business of Supply*

Simply, a promise was made to Saskatchewan and a promise was broken to Saskatchewan. It appears as though promises were made to Canadians and to the people of Saskatchewan simply to mislead for political gain. When a political party or a government misleads the electorate, the political games are short-lived. Canadians do not like to be used for a political party's or MP's personal gain.

I am disappointed in what I have heard coming from the Conservative Party's Saskatchewan members of Parliament when this subject is discussed. Never in my time in public life, whether here in Ottawa or in first nations government and education have I been a witness to such deceit and breach of trust when people are placed in a position of prominence whereby their actions could help raise awareness of a great injustice and yet decide to sit mutely and do as they are told. Indeed it is a great tragedy.

Promises were made to the people of Saskatchewan by the Conservatives regarding the equalization formula, promises that were wilfully not kept, promises to remove non-renewable resources from the formula, promises not to claw back resource revenues and promises to ensure that as Saskatchewan further develops its resources its residents are not penalized for their success.

In some ways Saskatchewan has had a rough go of it in recent times vis-à-vis its neighbours, especially Alberta and British Columbia. There was a time not so long ago that Saskatchewan was the third most populous province in this great country. Decades of stagnation, out-migration and systemic changes in the agricultural economy have led to Saskatchewan's designation as a have not province more often than not, but this does not have to be a sad story.

● (1640)

I am proud to report that Saskatchewan is on the cusp of a major comeback focused on two important factors: our wealth of natural resources and our emerging competitive advantage brought about by unique and exciting demographic factors in the form of our fastest growing youthful aboriginal population.

Unfortunately, the Conservative government in a remarkably short period of time has taken steps to slow Saskatchewan's comeback through these broken promises which will adversely affect the amount of fiscal benefit derived from our natural resources.

We spent decades struggling to transition Saskatchewan out of its have not status toward have status. It is very simple to understand that non-renewable resources are non-renewable. Once they are gone, they are gone forever. Saskatchewan wants to keep the fiscal benefit derived from its non-renewable resources to build a stronger Saskatchewan, a strong, vibrant and viable economy that would entrench Saskatchewan as a have province for decades to come and at the same time make Canada stronger.

What the federal government has done is put the long term socio-economic viability of Saskatchewan at risk. I know Saskatchewan very well and this deceit from the Conservatives is a huge blow. It is a huge blow that is compounded by another betrayal.

The cancellation of the Kelowna accord harms the potential of our often underutilized natural resource, our first nations and Métis young people. The Conservative government has purposefully disadvantaged Saskatchewan. I believe it does not even have a clue or even understand what it has done to hurt Saskatchewan.

The Kelowna accord was a necessary first step that would have worked toward closing the gaps between aboriginal and non-aboriginal Canadians in areas such as poverty, housing, education and health.

The previous Liberal government, the provincial and territorial governments and aboriginal governments all agreed Kelowna was a historic event and yet the Conservative government dismissed and betrayed first nations, Métis and Inuit people across this country.

Saskatchewan's lost share of Kelowna was projected to be in the neighbourhood of \$650 million to \$700 million over five years, coupled with the twin blow of the broken equalization promise showing that aiding Saskatchewan's return to greatness is not a priority for the government. I believe Saskatchewan will make it despite these challenges, but the government certainly is not making that situation any easier.

The silence of the Saskatchewan caucus is a shame. In only one year the Conservatives have dealt a \$1.5 billion blow to Saskatchewan. Instead of fairness that allows a province to reap the rewards of its economic development, we are given a new formula with pitiful justifications for its implementation.

Instead of the justice that Kelowna would have provided, we are given inequality, prejudice and discrimination. Instead of truthfulness and honesty, we are given broken promises defended through clumsy talking points that are so embarrassing the speakers must quietly shudder to themselves every time they have to repeat them.

To conclude, I would like to acknowledge the tremendous courage shown by the member for Cumberland—Colchester—Musquodoboit Valley on June 5. Similar to Saskatchewan, the people in Nova Scotia were subjected to promises and agreements that were arbitrarily and capriciously thrown away by the Conservative government.

Media reports make reference to a heated debate behind the scenes during the past few weeks between the courageous member from Nova Scotia and his colleagues regarding how this budget negatively affects equalization in his province. It appears as though the member in question was not the only one among his now former Atlantic Conservative colleagues to raise concerns. Irrespective of how his colleagues may have individually voted, it appears as though several of the Atlantic Canadian Conservative members at least tried to do the right thing for their constituents. At least they tried.

*Business of Supply*

The comparison between the members from Atlantic Canada and their seatmates from Saskatchewan is not flattering for the latter group. We have yet to see one small example of backbone from the terrified 12 on the subject of Saskatchewan's equalization. I must admit, however, that they are well practised in the art of parroting the finance minister's talking points.

Meanwhile regular folks in Saskatchewan go about their business, saddened in the knowledge that so many of their elected representatives refuse to fight for what is right. It appears to me that they are either too scared to stand up for their province or they truly believe that breaking promises which damage and risk Saskatchewan's future is the proper course of action. I do not know which prospect is scarier.

• (1645)

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I have just one comment and then a quick question for the hon. member opposite.

The comment is that during the 13 years his party was in power there were absolutely no changes made to the equalization formula that would have benefited Saskatchewan. In fact, had the changes that we made just recently been enacted back in the mid-1990s over a period of a decade, the province of Saskatchewan, according to the Department of Finance's own figures from the province of Saskatchewan, would have received an additional \$4 billion. But the Liberals did nothing.

My question is a simple one. I have asked three other members on the opposite side this question and I have yet to get an accurate response. I asked the member for Halifax West, when he finished his presentation, if he could confirm the comments made by his leader who said in March of this year that, first, he did not believe that non-renewable natural resources should be excluded from the equalization formula and, second, he said that he believed that on top of that there should be a fiscal capacity cap.

Of course those two elements would result in Nova Scotia, Newfoundland and Labrador, and Saskatchewan receiving absolutely zero dollars in equalization. When I posed that question to the member for Halifax West, he said that his leader responded to that question in his comments this morning. He denies making those comments.

Those comments were made on a television program called *Mike Duffy Live*. Not only do we have the transcript, but there is film available verifying that the Leader of the Opposition made those comments.

I will ask the question: was he misleading the Canadian public then or is he misleading Canadians now? Does my hon. colleague deny that his leader made those comments? In fact, does he stand by the comments made by his leader in March of this year?

**Mr. Gary Merasty:** Mr. Speaker, it is interesting that they try to deflect blame from the real issue here and not really talk about the promise to Saskatchewan that has been broken.

On June 5, the *StarPhoenix* called the Saskatchewan Conservative members "a group of political sycophants willing to bend the truth

with constituents and try to convince them that black is white, instead of standing up for what they know to be true".

I think they know what the truth is because on July 25, 2006, the Saskatchewan caucus wrote a letter to the finance minister and the Prime Minister, stating that "anything less than substantial compliance with our commitment will cause us no end of political difficulty during the next federal election".

It is interesting that the truth is there. The promise has been broken. Saskatchewan people know this.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Mr. Speaker, I am sure Canadians are enthralled with this debate between the Conservative and Liberal parties as to who properly should have kicked out members of their caucus and who did not.

It seems to me that there is a longstanding tradition within Canadian Parliament that the actual idea of people casting votes for someone running for office is that this someone would represent them.

We have a very clear example here in the House. A Conservative member obviously wrestled with this issue for some time as to whether he could support this budget, which he saw as doing harm to his constituents and his province, and he was summarily dismissed by his party. The party then blocked computer records and access, which apparently have been restored, but as for even just the intention, I think that a lot of viewers who are watching and a lot of Canadians paying attention to this debate, if they can, do worry about the idea of sending someone to Ottawa and then having them tossed from a party because of a vote against a budget or not.

The Liberals do not have a clean record on this because they did the same thing not so long ago for one of their members. I have a question for my hon. colleague. Does he support what his party and the Conservative Party did? As for attempts to make any reference to what happened to a dear friend of mine in terms of what were her choices and what were not, I would recommend that he does not, because the continuation of these falsities does no service for any of us in this place.

**An hon. member:** It's exactly the same.

**An hon. member:** No, it's not the same.

• (1650)

**The Deputy Speaker:** The hon. member for Desnethé—Mississippi—Churchill River.

**Mr. Gary Merasty:** Mr. Speaker, I appreciate the lecture from the pulpit on this issue by the hon. member across. Members being treated in the way they have been treated over the last little while is certainly an issue that Canadians are paying attention to and are watching very closely.

In my province, for example, I know that when it comes to representing our constituents and standing up for our province we have to do what is best for our constituents, because the people in Saskatchewan are busy doing their jobs, paying their bills and getting their kids off to school. They are busy with life.

*Business of Supply*

It seems as though the Conservative government has taken the algebraic term “irrational numbers” to a new level and is simply not moving on its promise. It is unfortunate that we are having this debate. As the member for Cumberland—Colchester—Musquodoboit Valley said, it takes a simple solution, and that simple solution is simply not one that the government is prepared to undertake.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Mr. Speaker, I appreciate the opportunity to join in this debate on this very important issue. It is an issue that is important not just to the people of Nova Scotia and Newfoundland and Labrador but also to the good people of the province of Saskatchewan. Really, as they see what is really at play here, we can say that it is important to all Canadians.

During her speech earlier, the Minister of Intergovernmental Affairs indicated that what the government wanted to do was go back to a principled application of the equalization formula. It was to be based on principle, and I think it was framed fairly well today in the *Globe and Mail*, which reflected on the Groucho Marx line about principles: “Those are my principles, and if you don’t like them... well, I have others”.

The principle at play here is that the federal government made a commitment to the people of Nova Scotia and made a commitment to the people of Newfoundland and Labrador and signed a contract. The government is walking away from that commitment. It is breaking the deal. That is the principle here.

I think it is important that we get back to what this meant to the people of Nova Scotia and the people of Newfoundland and Labrador.

I can speak firsthand to the situation in Nova Scotia because I was there in February 2005. After many months of negotiation, the accord was signed by the premier at the time, John Hamm, and his minister, Cecil Clarke, representing the province of Nova Scotia, our fisheries minister at the time, the member for Halifax West, and our Prime Minister. The signing of that accord was monumental.

The people of Nova Scotia said that was the single greatest day in Nova Scotia since oil and gas were discovered off the coast. That is how important this was to the people of Nova Scotia.

It was a promise made by our former prime minister, the member for LaSalle—Émard, and he went beyond the promise. He promised Nova Scotians and Newfoundlanders and Labradorians full access to their offshore revenues, but he went beyond that and cut an upfront cheque for each province.

That amounted to \$800 million for the province of Nova Scotia, a significant amount. As for the debt situation that we were in at the time, we carried more debt per capita than any other province. That debt was a ball and chain. It was weighing us down as a province.

Our premier at the time applied the \$800 million to the \$12 billion debt that the province of Nova Scotia was carrying. I totally supported the premier on that decision. In doing that right thing, he brought down the annual interest in the province of Nova Scotia by between \$40 million and \$50 million annually. That \$40 million or \$50 million goes into highways, hospitals and education. It benefits all Nova Scotians. That was the right thing to do. It was honourable of our former prime minister to do to make sure that money was issued upfront.

Just so members understand, what the accord did was make sure that the clawback provisions from equalization were no longer applied. There were no more clawback provisions through equalization because of the offshore revenues. It was meant to be a building block so that Nova Scotia could move from being a have not province to a have province. There is activity in the economy in Nova Scotia, but the accord was in essence the foundation, a building block, and then, with the equalization on top, suddenly the revenues started to make some sense. The province was able to start getting at that debt that we continue to carry and that continues to be a burden on the people of Nova Scotia.

However, what happened when the budget was tabled was that the rug was pulled out from under the feet of Nova Scotians. The foundation was removed with the pulling out of the accord.

● (1655)

The comments that are coming from the government today are about how “they can have one or they can have the other”. That was never the deal. This was both. This was the accord. This was equalization and no provision of clawbacks. Indeed, when we held government, we did increase the amount of equalization through a change in the formula. We increased the amount of equalization to the province of Nova Scotia and there was no impact on the accord. It in no way compromised the accord. This could be done. We know that this is not what happened in this case.

Numbers get bandied about in the House. In order for us to get a true view of it, let me mention that I read a great op-ed article a number of weeks back. It was from Peter O’Brien, the former Atlantic representative on the Canadian Federation of Independent Business. He was never a great friend of the Liberal Party of Canada, by any means, and when there was an issue he would take issue with the government.

However, in regard to his position on this aspect of the budget, the accord, he said that when it was first announced the message coming from the Minister of Finance and the regional minister was, “Hey, this is all good, there is no change, no cap, and no compromising the Atlantic accord”. He took it at face value. In the article, he goes on to talk about two of this country’s strongest and most respected economists, Wade Locke, from Memorial University in Newfoundland, and Paul Hobson, from Acadia University in Wolfville, Nova Scotia.

Mr. O’Brien has been in a number of prebudget lockups with these gentlemen. He said that their work is exemplary and he trusts them completely. Mr. O’Brien said that by Wade Locke identifying and going through the process, and showing that the province of Newfoundland and Labrador will lose \$11 billion with these changes and the province of Nova Scotia will lose a billion dollars with these changes, he knows that what he was getting from the Minister of Finance and the regional minister was nothing but spin. The truth is that both of those provinces lose with the changes that are made to this accord, and that is truly shameful.

*Business of Supply*

We have heard about this throughout this debate since the budget was tabled. I remember the day it was tabled. We were on our feet on this side of the House questioning the government about the impacts on the accord for both Nova Scotia and Newfoundland and Labrador. We knew there was going to be a net loss to the citizens of those two provinces, but the government said no, that was not the way it was at all. It said that this is great, we do not compromise anything, and they end up coming out ahead.

Then, when there was a unanimous resolution that came from the legislature in Nova Scotia, an all party resolution that called for the government to reinstitute the accord, those guys stood up and said, "Hey, there's no problem, it's all good".

The government sent its finance minister to meet with the finance minister for Nova Scotia. They had a six hour meeting. That is no reflection of us being slow learners in Nova Scotia. It is because the finance minister for the province of Nova Scotia knew what it had lost under the changes in the government's budget.

Then, of course, yesterday was the big day when this thing all came to a head. We saw what went on with the member for Cumberland—Colchester—Musquodoboit Valley. We saw the arm-twisting that went on. We know about the work that was going on behind the steel curtain over there.

The member for Cumberland—Colchester—Musquodoboit Valley took a principled approach. He chose province over party. He took a principled approach and he did the right thing, because he knows that this deal is not a good deal for the people of Nova Scotia and it is not a good deal for the people of Newfoundland and Labrador.

What I want to do is call on the government to make sure that it abides by this agreement that was signed between the federal government and those provinces and that it reinstates the accords so that the people can share in what is rightfully theirs.

● (1700)

**Mr. Rick Norlock (Northumberland—Quinte West, CPC):** Mr. Speaker, I will have some comments later, a lengthy comment, but my shorter comment to the member is this. I think it somewhat hypocritical for any member in any party in the House to criticize any party or individual for doing something. Parties and members do it because they have specific reasons. In this case there are reasons. There are reasons why members from the other side crossed the floor. To criticize one party or the other party seems to me somewhat hypocritical.

However, the member says there are some facts at issue. Some of the facts for Newfoundland are this. Does he not agree that restoring a fiscal balance to Newfoundland and Labrador, it will have approximately \$1.5 billion more in 2007 and 2008 as a result of this budget? It will have \$477 million in equalization, \$494 million offshore accord offset, \$347 million under the Canada Health transfer, \$151 million for the Canada social transfer and \$52 million for infrastructure.

How can this be a negative?

**Mr. Rodger Cuzner:** Mr. Speaker, let us make one thing clear. I, in no way, was criticizing the member for Cumberland—Colchester—Musquodoboit Valley. I was celebrating the courageous stand he

took on voting against the budget. He knows it was hurting the people he represents.

What is shameful is the people on the other bench over there did not stand and vote with their constituents, and we should know that.

The member for Central Nova tried to make a few points when a motion was brought forward in the last Parliament by the then opposition. He said that the government members and the member for Halifax West voted against it.

We want to ensure that the people at home watching the debate know that the member himself, as a member of the opposition, voted against the budget that would ensure those accord moneys went to the people of Nova Scotia and Newfoundland and Labrador.

Let us get all the figures on the table and who stood for what. However, I in no way chastised that member. I commend that member and I think what he did was courageous.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, it is quite obvious, by some of the comments of our Conservative colleagues, that they have not even read the accord. That is why they divert the discussion to other aspects of the budget. If they want to get into the budget, there are many things that have been left out of that budget. However, I sure the Conservatives would not want to hear about all those things.

There is one thing I would like to ask my hon. colleague from Cape Breton—Canso. I have lived in Nova Scotia since 1988, having been born somewhere else but raised in Vancouver and Yukon. One of the things that I learned right away, and anybody who goes to Atlantic Canada will also learn this, is when maritimers or an Atlantic Canadians gives us their word, we can take that to the bank.

When the hon. Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency stood in the House to answer a question from a gentleman from West Nova, he said, "We will not kick anybody out of our caucus for voting their conscience. We will not flip or flop on the budget". Basically, what he said very clearly to the people of Canada and to the people of the Conservative Party, was they could vote their conscience on the budget and their would be no reprimand in any regard.

What does my colleague, the member for Cape Breton—Canso, think about a maritimer going back on his word and betraying the people of Atlantic Canada?

● (1705)

**Mr. Rodger Cuzner:** Mr. Speaker, I would think that if the member for Cumberland—Colchester—Musquodoboit Valley were waiting for the green light to stand up for his constituents without any repercussions from the caucus chair, I would think that would have been it. Maybe what he should have asked for was a form to write it down right on a napkin and sign it. Oh, no sorry, he does not honour those either. I'm sorry.

[Translation]

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, I will be sharing my time with the member for Winnipeg North.



*Business of Supply*

Today's debate in the House of Commons is on an opposition motion—

**The Acting Speaker (Mr. Royal Galipeau):** I apologize for interrupting the hon. member, but he does not have to share his time.

No, I'm sorry. He has 20 minutes. I apologize for the interruption. The hon. member.

**Mr. Yvon Godin:** Mr. Speaker, have I understood correctly that you are giving my colleague and me 20 minutes each?

It was worth a try. I will continue, Mr. Speaker.

This Thursday's opposition motion reads as follows:

That, in the opinion of the House, the government has failed to live up to verbal and written commitments made to Premiers by the Prime Minister during the last election campaign with respect to the Equalization Program and the Atlantic Accords.

I do not think this is the first time we have talked about these issues. We in the Atlantic provinces are used to people making promises and then breaking them.

When the current Prime Minister was in opposition, he said that the Atlantic accord was necessary. At the time, the current Prime Minister pushed the Liberal government to sign the accord. The accord was signed, thereby giving Nova Scotia and Newfoundland the right to keep the profits from their oil wells and a promise that equalization and transfer payments would not be affected.

At the time, the opposition said that the Liberal government was wrong because it did not want to give the Atlantic provinces and Saskatchewan a chance. Now we have a government that thinks it has all of the answers and knows everything. They think that it is up to Conservatives in Ottawa to decide what is best for Nova Scotia and Newfoundland, even though people like Danny Williams, the Premier of Newfoundland, do not agree with their plan. Furthermore, former Progressive Conservative member John Crosbie, a former minister who is well respected by his counterparts in Newfoundland and Ottawa, is critical of the Conservative government's failure to keep its promise.

John Hamm, the former premier of Nova Scotia, and Rodney MacDonald, the current premier of Nova Scotia, do not agree with the federal government imposing a choice between the accord or equalization, not both, in its budget. It has to be one or the other.

And then we wonder why, in our country, the provinces are often upset with the federal government. It is because everything is centralized in Ottawa and everything is decided in Ottawa. It is because of things like that. The Conservatives should remember that in 1996, the Liberals decided to make cuts to employment insurance, not just in our provinces, but across the country. I am sure that the member for Cape Breton—Canso remembers this well. In 1997, few Liberals were re-elected in the Atlantic provinces. In Nova Scotia, there were none. The Liberals were wiped out. Now, the Conservatives—remember this—are going to be wiped out in the Atlantic provinces. The fact that there is finally a special accord for Nova Scotia and Newfoundland, the country's poorest provinces, is nothing for the Atlantic provinces to get excited about.

Having been kicked in the behind by the Liberals with their employment insurance cuts, a riding like mine is losing \$81 million a

year in employment insurance benefits, and people are having to go work in Alberta. They must leave their families, their wives and their children, who miss their fathers. The family is split up.

The Conservatives said that if they were elected, they would give us this and we would have that. The Liberals were scared of these promises and gave it to us in 2005. Now, the Conservatives are coming and taking it away. There was a light at the end of the tunnel, but it was just a little fluorescent light, and it ran out of power.

● (1710)

The light has gone out. They have lost the light again. That is what has happened in Atlantic Canada. Have we not suffered enough? We lost our fishing industry. It is not the fault of the people in Atlantic Canada that the fishery has been lost. The people earned their pay. They went fishing and they tried to earn income to provide for the needs of their families. In the final analysis, there were no more fish. All this has hurt them. Families have gone through many difficulties. In addition, the Liberals slashed employment insurance. They decided to punish fishers even more, and the Conservatives supported them. The only thing the Conservatives said was that premiums were too high and they would lower the premiums because companies were paying too much, but they could not give benefits to the workers. That is what has happened. Finally, there was an agreement. I have spoken about the fishery but the fishery was not the only issue. At Bathurst, in my riding, the Smurfit-Stone paper plant, an industry that had been there for 100 years, has closed its doors.

This week, UPN announced that the Miramichi plant will close in August for nine or perhaps 12 months and 600 people will be put out of work.

New Brunswick says that if Nova Scotia can straighten out its finances and become prosperous; if Newfoundland can do the same; and if New Brunswick can draw people back to their home province, perhaps it too will benefit. Perhaps New Brunswick could work with Nova Scotia if that province is more prosperous.

But no, the government is not able to give us a chance to establish a climate of economic development. It cannot give us that chance. It is not able to give us a chance to survive. I think, perhaps, that is the plan.

They want to crush us. They say that if we do not want to be crushed, we need only move to Alberta, where there is an abundance of work. They say our country's economic system is working well. If it is working, it is in Alberta. I am happy for Albertans. I am not jealous of them. But we should not be obliged to leave our region. We have a right in our country to earn our fair share and to receive assistance.

If the provinces cannot help each other out within federalism, then what is the point? It is at times like this that we can see why the Bloc Québécois or Quebec wonders why it should stay in this country. They are given ample reason to say such things. When we are treated the way the federal government is treating us, we wonder what we are doing within a confederation, within a federation.

*Business of Supply*

If this keeps up, we may have to form a Bloc Acadien. Then maybe the government will pump money to us, like it does elsewhere. We will not have oil wells like in Alberta, but we will have a pipeline that goes from Ottawa straight to Acadia. Maybe then we will not have 20% unemployment. Maybe then people back home will have work.

Does anyone think these things are pleasant? Does anyone think people are happy to see how the government treats them? It made a promise. It made a promise to Nova Scotia. It made a promise to Newfoundland. It signed the Atlantic accord, but it did not say it would take it away. It is acting like a grandparent. It thinks it knows everything and, as a grandparent, it is demanding respect.

The Minister of Foreign Affairs says that the Conservatives know they are doing the right thing, so why is the Premier of Nova Scotia saying that is not true? The Premier of Nova Scotia says it is not true. The Premier of Newfoundland also says this is not true.

The Conservatives signed an accord and contracts and these provinces want them to be respected. The only thing we are asking the Government of Canada to do is to respect these accords and respect a contract once it has been signed. It should not do what it just did. I hope the government will change its mind. An accord is an accord. The Conservatives should not breach this accord and force a member of their party to go the benches on the other side of the House of Commons. They should respect the accord and invite the member back.

• (1715)

[English]

**Mr. David McGuinty (Ottawa South, Lib.):** Mr. Speaker, for many maritime Canadians, it is their first exposure to the Minister of Finance, but for Ontarians who suffered under a Conservative right wing ideology in the previous government for years, this is not new. I would like to put to the member the following question.

The Minister of Finance was the minister who hid a \$5.6 billion deficit in Ontario and then misled Ontarians about it when he left office. This is the same Minister of Finance who, with his cabinet colleagues at the time, was the government of Walkerton and the government of Ipperwash. This is the same Minister of Finance who stood up and announced that this was the end of bickering on fiscal imbalance in the country, when he has in fact lit brush fires across the country.

For many of our Canadian neighbours, friends and family who live in maritime Canada, this is their first exposure to a right wing, ideological Minister of Finance who cannot be trusted. Perhaps the member can help us understand what the real impact is now on the credibility of the Minister of Finance and the government in our important maritime regions.

**Mr. Yvon Godin:** Mr. Speaker, the only thing left to do is to elect an NDP government, when we look at what the finance minister of the Conservative government has done to us, and when we look at what the Liberal minister of finance did to us when he took away the employment insurance from the people of the Atlantic region.

The government now has a \$54 billion surplus in the employment insurance fund. We are used to getting hit right between the eyes, but we are sick and tired of it. We are sick and tired of being told, "Here

is some hope, but we will take it away from you", and, "If you do not have a job, just jump on the train or take the first flight leaving Moncton, Halifax or St. John's, go to Alberta or Fort McMurray and you will have a job, and if you do not, it is just because you are lazy and do not want to work".

That is what we were being told by Liberal ministers. One Liberal human resources minister said the people from Atlantic Canada were just lazy and did not want to work and that is why they were cutting employment insurance.

The Liberal government signed the Atlantic accord when it got pushed into it, and now here is another minister coming up and saying it will be taken away from us.

We are so used to being given things and having them taken away before we get them. We are getting sick of it because it hurts families. I get calls in my office from women who say they have no food to give to their children. We are not in Ottawa, I can tell members that. Even in Ottawa, a beautiful city that we have here, we see people on the street begging for food. It is not the type of country that we should have.

When we have 1.4 million children who are hungry in our country, we should be ashamed of it. In 1989 we passed a motion that within 10 years, not one child would be hungry in our country. When we go to Toronto, in front of City Hall, we have people lying on cardboard to sleep. In a country like Canada, we should be ashamed of that.

I am not too proud sometimes of my country, particularly the way that we treat human beings and the way that we treat our children. I am not too pleased. I do not have much to say about what we have passed in the last 100 years. That is why I said to my dad, "Might as well vote for something other than the Conservatives and the Liberals because we served them on a silver plate and we are the poorest ones in the country".

It is about time to maybe change the political party in Atlantic Canada.

• (1720)

[Translation]

**The Acting Speaker (Mr. Royal Galipeau):** I must inform the hon. member for Jeanne-Le Ber that he has less than one minute remaining for the question and answer.

**Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ):** Mr. Speaker, I think what my hon. colleague is experiencing is the price of political dependence. The solution to dependence, as we all know, is independence.

I would like him to comment on the situation in Newfoundland compared to that of Iceland.

**Some hon. members:** Oh, oh!

**Mr. Thierry St-Cyr:** As we know, around the same time that Newfoundland was joining Canada, Iceland was becoming independent. And Iceland is much more prosperous today than Newfoundland is. Perhaps the hon. member could comment on this.

*Business of Supply*

**The Acting Speaker (Mr. Royal Galipeau):** The hon. member for Acadie—Bathurst has 20 seconds to comment.

**Mr. Yvon Godin:** Mr. Speaker, I will respond very quickly.

This is precisely why I invite the Bloc Québécois to join Canadians in order to work together to build a better country and put these Liberals and Conservatives in their place. Together, we could achieve this. I give you the opportunity to join the NDP.

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Speaker, it is somewhat difficult to take part in this debate following my hon. colleague from Acadie—Bathurst. His passion and competence are very difficult to match.

First of all, I must congratulate my hon. colleagues from Atlantic Canada, and especially my hon. colleague from Acadie—Bathurst for his credibility and his principles.

[English]

It is also important today to again acknowledge the incredible valour of another member in the House, the member for Cumberland—Colchester—Musquodoboit Valley, who yesterday made a very difficult decision to stand up for a principle he believed in and to take the consequences despite being assured publicly by colleagues that he would never be shunned by his political party or forced to leave the Conservative Party because he stood on principle.

We know in the House that it is never easy to take that kind of principled position and to suffer those kinds of consequences. Obviously today, we salute the member and thank him for his courage, but we do not relish it or take glee in it because his act was a reflection on a failure by this place.

It marked a very black day in the history of this country because in fact what we are dealing with is a development that will feed and contribute to even more cynicism and skepticism on the part of Canadians everywhere.

Who can believe in their politicians, democratically elected institutions and governments, when promise after promise gets broken? How do we encourage voters to take an interest in politics and exercise their franchise, when it all becomes so meaningless after the fact?

Voters in this country have been through too much on that front, whether we are talking about the past 10 or 13 years of Liberal government, who broke so many promises that we cannot even begin to count them, or whether we are talking about this most egregious broken word by the Conservative government today in terms of the Atlantic accords and, I might add, the Saskatchewan agreement. It is unbelievable.

It is absolutely beyond the realm of comprehension to think that our system would have degenerated to this point, to the point where we cannot count on anybody anywhere these days. We do not know who to trust.

When it comes to something as fundamental as the future economy of our Atlantic provinces, which have suffered through many years of economic ups and downs, despair, gloom and lack of hope, it was so important in this case to find a way to keep a promise.

Let us not lose sight of what actually happened. We are talking about an agreement that was made back in January 2005. The provinces of Nova Scotia and Newfoundland and Labrador reached a deal with the federal government on January 28 of that year to keep 100% of their offshore energy revenues.

Regardless of what has happened since, no matter how many studies have been conducted to find out how equalization should work in the future, we have to remember that this was a written accord with a government now that promised when in opposition to abide by the accord. Members of the Conservative Party in this place clearly stood on the principle of keeping an accord and an agreement.

They have condemned others in this place for not abiding by their principles or appearing to be watering down their commitments. It is nothing short of absolute hypocrisy on the part of members on the government side.

Let us not lose sight of what in fact we are trying to do today, which is to at least ensure that the government's word is as good as the paper it is written on, that in fact a bond between the federal government and two provincial jurisdictions that is written in the form of a formal agreement is kept. That is what is fundamental today. It is not just a matter of what is written down as an agreement. It is also what is stated as a principle and as a fundamental word between two jurisdictions.

● (1725)

Therefore, I also want to include Saskatchewan which felt that it had a deal with the federal government. It felt that it had in fact won a concession from the Conservatives that it would be able to hold on to its resources, its revenues from the oil and gas natural resources while it developed its economy.

That is what we are talking about, provinces that have asked for resources to ensure they can develop their economies until such time as they have achieved a status of economic certainty and well-being for all of its citizens.

Finally, I want to say that this whole can of worms is a result of political expediency and lack of courage going through many terms of government.

Let us remember how this started. Let us go back to the Liberals in the year 2000 when the issue of equalization was front and centre, when it was absolutely imperative and recognized as such that we resolve the question about a proper formula for equalization.

The Liberals had a chance when they were in government to fix this problem forever, but in the interest of political expediency, in the interest of wanting to put all of their money against the debt as opposed to building the provinces of the country and the economic livelihoods of people everywhere in the country, they choose to work, to vote, to act against Canada.

I want to go back to that date in the history of Canada. The House will know that back in the year 2003 there was an agreement between the provinces and the federal government on an equalization formula. There was unanimity.

*Business of Supply*

Every province had agreed with the federal government on a proper formula for equalization, but guess what? The federal Liberals under the finance minister at that time, who is now the House leader of the Liberal Party, decided it was too much money, as they put \$80 billion against the debt without the extra billion that was required in terms of equalization. Here we have two parties acting exactly the same—

● (1730)

**Mr. David McGuinty:** Don't pay off the mortgage.

**Ms. Judy Wasylycia-Leis:** There they go harping from their seats. We have a member from the Liberals yelling, "Don't pay off the mortgage". Can we believe this?

In the House today we have members from the Atlantic provinces and the Liberals rising in their seats bellyaching about what the Conservatives have done and yet when push comes to shove they want to do exactly the same which is to ignore the wishes of Canadians, ignore the needs of the regions, and in fact put all the money against the debt as opposed to building this country.

That is the root of this problem. That is why we are in the mess we are today. I say, a pox on both their houses.

Let us get beyond political expediency. Let us for once get beyond this tit for tat and trying to score points, and decide among us all that we have to fix this problem. Let us agree now to keep the accords, keep the deal with Saskatchewan, and then get to applying a formula in terms of equalization that will hold us in good stead for many years to come.

What is fundamental to us all is the future of this country. What is at stake is the unity of this country.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Mr. Speaker, I went to the Calgary Stampede a couple of years ago and I watched the bull riding competition. After a rider was bucked off, the rodeo clown would come out. He would jump around, wave his arms, and make all kinds of motions to distract the bull. With the bull coming out of the corner there today, we might have to bring one of those rodeo clowns in.

To say that paying down debt is a bad use of taxpayers' money is totally ludicrous. When we were in government and cut the cheque for \$800 million, and Premier Hamm at the time put that money on the debt, that loosened up \$40 million to \$50 million each year to put into hospitals and schools. Is that a bad thing?

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, is it not interesting that we have a Cape Breton member standing today and defending the Conservative government and its whole agenda of ignoring the needs of the member's own region and choosing to put all of its money in one basket as opposed to dealing with some very pressing problems in the Atlantic region, especially in Cape Breton?

I find it absolutely incredible that the member from Cape Breton would stand in this House and name-call and get personally insulting by making innuendoes about someone's style of speaking. I happen to think it is far more important to speak with integrity and passion than to speak with two faces and talk double-cross. It shows that he has absolutely no interest in fixing this problem.

I want to mention to the member that his government had the chance to fix this problem but it chose to put \$80 billion in surplus revenue against the debt, which hardly changed our debt to GDP ratio one iota. All the while, the people in his region and his province were suffering under high unemployment and economic despair.

All we are saying is that we should take a portion of that money, a couple of billion dollars, and put it toward fixing the equalization formulation as the Liberals had the chance to do in 2003.

I want to remind the member that in the 2003 negotiations we were compelled by the five year legislative review requirement. The provinces and territories brought a consensus position to the table calling for a return to the 10 province standard; the inclusion of provincial revenues, including user fees, in equalization calculations; the minimizing of unpredictable factors; the forgiveness of census related losses; and the taking into account of any dramatic changes to provincial and territorial tax bases. There was a consensus with Quebec, Nova Scotia, Newfoundland and Labrador, British Columbia and all the other provinces. His government refused to move on this because of what it would cost, which was a few million dollars extra that it said it could not afford. However, it did have \$80 billion to put against the debt while the roof was leaking.

● (1735)

[*Translation*]

**Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ):** Mr. Speaker, I hope I will still have a few moments to continue on with the question I was asking earlier, the question that caused a bit of excitement. Yes, everyone in the House shouted when I drew a comparison between Iceland and Newfoundland. Around the same time Newfoundland was joining Canada, Iceland achieved independence. Today, Iceland has a very high standard of living, higher than Canada's average, while Newfoundland's standard of living is lower than the Canadian average.

Perhaps my colleague could comment briefly on this, that is, the impact of dependence compared to independence, on the prosperity of a nation.

[*English*]

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, I want to remind the member that we have always agreed with the Bloc when it came to recognizing the fiscal imbalance.

*Business of Supply*

However, we were surprised today when the Bloc joined with the Conservatives in rejecting the Atlantic accords. We were surprised because these accords would give all regions the kind of independence they need to provide for themselves and their peoples and yet this member is suggesting this is about dependence. It is about the same as this government, which he supports, taking away the payments for literacy. Literacy helps people get the skills they need to get jobs to provide for themselves and to be independent. These accords are meant to help regions provide for themselves and to determine their own future. He ought to recognize that and change his position.

**Mr. Rick Norlock (Northumberland—Quinte West, CPC):** Mr. Speaker, I will be sharing my time with the hon. member for Wetaskiwin.

I welcome the opportunity to speak today to this motion and, subsequently, to an issue that has been much misunderstood and often misrepresented.

Canada's government was the first government to recognize the existence of a fiscal imbalance with the provinces. We committed to respecting provincial jurisdiction and to clarifying roles and responsibilities. We also recognized the need for a comprehensive package of measures to restore the fiscal balance.

In budget 2006, and in other key pieces of legislation passed over the last year, we began to take concrete action. Finally, in budget 2007 we restored fiscal balance while living up to our commitments with respect to the equalization program and the Atlantic accord.

I will first speak about a better Canada. The first step to making Canada even better tomorrow is to restore fiscal balance in this country today. It is not in defending turf, not in engaging in parochial politics and not in confronting for the sake of confrontation, but acting in the best interests of Canadians in all parts of this country.

In the last few years there has been a lot of talk about fiscal balance but what is it really about? It is about better roads and renewed public transit, better health care, better equipped universities, cleaner oceans, rivers, lakes and air, and training to help Canadians get the skills they need. It is all about building a better future for our country. That means ensuring predictable long term funding to provincial and territorial governments.

Through budget 2007, we are delivering a historic plan worth over \$39 billion in additional funding to restore fiscal balance in Canada. Restoring fiscal balance brings federal support for provinces and territories to an unprecedented level.

Unlike the previous Liberal government, which did not and still does not recognize the very existence of the fiscal imbalance, our plan is based on a clear set of principles: accountability through clarity of roles and responsibilities; fiscal responsibility and budgetary transparency; predictable long term fiscal arrangements; a competitive and efficient economic union; and effective collaborative management of the federation. Reflecting these principles, we have kept our commitments on equalization and on the Atlantic accord.

In coming to office, Canada's new government promised to protect the Atlantic accord. Budget 2007 does just that. It provides 100% protection for the Atlantic accord signed in 2005. In fact, we

are returning to a principled, formula-based equalization program. As we promised, every province will be better off under the new system.

In moving to the new system, the budget took every action to fully protect the benefits of the Atlantic accord, consistent with our commitments and as requested by the Governments of Nova Scotia and Newfoundland and Labrador. I want to be clear that both Nova Scotia and Newfoundland and Labrador can continue to operate under the existing equalization system for the life of the Atlantic accord, exactly the same system today and in the future as before the 2007 budget.

As long as these provinces continue to operate under the existing equalization program, there is absolutely no change to either the accord or the equalization calculation on which it is based. What is more, both provinces have been given the right to opt permanently into a new improved Canada-wide equalization system.

In particular, while the new equalization system automatically applies to the other eight provinces, both Newfoundland and Labrador and Nova Scotia have a choice. They can keep their existing arrangements or opt permanently into the new principled and formula-based equalization system when and if it becomes more advantageous for them over the remaining life of their Atlantic accords.

• (1740)

Canada's new government went even further to facilitate that choice. The budget legislation also offers increased flexibility in making the transition to a new equalization system by giving both provinces a full year before deciding whether to opt permanently into the new system.

Simply put, we said that we would respect the Atlantic accord and we have taken every step to keep our word to the people of Nova Scotia and of Newfoundland and Labrador.

However, there is much more to restoring fiscal balance than just equalization. The actions taken in budget 2007 will restore fiscal balance, putting all major transfers back on a long term, fair and predictable basis. We are fulfilling our commitment to restoring equal per capita cash allocations in other major transfers to the provinces.

Starting in 2007-08, we will put the Canada social transfer payments on an equal per capita cash basis to ensure equal federal support to Canadians in all parts of the country for post-secondary education, social assistance and social services.

We are also committing to move the Canada health transfer to an equal per capita cash basis when the current arrangement expires in 2014.

We are keeping our commitment to building Canada's future by improving our infrastructure. In fact, the government's investment in infrastructure is by far the largest component of the fiscal balance package. We are making an unprecedented investment in Canada's infrastructure of \$16.3 billion in new funding, for a total of \$37 billion over the next seven years.

*Business of Supply*

These investments will be of particular importance to the future economic vitality of Nova Scotia and Newfoundland and Labrador. Indeed, restoring fiscal balance brings federal support for Newfoundland and Labrador to more than \$1.5 billion in 2007-08 and for Nova Scotia this totals more than \$2.4 billion in those same years.

This includes equalization payments amounting to \$477 million for Newfoundland and Labrador and over \$1.3 billion for Nova Scotia, assuming these provinces choose to retain the previous equalization program on which their Atlantic accords are based.

Canada's new government is committed to abide by the principles it has set out and, in doing so, to demonstrate to Canadians and to their provincial and territorial governments that fiscal balance has not only been restored but that it will be maintained going forward.

It is important to be clear about what this means. It means a commitment by the Government of Canada to reducing the burden on taxpayers, not only in line with the tax back guarantee, but also if and when future government revenues again come to exceed its responsibility, and if future governments believe their responsibilities have come to exceed their revenues, it means they should be accountable to taxpayers for raising the additional revenues they may need to raise.

Maintaining fiscal balance over the long term also means maintaining the government's commitment to long term, predictable funding in all areas that continue to share priorities of governments in all parts of this country.

It also means upholding the equitable treatment of Canadians in all parts of the country by: maintaining a formula based equalization program that applies the same principle based approach in all parts of the country; ensuring equal access to funding support for shared priorities in areas where needs are Canada-wide in nature; and continuing to respond to the sometimes very different needs of Canadians in different parts of the country for programs in areas of clear federal responsibility, including infrastructure projects of national importance.

Having restored fiscal balance and put in place the principle based approach that will help maintain it, it is now time for Canadians in all parts of the country to do their part in moving the country forward by working together to secure and expand our advantages as set out by the Minister of Finance in the advantage Canada economic plan.

These advantages include a fiscal advantage grounded in the goal of eliminating Canada's total government net debt in less than a generation. It includes an infrastructure advantage based on modern, world-class infrastructure to ensure the seamless flow of people, goods and services within Canada and through our gateways and border crossings to the world beyond.

• (1745)

It is an entrepreneurial advantage freed up by the elimination of unnecessary regulation and a reduction in the burden of tax compliance and more competitive business. It is a knowledge advantage and a tax advantage.

In conclusion, I know that we can count on the provinces of Nova Scotia and Newfoundland and Labrador, and especially on the people of these great provinces to remain focused on building

Canada's future prosperity and sustainable environment by expanding the many advantages we already possess as a nation.

**Mr. David McGuinty (Ottawa South, Lib.):** Mr. Speaker, I would like to read for my colleague and for those who might be watching or listening to this debate the actual motion we are debating:

That, in the opinion of the House, the government has failed to live up to verbal and written commitments made to Premiers by the Prime Minister during the last election campaign with respect to the Equalization Program and the Atlantic Accords.

I would like to present a few facts to my colleague. The Minister of Finance said in March of this year, two and a half months ago, "I can say, as the Prime Minister has said, that we will respect the Atlantic accords".

"It's signed, sealed, delivered, and it's something that the province need not have any fear" of, said another member of the Conservative caucus.

The Prime Minister, in a door to door flyer distributed to the entire province of Newfoundland and Labrador, wrote this:

The Conservative Party of Canada believes that offshore oil and gas revenues are the key to real economic growth in Atlantic Canada. That's why we would leave you with 100% of your oil and gas revenues.

The Prime Minister said that there was no small print, no excuses, no caps.

Can the member help Canadians who are watching understand to what extent the claims here, the comments made by the Minister of Finance and the Prime Minister before, during and after the election and in the budget of 2007, are not interpretable by average Canadians as a completely false set of circumstances and a great misleading of the Canadian people?

**Mr. Rick Norlock:** Mr. Speaker, nothing could be further from the truth. Actually there is absolutely no change to the accord or the equalization program. What has changed is that the provinces mentioned now have a choice. They can take a balance of the two, provided they do not exceed. It is interesting that the member should talk about promises. I will not get into the negativity. I want to get into the positive messages to Nova Scotia in this budget.

Under the payments for Nova Scotia in millions of dollars, if we left it at the status quo it would mean a difference of about \$95 million in this current budget and in 2008-09, an additional \$59 million. Under budget 2007, under the O'Brien plan, equalization goes from \$1.344 billion in 2005-06 to \$1.465 billion in 2007-08. The total increase right across the board is millions and millions of dollars extra for both of those provinces. There are millions and millions of dollars more for Saskatchewan.

There are interpretations, but we are maintaining our commitment. We are maintaining the very commitment that the Prime Minister made. We are actually adding to it because of Canada's great economy at this time under the leadership of the Prime Minister and the Minister of Finance.

*Business of Supply*

We need to concentrate on the great successes of this country. Canadians go to work every day and pay their taxes. We are reducing the debt burden on those Canadians. We are reducing their mortgage. The one reduction of \$13 billion recently paid toward the debt will mean 600 and some millions of dollars that we will be able to return directly to Canadians in tax reductions through our tax back guarantee.

● (1750)

**Mr. Blaine Calkins (Wetaskiwin, CPC):** Mr. Speaker, I rise in the House in response to the motion by the member for Labrador regarding the government's commitment to Nova Scotia's offshore accord and the treatment of natural resources in the equalization formula. The member doubts that the government has honoured its commitments. I can assure the House that nothing could be further from the truth.

Budget 2007 provides important benefits to the people of Nova Scotia as part of the Government of Canada's commitment to fair and equitable financial support for provincial and territorial health care, post-secondary education, child care, social programs and infrastructure.

Budget 2007 does even more. Nova Scotia will continue to receive 100% of offshore resource revenues, including royalties, as if these resources were on land. This fundamental aspect of Nova Scotia's relationship with its offshore resources, its ability to manage the resource, to tax and collect the royalties remains the same. This will help Nova Scotia to develop its economic potential and ensure its future prosperity.

Let me remind the House that it was a Conservative government that signed the 1986 Canada-Nova Scotia offshore petroleum resources accord, which facilitated the development of the oil and gas reserves off the coast of Nova Scotia.

In specific terms, budget 2007 will allow the governments of Nova Scotia and Newfoundland and Labrador to continue to enjoy the benefits of their 2005 offshore accords. Again, I remind the House that it was a Conservative opposition that forced the previous government to sign these agreements. The accords are unique in Canada in recognition of the provinces' unique economic and fiscal circumstances.

Budget 2007 offers Nova Scotia a positive choice for the future. It can operate under the existing equalization formula, or it can choose to opt into the new equalization formula based on the O'Brien report, if and when the province determines this as being most advantageous. By having this additional choice, Nova Scotia potentially stands to receive even higher benefits than under the existing formula while retaining its right to offset payments under the accords.

Of course, if the Nova Scotia government chooses the new equalization formula, it is only fair that the whole package would apply, including the fiscal capacity cap that is an integral part of the new equalization formula. It would not be fair to other provinces if only Nova Scotia were allowed to choose those parts of the new equalization program that benefit the province.

Finally, Nova Scotia has been given additional flexibility beyond what was set out in budget 2007. Bill C-52 would allow Nova Scotia

to benefit from the new O'Brien formula for 2007-08 and provides more time to assess whether it wants to permanently opt into the new equalization formula. This option has given Nova Scotia an additional \$95 million, for total benefits of \$1.5 billion in 2007-08. Under this arrangement Nova Scotia will receive its full offset payments under the offshore accords.

One can begin to see the difference where it matters. In April 2007 Nova Scotia's labour force participation rate of 64% was close to a 30 year high and full time jobs have increased by 2.5% over a year ago. The economy is strong in Nova Scotia.

Canada is a sharing community. Nova Scotia's growing prosperity is in part due to strong federal support and is something to celebrate. With 100% protection of the Atlantic accords and a positive choice for the future, the province can make sustained improvements to its economic and fiscal situation for the benefit of individuals and families throughout Nova Scotia.

Here is what Charles Moore said in the Halifax *Daily News*:

With the federal budget having passed second reading in the House of Commons, one hopes — wistfully, perhaps — that the histrionics over the [Conservative] government's policy revision of the Atlantic Accord will die down. At least here in Nova Scotia where the new equalization deal the feds are offering amounts to a substantially more advantageous bird-in-the-hand as opposed to the pipe-dream of petro-royalty riches.

● (1755)

It is convenient for the opposition to isolate certain measures in the budget and, of course, with a healthy injection of partisanship, ignore the larger picture. Let us look at the benefits to Nova Scotians that the members opposite are voting against.

*Business of Supply*

Restoring fiscal balance brings federal support for Nova Scotia to \$2.4 billion in 2007-08 and it is more than just equalization payments. They oppose the \$639 million under the Canada health transfer. They are opposed to \$277 million for the Canada social transfer, including additional funding for post-secondary education and child care. The \$73 million for infrastructure would be lost. The \$24.2 million available to the Nova Scotia government through the patient wait times guarantee trust over the next three fiscal years would be lost. The \$8.5 million available to the Nova Scotia government to implement the human papilloma virus immunization program to combat cervical cancer over the next three fiscal years potentially would be lost. The \$23.2 million in gas tax funding for municipalities in Nova Scotia in 2007-08 would be potentially lost. The \$2 million in corporate income tax relief from changes in capital cost allowances for buildings could be lost. The \$7 million in additional corporate income tax relief from the temporary two year writeoff for manufacturing equipment over the next two years is threatened. Nova Scotia will receive \$42.5 million from the Canada ecotrust for clean air and climate change.

Of course, if the budget continues to be delayed by the official opposition, many of these millions could be lost or are threatened to be lost.

We are delivering on our commitments to the people of Nova Scotia, more than any of the members opposite ever did when they were in power. They should start supporting Nova Scotians and support the budget.

**Hon. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, my hon. colleague said that the government is maintaining its commitment.

I find it remarkable that members on that side and another one earlier from another province and another part of the country who have no real knowledge of the accord and have not really understood the history of it are making this claim that the government is keeping its promise, maintaining its commitment. We will not find one person in Atlantic Canada who actually believes that today, not even the government's own members.

We saw that this week when the member for Cumberland—Colchester—Musquodoboit Valley voted against the government, when he stood up for Nova Scotians, for Atlantic Canadians. Now he has been booted out of his own caucus.

My hon. colleague quoted a columnist from a daily newspaper. Here is what another columnist, Mr. David Rodenhiser, said in the *Halifax Daily News*:

We have a government that lies to us, steals from us, and aligns itself with a party bent on tearing the nation apart. These are not proud days for Canada.

When will the government understand that it has not kept its promise? Why will it not listen to the member for Cumberland—Colchester—Musquodoboit Valley who talked about the 12 clauses in the budget that deal with the accord because the Conservatives are changing it? Why are those 12 clauses there if they are in fact keeping their promise? Why are they fiddling with the accords or talking about the accords at all if they are keeping their promise and not touching them? How is that possible?

● (1800)

**Mr. Blaine Calkins:** Mr. Speaker, it is amazing. The member said that we could not find a single person in Atlantic Canada who agrees with what is happening here. It completely baffles me, because in order to have any credibility to represent our people, we have to be following a leader who bases decisions on principle and integrity.

The member, as a member of the Liberal Party, seems to think, through his leader, that there is no fiscal imbalance. For him to even get up and ask a question in regard to the fact that the Conservative government is dealing with the fiscal imbalance is completely hypocritical.

The Liberals have no credibility when it comes to talking about this. As a matter of fact, the leader of the Liberal Party said when he was intergovernmental affairs minister that some provinces want special treatment to maintain their incoming benefits, even as their fiscal capacities increase. He said he disagrees, but he did an about-face in an attempt to do nothing but smear the Government of Canada, which is trying to restore fiscal balance between all the provinces.

It is a fair treatment for all of the provinces in this country. The cap is in place to make sure that provinces receiving equalization do not have greater fiscal capacity than non-receiving provinces. That is only fair and reasonable.

The province of Nova Scotia has been given a choice. The province has got, as a matter of fact, an extra year to even figure out what choice it wants to make. It will try, I believe, the new formula right now with the new equalization. That is a wise choice. It is a bird in the hand and it can make a decision after that first year as to whether or not it wants to continue on with that.

I think we have been more than gracious. The Government of Canada is listening to the people of Nova Scotia. My colleagues from Nova Scotia and Atlantic Canada have stood up and have voted on principle for the budget. They are doing fine work on behalf of their constituents and I fully support them.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Mr. Speaker, the member could probably seek clarification from some of those Atlantic members if he could find them.

Some of the things the member is saying in his address are not wrong. The government is not changing the accord and we can opt into the equalization. The key point is the choice, and that was never part of the deal. It was the clawback provision that was taken out of the accord. What the government has done is pulled the rug out from under the clawback provision.

If it was such a great deal, I will ask the member to answer me this. Why are the ministers from Atlantic Canada now working so hard to try to ratify? Why are some media outlets saying there is an imminent fix in place that we will hear of soon?

**Mr. Blaine Calkins:** Mr. Speaker, I will not respond to media allegations. Certainly, I will not think that the Government of Canada will put its finger up in the air, test the wind and see which way the media is blowing on any particular day.



*Business of Supply*

All I can say for the members opposite is this is what is in the budget and this is what they will lose. This is what they are voting against for the people of Nova Scotia. They are voting against \$1.3 billion under the new equalization system, \$130 million in the offshore accord offsets, \$639 million—

**The Acting Speaker (Mr. Royal Galipeau):** Resuming debate, the hon. member for Wascana.

**Hon. Ralph Goodale (Wascana, Lib.):** Mr. Speaker, this is a very important debate. I think it helps to explain why the Conservatives gave up on their plans earlier this year to engineer a premature spring election in Canada. They very much wanted to call one. They doled out more than \$12 billion for pre-election government spending to buy votes through January, February and into March. They added another \$4 million for some very abusive attack advertising. Their budget was delayed to suit their election timing. They thought they would use it to launch a campaign about the middle of March. However, then everything began to fall apart.

The budget, instead of launching, landed with a dull thud. It confirmed increases in personal income taxes, and that was not popular with Canadians. It slashed things like student summer jobs, which has been debated extensively in the House about the disappointment across the country among both the employers and the employees. The budget mangled the funding for aboriginal people, for foreign aid, in Africa especially, for the fight against climate change and, quite surprisingly, it reduced federal help for farmers.

The budget demonstrated utter Conservative incompetence on issues like the hollowing out of Canadian enterprise, and it broke promises left, right and centre. For example, the Conservatives drove a stake through the heart of the Prime Minister's promise on income trusts.

Let me quote one particular journalist who has written a lot on this topic. John Ibbitson, writing in the *Globe and Mail*, stated:

The Conservatives deserve every bit of grief they are subjected to on this file. [The Prime Minister] promised over and over again that his government would never attack the "hard-earned" savings of seniors by taxing trusts....Then he broke his word.

On the issue of broken promises and broken trusts, the same is true on equalization and the Atlantic accords, especially betraying Saskatchewan, Nova Scotia and Newfoundland and Labrador. These provinces were given explicit and written promises by the leader of the Conservative Party, now the Prime Minister, and incidentally by every Conservative candidate.

In Atlantic Canada, the Conservative promise was to respect the spirit and the letter of the Atlantic accords as they were signed in February 2005.

In Saskatchewan, the promise was to calculate the province's entitlement to equalization, as if Saskatchewan had no provincial revenue whatsoever from oil and gas. The Conservatives were good enough to calculate exactly what that promise to Saskatchewan would mean. They promised an extra \$800 million in equalization benefits to Saskatchewan every year.

I point out that when the finance committee made the opportunity available for the Premier of Saskatchewan to be heard on this matter,

he read into the record chapter and verse of the Conservative speeches, the Conservative pamphlets, the Conservative promises that made the point absolutely crystal clear. There were no ifs, ands or buts. It was absolutely unmistakable, absolutely unequivocal. It was in writing and in every Conservative speech about Saskatchewan for more than two full years. Then out of the blue, on budget day 2007, it all came to a crashing halt. Saskatchewan was sucker punched.

I should point out that these promises, which had been accumulating on the part of the Conservatives, have been accumulating, as I said a moment ago, over a period of two years. When the election came and went and the Conservatives were elected in January 2006, Saskatchewan people anticipated that this would be, that is the promise to Saskatchewan, one of the very first things with which the newly elected government would be dealing.

It did not appear in the throne speech. It did not appear in its first budget. The government said that it would have to wait for first ministers meetings and for other negotiations. Therefore, Saskatchewan put its expectations on hold. It thought for sure it would come in the fall of 2006, but the first ministers meetings were cancelled.

● (1805)

Therefore, there was no action in the fall of 2006, so Saskatchewan put its expectations on hold again and deferred its waiting period until the budget of 2007. When March 19th came and went, it all came to a crashing halt. Saskatchewan was sucker punched. There was no \$800 million more to go to Saskatchewan from equalization every year, not even close. Why?

The problem is very much the same as the problem that afflicted the promise to Atlantic Canada with the Atlantic accords. A never before mentioned Conservative cap on how much Saskatchewan could gain was suddenly imposed in the budget of 2007. That cap effectively guts the entire promise to Saskatchewan.

My province will get about \$226 million once this year and this year only, then it is over. There will be nothing thereafter. We must remember that the promise was \$800 million per year ongoing. The promise was clearly broken and it was broken by the cap.

The process of reforming equalization began much more successfully for Saskatchewan under the previous Liberal government. Between 2004 and 2005, Liberal changes to how equalization works brought in to Saskatchewan an extra \$799 million in direct equalization benefits over those two years. That was the biggest equalization bonus in history.

We also increased other federal transfers to the provinces to an all time record high level, and Saskatchewan, like all provinces, benefited from that. We invested and put into the financial projections of the Government of Canada another \$100 billion in steadily increasing federal transfers over the coming decade, particularly for health care and equalization, but also for a number of other things like child care, for example.

*Business of Supply*

When the Conservatives arrived in office, they reduced or cancelled a broad range of federal transfers, programs and services for Saskatchewan and its citizens. We lost funding for child care, for student aid, for workplace training, for rural roads, for farmers and for aboriginal people. The net loss, after we add in the few trinkets and bells and whistles invented by the Conservative government, after we add in all the puts and takes, is \$250 million per year.

The Conservatives have made what they call the fiscal imbalance worse for Saskatchewan, not better. The net result is to take money away. However, that, of course, was all to be fixed by this new hypothetical equalization formula that they were working on and that would be forthcoming in the budget of 2007, except whatever new formula is used, the Conservative cap still applies and that cap effectively cuts Saskatchewan off at the knees.

The Premier of Saskatchewan and the provincial leader of the opposition, who is a Conservative I would point out, and the news media and the people of Saskatchewan generally all feel that they have been betrayed and misled. The Conservative government's feeble defence is now to say that it never promised not to slap a cap on Saskatchewan.

In fact, the finance minister, his parliamentary secretary and Conservative Saskatchewan MPs now claim that it was really always their intention to have such a cap. Anyone with half a brain they said would have been able to figure that out, but they forgot to mention it in the run up to an election. That means that they knew exactly what they were going to do. They knew exactly that they were going to break their word. They knew exactly that they were going to have a cap. That was always a part of their planning, so their deception was calculated and premeditated.

● (1810)

The member for Regina—Lumsden—Lake Centre told the CanWest news service in Saskatchewan on April 3 this: “If you want to say we didn't fulfill the commitment or keep our promise, fair enough.” It is not “fair enough”.

As the Saskatchewan Conservative caucus chair, the member for Prince Albert wrote a letter to the Prime Minister on July 25, 2006, when I think he was beginning to suspect that a broken promise about equalization in Saskatchewan was just about to be shoved down his throat. In a very candid moment, he wrote:

—anything less than substantial compliance with our commitment will cause us no end of political difficulty during the next election...there is very little “wiggle room” for the Conservative government and its Saskatchewan MPs on this issue—

Of course, when we apply a cap that totally negates the promise, there is something that is very substantially less than compliance with the commitment.

The Prince Albert MP was right in forecasting a lot of political difficulty. But rather than stand and fight, he simply decided not to run for re-election.

There is a stark contrast between Saskatchewan's Conservative MPs and the Nova Scotia member for Cumberland—Colchester—Musquodoboit Valley. The latter member had such devotion to his duty as he saw it, and to his constituency and constituents who have been loyal to him, that he suffered expulsion from his party rather

than vote for a budget that was filled in his view, and in the view of thousands, indeed millions of Canadians, with incompetence and dishonesty on an issue like equalization.

In an editorial yesterday, the Saskatoon *StarPhoenix* described Saskatchewan's 12 Conservative members as:

—a group of political sycophants willing to bend the truth with constituents and try to convince them that black is white, instead of standing up for what they know to be true.

As a diversionary tactic, the Conservatives have concocted a rather wild yarn lately that their budget is in fact investing \$878 million in what they call new money in Saskatchewan. When we look at the figures, that assertion is absolute nonsense. Every expert and every analyst in Saskatchewan that has looked at that figure takes it apart with great derision.

This is not annual, new funding. It is a wild conglomeration of bits and pieces of this and that, spread over several years into the future, but all added together now to make it sound big. It is not big.

Some of it is recycled from money that Conservatives previously took away over the last year and a half. Some of it is totally speculative, for unapproved projects which may never happen. Some of it is in fact private projected benefits from tax cuts, which have absolutely nothing to do with equalization.

Most of what is in this Conservative package is simply normal federal funding that is always available to all provinces on an equitable basis across the country. There is nothing unique for Saskatchewan in this package in lieu of equalization or to make up for the broken promise.

Murray Mandryk, the political columnist who writes for the Regina *Leader-Post*, summed up the situation as follows:

What we've got from Saskatchewan [Conservative MPs] on their equalization commitment is unadulterated dishonesty—a calculated, political effort to deceive the Saskatchewan people into believing their rehashed annual spending or one-time commitments in the federal budget are equivalent to the equalization commitment by their party.

● (1815)

The facts are these. The Conservatives have in fact failed to tell the truth about equalization from the very beginning, from 2004 when they first began to talk about the subject. Members remember very well that we had a number of debates in this House, not just question period and the back and forth during that sometimes rather hostile period in the House of Commons, but full opposition day debates and other debates about the future of equalization. The position of the Conservative Party was always clear: take non-renewable natural resources 100% out of the formula. It never once mentioned a cap.

The Conservatives have, it seems to me, taken a page out of the Karl Rove playbook for the republican party in the United States. If we tell a big enough falsehood loudly enough and long enough, without showing an ounce of conscience, we just might get away with it, but no one believes the Conservatives anymore, and that is why this equalization issue is changed.

**Mr. Ken Epp:** Exactly what you are doing now. Nobody believes you.

*Business of Supply*

• (1820)

**Hon. Ralph Goodale:** I hear the bravado from across the way. It is nice to have a little chutzpah, but the fact of the matter is their behaviour on this issue has changed the issue.

It is no longer some narrow technical argument about which complicated equalization formula is better. It is not a clash of various types of arithmetic and mathematics. That is past. The issue is now a character issue. It is a trust issue. It is an honesty issue.

It is an issue that goes directly to the government's integrity, or, as most Saskatchewan people now see it, the government's obvious lack of integrity. Saskatchewan has been used and abused on this issue. Saskatchewan has been taken for granted and so have the people of Newfoundland and Labrador and Nova Scotia.

A very telling exchange with respect to the Atlantic accords just took place a few moments ago in the course of the question and answer period before I began my remarks.

One of the members on our side asked the government member who was speaking that if everything was so perfect, if the member for Cumberland—Colchester—Musquodoboit Valley had no valid reason for crossing the floor, if the government was doing everything right on equalization and the Atlantic accords, why then is there this flurry of activity for the government now trying to change the rules yet again? If the Conservatives have it so right, why are they still trying to change it? Why did they offer, with one minute to go on Tuesday night, some deathbed deal to try to keep the member for Cumberland—Colchester—Musquodoboit Valley from doing what he intended to do and cross the floor?

I think all members of this House have an enormous respect for the member for Cumberland—Colchester—Musquodoboit Valley and for the courage that he demonstrated on Tuesday night. It is clear that his constituents have a very huge regard for him. It is clear that the public and the media in Atlantic Canada are praising his actions.

What is equally clear is that there are observers and media commentators across this country who are praising the member, including in my province of Saskatchewan, where they are asking why there was not a Saskatchewan Conservative who was willing to demonstrate that kind of backbone.

The people of Newfoundland and Labrador, Nova Scotia and Saskatchewan have been betrayed, and so have a great many other Canadians in many ways by this budget.

There is one common theme that underlies all of this concern. It is a sense among a great many Canadians that they have not been told the truth, a sense that they have been betrayed at the hands of a dishonest government. The depth of that feeling, which exists in this country today and which is growing, is something that the Conservatives will not be able to cap.

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I listened very closely as I always do to my hon. colleague's comments, but let me make a few comments of my own in response to the remarks I just heard.

The first comment I would make refers to my hon. colleague's comments concerning his previous government's efforts to raise

transfer payments. He called it at one time "to record highs". I would remind all Canadians, including of course the hon. member for Wascana, that it was his government that cut \$25 billion in health care transfers to the provinces during his terms of office while he was in cabinet and he did nothing to stop that, absolutely nothing.

Second, I would point out that during the 13 years that the member was in cabinet, the Liberals did absolutely nothing to help the equalization problem in Saskatchewan. If they would have done as we have recently done in budget 2007 and removed non-renewable natural resources, 100% removal, it would have meant during a decade of have not years in Saskatchewan \$4 billion in additional revenue for the province.

Those figures come not from me, but from the department of finance in the province of Saskatchewan. Yet, the member has the gall to stand up and make it appear that the Liberal Party is the great protector of Saskatchewan. I would suggest only this, that it was absolutely not the case.

The hon. member for Wascana has spent a lot of time on this cap. I have asked three members in the Liberal Party opposite the same question today and none of them has given a response except for the member for Halifax West who said that my comments, which members are about to hear, were absolutely false.

In March of this year the leader of the official opposition said on live television, the *Mike Duffy Live* show, that in his opinion non-renewable natural resources should not be excluded from the equalization formula. Further to that, he also stated unequivocally that in his opinion there should be a fiscal capacity cap because he felt there was no way that an equalization receiving province should end up with a fiscal capacity higher than a contributing province.

The very cap that the member is criticizing is being advocated by his own leader, except for one small detail. Although the leader of the official opposition stated that, and of course there is proof because not only do we have transcripts we have the tapes of him stating this on live television, the member for Halifax West said "he did not say that". The leader of the official opposition says "I did not say that". So who is being disingenuous here? It is clearly members opposite.

I would ask the member for Wascana one thing. Does he stand by his leader's comments refuting that he made those statements about putting on a fiscal cap? When was the Leader of the Opposition telling the truth, before or now?

• (1825)

**Hon. Ralph Goodale:** Mr. Speaker, the angst in the government ranks is palpable. I can understand why my friend from Regina—Lumsden—Lake Centre is so deeply concerned about this issue because it is taking a political toll on the Conservative Party in Saskatchewan as it is in Atlantic Canada.

With respect to the member's questions, he talked about the cuts that were made in various government programs in the course of the 1990s. I think he would recall that fiscal restraint in the middle of the 1990s was rather necessary because the previous Conservative government had left Canada with a \$600 billion debt and a ballooning deficit that was rising at the rate of \$40 billion per year.

*Business of Supply*

The country was a basket case in terms of its fiscal situation because of the pathetic performance of the previous Conservative government. It created that problem and Canadians wanted that problem solved.

We had to get the balance sheet under control and we did that. I would point out that the Conservatives at the time and Reformers at the time said we were not cutting enough. They said we should cut more back in the mid-1990s, so they can hardly argue about the cuts that were made when they wanted more cuts.

I would point out that the fact remains that after the period of restraint, we did raise transfer payments to the provinces to an all time record high and we had booked \$100 billion more in those transfer payments to come.

Second, the hon. gentleman said Liberals did not help the situation in Saskatchewan. I would point out that in fact we made changes in the formula that put \$799 million in extra equalization benefits into Saskatchewan between 2004 and 2005.

Finally, on the issue of the promises that have been made, I would point out that it is his leader and his Prime Minister who made the promise of removing non-renewable natural resources. His leader and his Prime Minister said there would be no cap. That is the promise that has been broken. Our leader has said that when he gives his word on an issue, we can honour that word. He will keep his word. He will not betray the provinces and the premiers like the Prime Minister has done.

• (1830)

[*Translation*]

**The Acting Speaker (Mr. Royal Galipeau):** It being 6:30 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the opposition motion.

The question is on the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Mr. Royal Galipeau):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Mr. Royal Galipeau):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Mr. Royal Galipeau):** In my opinion the nays have it.

*And five or more members having risen:*

**The Acting Speaker (Mr. Royal Galipeau):** A recorded division on the motion stands deferred until later today.

**GOVERNMENT ORDERS**

[*English*]

MAIN ESTIMATES, 2007-08

**Hon. Vic Toews (President of the Treasury Board, CPC)** moved:

That the Main Estimates for the fiscal year ending March 31, 2008, less the amounts voted in Interim Supply, be concurred in.

He said: Mr. Speaker, the form of this bill is essentially the same as that passed in previous supply periods.

**Mr. Rick Dykstra (St. Catharines, CPC):** Mr. Speaker, I have prepared an exciting speech on the main estimates. We are going to let everyone know what we have done because the main estimates present information on both budgetary and non-budgetary spending authorities.

The 2007-08 main estimates provide information on \$210.3 billion in total budgetary expenditures, including \$74.9 billion in voted appropriations such as departmental operating and capital expenditures, and \$135.4 billion in statutory items previously approved by Parliament.

In total, the 2007-08 main estimates have increased by \$12 billion or 6% relative to the 2006-07 main estimates. This increase is accounted for by increases of \$11.7 billion in budgetary spending and \$256.6 million in non-budgetary spending. However, when the 2007-08 main estimates are compared to the total 2006-07 estimates, including supplementary estimates (A) and (B), the year over year increase in total projected spending is \$2.3 billion or only 1.1%.

Why are the main estimates so important? The estimates help to ensure that parliamentarians and Canadians are sufficiently informed of the government's expenditure and resource plans so that the government may be held to account for the allocation and management of public funds.

The government is moving forward with priorities announced in budget 2006 and the November 2006 economic and fiscal update, including increased funding for the environment, defence and security, and social programs.

The 2007-08 main estimates demonstrate the government's approach to effective and transparent management of taxpayers' hard-earned dollars and its commitment to keep growth in spending to a rate that is sustainable.

These main estimates show that the government is keeping its fiscal house in order and taking the right steps to effectively manage taxpayers' hard-earned dollars and ensure that they do get the best value for government programs and services. The estimates, in conjunction with the budget and the economic and fiscal update, reflect the government's annual resource planning and allocation priorities.

*Business of Supply*

Last November, the finance department released Advantage Canada, which has four core principles: first, focusing government, which means making sure that spending is efficient, effective and accountable; second, creating new opportunities and choices for people, which means creating incentives and ensuring opportunities for Canadians to succeed right here at home; third, investing for sustainable growth, which means investing in the areas that are needed for a strong economy, including scientific research, infrastructure, and a clean and sustainable environment; and finally, freeing business to grow and succeed, which means ensuring that government is facilitating business and not hindering growth through excessive tax or regulatory burdens.

Those four core principles build upon the five comparative advantages, which are: fiscal advantages, tax advantages, obvious infrastructure advantages, knowledge advantages and, what we are so strong at here in our country, entrepreneurial advantages.

I will talk a little about 2007 budget spending.

With respect to infrastructure, budget 2007 delivers more than \$16 billion to infrastructure. Including the infrastructure funding provided in budget 2006, federal support under the plan will total \$33 billion over the next seven years. That is about \$1,000 for every Canadian. Provided are an estimated \$17.6 billion in base funding, \$8.8 billion for the building Canada fund, and \$2.1 billion for the national fund for gateways and border crossings. Part of this amount will be used to make a contribution toward the cost of a new access road that will link a new crossing at Windsor-Detroit with Highway 401.

•(1835)

Also provided are \$1.26 billion for the national fund for public-private partnerships and \$510 million to the Canada Foundation for Innovation to enable it to undertake another major competition before 2010. The government will account for the funds as they are disbursed by the CFI to institutions. It is anticipated that \$70 million will be provided to institutions in 2008-09. That is not bad for those in my riding who are students at Brock University. To enable additional young Canadians to pursue graduate level studies, budget 2007 provides \$35 million over two years to expand these scholarships.

As border communities, and we have many of them in our country, we will see an increase of \$146.8 million in net funding for the Canada Border Services Agency. This is primarily as a result of budget 2006, which outlined the government's commitments to securing Canada's borders and to further implementing the security and prosperity partnership of the North America initiative.

These major items include \$390 million to go toward the electronic eManifest program aimed at streamlining and speeding up border crossings without sacrificing security. There is also \$60.5 million to arm border service officers and eliminate work-alone situations in order to enhance border security and certainly enhance officer safety.

There is \$15.1 million for the provision of border services in relation to a new container facility in Port Rupert as part of the Asia-Pacific gateway and corridor initiative, and there is also \$8.7 million

to screen marine crews and passengers on the Great Lakes under the securing Canada's marine transportation initiative.

With respect to seniors, budget 2007 provides an additional \$10 million per year to new horizons for seniors, which will bring the total budget for the program to an astounding \$35 million per year.

Canada's government is making solid progress on its priorities, including investment in environment, defence, security, our nation's health, and our social programs.

The largest portion of program spending is devoted to social programs, which account for \$97.4 billion, or 46.3% of the total program spending for 2007-08. This represents by far the largest component of total program spending.

Of the remainder, spending on public debt charges, international immigration and defence programs and general government services account for an additional \$82.9 billion, or 39.4% of total spending.

The government has made a commitment to ensuring that Canada's aid programs deliver tangible results while making effective and efficient use of our resources.

The main estimates for 2007-08 include \$3.026 billion in budgetary spending for CIDA and a further \$22.6 million in non-budgetary investments. Together, these amounts represent a \$74.3 million increase over CIDA's main estimates for the fiscal year now drawing to a close.

The Minister of Finance reiterated the government's commitment to increase spending on international assistance by 8% in this fiscal year as part of the overall objective to double Canada's international aid between 2001 and 2011.

When it comes to arts spending, the operating base of Canada Council for the Arts is increasing by \$30.9 million, or 20.5%. Of this, virtually all of the funding is for individual artists, art organizations and increased touring and dissemination of artwork to support innovation, growth and success in Canada's cultural communities.

The remainder of the funding is to support the interdepartmental partnership with the official languages community program.

Canadian Museum of Nature spending is increasing by a net of \$25.1 million, or 42.4%. The increase is reflected in its capital budget, with \$25 million for a major renovation of the Victoria Memorial Museum Building.

*Business of Supply*

● (1840)

Total spending requirements are being partially offset by a decrease in the operating budget. The National Battlefield Commission spending is increasing by \$4.3 million, or almost 49%. Virtually all of this increase is for the rehabilitation of roads, sidewalks, storm sewers in several areas of the Battlefields Park, the construction of a restroom/office building and landscaping at the major events in site preparation for the celebration of the park's 100th anniversary and the 400th anniversary of Quebec City.

With respect to the environment, the Parks Canada Agency spending is increasing by \$21.3 million, or 3.7%, of which the major increases are the following: the enhancement of Parks Canada's ability to manage ecological integrity; the 400th anniversary of the Quebec celebration; the Asian-Pacific Gateway initiative; and repair and restoration of infrastructure in national parks.

The National Capital Commission's spending is increasing by a net of \$2.8 million, or 3.1%, mainly as a result of increases in capital projects being funded from their acquisition and disposal fund.

The Department of Natural Resources' spending is also increasing by a net of \$719.1 million, or 50.4%, with some \$536.1 million in new funds for contributions and other transfer payments, and the remainder in operating and grants.

Among the variety of program initiatives receiving funding, the most noteworthy include: the nuclear legacy liabilities program; the clean air agenda; the Port Hope low level radioactive waste cleanup program; the federal response to the mountain pine beetle program; and the forest industry long term competitiveness strategies program.

In addition, there are major increases in statutory payments to the Newfoundland offshore petroleum resource revenue fund, which is \$241.6 million, and the Nova Scotia offshore revenue account.

The Department of the Environment is anticipating a net increase in spending of \$38.1 million, or 4.7%, with much of the increase due to the implementation of the new environmental management agenda and its clean air initiatives, which represent \$250 million.

The Canadian Food Inspection Agency's spending is increasing by \$15.8 million, or 2.8%, for increased operating and capital costs, the major item being an increase in funding for avian and pandemic influenza preparedness, something on which we focused in budget 2006 as well.

The Canadian Nuclear Safety Commission's spending is increasing by \$15.8 million, or 20.1%, in order to deal with new demand in regulatory workload associated with industry growth and the licensing of new nuclear power plants.

Security and public safety program sectors in 2007-08 is estimated at \$6.5 billion, which represents 3.1% of total program spending. Compared to the previous year, this sector's spending in 2007-08 has increased by \$484.8 million, or 8%. Among the major drivers contributing to the increase in planned spending is the increase of \$298 million in net funding for the Royal Canadian Mounted Police.

As we can hear, there is a lot in the estimates for 2007-08. I certainly want to compliment the President of the Treasury Board for the work that he did in preparing these estimates, working long hours

to ensure the ministries were prepared and that we were prepared to implement budget 2007-08 and that we would stay on track.

I know the President of the Treasury Board will ensure our government our ministries do that. I think we will see that at the end of 2007 and 2008 we will have accomplished a lot for the people in this country. We will have accomplished a lot because we set a budget in place that, hopefully, will pass very soon, of which its estimates will ensure that we spend the money appropriately, accountably and in the way that we should.

● (1845)

**Hon. Brenda Chamberlain (Guelph, Lib.):** Mr. Speaker, I listened carefully to the hon. member across the way but I did not hear him talk about two programs, one being the Big Brothers of Canada. It has had a cut of \$200,000.

Last night I happened to run into the priest who is the head of Big Brothers right across Canada. I do not know if the member has spoken to him but I hope he will take the time and take it to the Prime Minister, because this is very serious. We have an organization in every town and city across Canada and this organization is hurting badly because of the \$200,000 cut. I am making a very public plea here to ask the hon. member to go to the Prime Minister and ask for the reinstatement of those funds.

The member mentioned a whole lot of programs, and there is no doubt a lot of good in those programs. I am not downplaying that in any way, shape or form. However, the second program is literacy, a program that is hurting every community across Canada because of the cuts. The government cut a lot of money from literacy programs. As a past literacy provider, I can tell members that it is hurting some of our most vulnerable people, people who are in jobs and who cannot read, who have difficulty, who cannot progress and who are having trouble. There are young moms who need to administer medicines properly to their children but they cannot read.

The government has put a lot of people at risk by attacking those two programs.

My plea today is to ask the member to go to the Prime Minister and ask him to reinstate money for Big Brothers and for literacy. When we attack the ordinary, everyday person who is part of the Canadian fabric, who we are supposed to represent, we, the government, make a grievous error. I plead today for the reinstatement of these two programs.

**Mr. Rick Dykstra:** Mr. Speaker, I thank my hon. colleague for paying such close attention to my speech.

*Business of Supply*

The member makes two very excellent points. On the first one, regarding Big Brothers Big Sisters, I appreciate her offer to go back and do a little bit of investigating to see where that program stands and to see if in fact what she has stated is the case.

However, I do want to make note of something she mentioned about Big Brothers Big Sisters. In my riding of St. Catharines, Big Brothers Big Sisters do great work. One of the many positive components of the Canada summer job programs for students is that, maybe in the member's riding but certainly in my riding, young people are participating in the program, and Big Brothers Big Sisters was one of the programs that benefited in my community. I anticipate that across the province and across the country that is also the case, showing clearly that this government shows support for Big Brothers Big Sisters. However, I take her point and certainly will look into it.

I will comment briefly on adult literacy. I certainly share her point, her goal and her feelings about adult literacy. It is very important in terms of adults who do not have or have not had the opportunity to learn. However, in terms of funding, we have addressed those issues, maybe not in the program that she formerly stated but let me just show from budget 2006 that we invested an additional \$350 million per year in aboriginal funding for education.

We also made sure that within that there was a priority that additional funds, which did not exist in any previous budgets, would certainly be there to try to address those issues of youth and ensuring that our young people, certainly aboriginal young people, have the opportunity to learn to read and write, but at the same time also ensuring that the help is there for aboriginal adults who need it. It was there in 2006 and obviously it is there in 2007 as well.

• (1850)

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Mr. Speaker, my colleague seems to have gone through the estimates in a wide range. I will make a small correction. Port Rupert does not exist. The funding for the Port of Prince Rupert was provided by the previous government with much insistence from this corner. I am not sure if the Conservative government is trying to take credit for the money but that is what governments do.

This brings me to my point around the environmental spending my colleague talked about. The government, by its own admission, misunderstood and much underplayed the issue of the environment for Canadians. We were slightly surprised by the vehemence of the reaction from the Canadian public when the government did not come forward with more progressive ideas. The government dragged its feet on greenhouse gases and spent most of its first 12 months blaming the previous regime's performance.

We initially did not have a problem with this because we in the NDP have consistently said that the previous government was not performing well when it came to climate change, but yet offered the Conservative government no excuse. Previous Liberal failures do not condone present Conservative failures when it comes to greenhouse gases.

The member talked about the ecotrust funding. It is just by coincidence that today department officials were in front of committee. We asked them if the money had been spent because the minister had stood in his place and said the money had gone out

the door. He said the cheques were not just signed, not just in the mail, but they had been cashed. However, when we checked with the provinces, no one had seen any of the money. There seems to be an enormous discrepancy here. The minister is taking much credit for all these environmental initiatives when the money has not gone out the door.

There is not a single string attached to this money so that it will actually lead to reductions in greenhouse gases, further continuing Canada's deplorable record on greenhouse gas emissions and delaying action from other countries.

Before the government actually takes credit for programs and spending on initiatives, it seems to me that it would be wise that it actually spend the money. When those members were in opposition, I know they were paying attention to the Liberal government's tendency to re-spend and re-announce and re-announce until it was beating a dead horse, but I would resist the temptation if I were that member.

It seems to me that Canadians need to know what has happened. The environmental initiatives and the ecotrust funding have not happened. The money has not been spent. The money has not been delivered. The provinces have not seen it.

I wonder if my colleague could take this opportunity to clarify the record. I know he does not wish to mislead Canadians or those who are watching, but I wonder if he would like to correct the record here in the House to ensure we actually understand what is afoot.

• (1855)

**Mr. Rick Dykstra:** Mr. Speaker, the member has raised a number of points and I would like to just briefly address them.

With respect to his point about the expenditures for the environment, this government has taken a strong approach. I take my colleague's comments about whether or not it is our job to blame previous governments, or whether it is our job to address those issues. I will not even talk about casting blame, but I will talk about what our commitments to Kyoto were supposed to be and what has not happened in the past number of years.

Obviously, to take the type of approach that the member's party would like to take would certainly bring this country's economy to its knees. That is not our intent. That is not going to be our approach. We have set money aside. We have put money in the budget. We have developed programs, including "Turning the Corner", which speaks specifically to the issues that the member spoke to.

If this budget does not pass through the Senate, the money that is booked to be spent on the environment will need to come out of this year. The difficulty that the member speaks about is a fair one in terms of where that revenue is going to come from, where it is going to go, how much is going to be spent and where it is going to be allocated.

What we need to do to specifically address the issues my colleague mentioned, is to get the budget through the House and through the Senate.

**Hon. Judy Sgro (York West, Lib.):** Mr. Speaker, it is my pleasure tonight to talk about the estimates. I will be sharing my time with my colleague from Winnipeg Centre.

*Business of Supply*

We all know that these debates are very important. For the benefit of the many Canadians who are watching at home, I would like to begin by explaining that this evening we are debating estimates. We are talking tonight about the money that is being spent, but we are also going to talk about the money that is not being spent. I expect we will hear that clearly from that side of the House by the minority Conservative government.

It is important to remind Canadians that the Conservatives inherited from our great Liberal government the best fiscal situation in the history of Canada. Back in 1993 when the Liberals took over as government from the Conservatives, what we inherited to the great surprise to those who were elected at the time was something like a \$42 billion deficit. The country was almost at a point of bankruptcy for a variety of reasons. Certainly fiscal mismanagement was a big part of that.

We made a lot of commitments of things that we had wanted to do. Then we got into government and found out that it was impossible. It took years of constraints, of having to cut programs and for Canadians having to cope with all of that while we attempted to get the government out of the deficit position it was in. It was a difficult time.

In contrast to the Conservative government of today, when the Conservatives got in they found an \$11 billion surplus. That is a very different thing. They had lots of money to throw around in a lot of places. That is part of the reason for the discussion tonight about some of the areas into which I would like to have seen them put some more money.

Unfortunately, the minority Conservative government has preferred to cut many of the important programs, those that were Liberal, and they will reintroduce them under the Conservative name. Whatever they are called, they were good programs. A lot of them are being reintroduced under the Conservative logo because they were good programs. We knew what the needs of Canadians were. We were out there with our full intention to meet the needs of Canadians and to give Canadian individuals and communities the necessary tools.

Many of the funding cuts made by the Conservatives, in spite of the surplus that the Conservatives had, targeted women in particular, students, many people who are in need of affordable housing and other groups for which the Conservatives have traditionally shown very little concern.

Some \$5 million was cut from Status of Women Canada. This is an organization that was established by the Liberal government just a couple of years ago, in order to give women more opportunities to be advocates for the needs of women in Canada, and to make sure that women's voices were being heard loud and clear.

There was \$45 million cut from the Canada Mortgage and Housing Corporation programs. This was done at a time when we are hearing more and more about the needs for affordable housing throughout the country. We had a minister of housing under the previous Liberal government who was working with the provinces to ensure that affordable housing would be built throughout our country. We had committed around \$675 million to the province of

Ontario alone to build affordable housing and \$45 million was cut from that.

There was \$10 million cut with the elimination of the support for the Canadian volunteerism initiative. That is a really difficult one, given that volunteerism is such an important part of Canadian society today. So many people volunteer the utmost amount of hours. If we had to, we would never have enough money to pay people for all of what they do.

There was \$10 million cut with the elimination of the international youth internship program. This was a wonderful opportunity for young people to travel abroad to learn more about other countries and the rest of the world.

The Conservatives cut \$6 million from the Canada Firearms Centre. They cut \$18 million from youth employment initiatives. We are hearing about that through the summer employment programs. There is a great need for youth employment initiatives to provide opportunities for our young people to talk about careers and focus on where they will go in the future.

There was \$18 million cut from the literacy skills program. It is unbelievable the number of people who still cannot read and write in Canada. If we truly want to see people in Canada aspire to be a successful citizen, they need to be able to read and write.

● (1900)

To cut the money out of programs that are the fundamental basics that we need to have a successful country frankly was unbelievable.

The court challenges program, another \$6 million, was looked upon as not necessary. If it was not for the court challenges program we probably would not have the Charter of Rights and Freedoms today. These cuts are from programs that are very important in the lives of Canadians.

Let us talk about child care and all the spaces that were not produced. What is early learning all about? Early learning is not about child care. Early learning is about investing in our youngsters from the very beginning so that we can plan a positive future for them. That came out as a result of a lot of work that was done across this country through a variety of agencies talking about how to ensure that our children can compete with those in countries abroad that are investing a lot of money in their children. That was the first social program specifically geared to early learning and child care that was going to put our children at a real advantage over many of the others.

A lot of evidence has proven that early learning contributes immensely to the development of children and helps to give children the best start in life. Canada needs a high quality early learning and child care system, and I am not talking about a babysitting system. Early learning is very important for our precious children to get the best possible start. They need the highest quality early learning opportunities that we can provide in order to ensure that our children can grow and prosper.



*Business of Supply*

Ever since the election of the minority Conservative government, child care and early learning have suffered immensely. The Prime Minister's so-called universal child care plan is not child care. It is an allowance, much like the baby bonus that people used to receive, and it is a meagre one at that. It is taxable. It is unaccountable. Certainly it is not a plan, by any means.

The Prime Minister promised to provide funding for 125,000 new child care spaces. I can still hear the Prime Minister to this day saying how the Conservatives were going to produce 125,000 child care spaces. I have not seen one created yet. Once he got into power he so desperately wanted to cut the funds to child care. The Conservatives have not created one space that they can talk about.

The previous Liberal government had committed to give every child a good start in life. It invested \$5 billion over five years for the creation of a Canada-wide system of early learning and child care based on the principles of quality, universal inclusiveness and accessibility, all very important principles.

Ten provinces had signed bilateral agreements to increase investments in early learning and child care. As a nation we were moving forward with our plans to create a new national system. Just getting 10 provinces to agree on something like that was a huge amount of work and something that we all desired. We had to give it time to come to fruition and we also had to have the money. It took that long to get it all together and organized. Sadly, the Conservative government cancelled all of the agreements and undid all of the good work that had been done.

Cutting literacy programs, as I indicated earlier, is another heartless act by the government. Literacy reaches far and wide. To foster a healthy, vibrant economy, we must ensure that our population has strong literacy skills. If Canada is to maintain its place in the world, we must improve literacy skills, especially for our most vulnerable citizens.

How can the Conservative government justify cutting \$17.7 million in funding from the adult learning and literacy skills program? I have not heard anybody justify it yet. The Conservatives simply say they are reinvesting it differently, and so on and so forth. I have not seen them produce a specific program to indicate they are helping adults who are suffering from literacy issues.

One of the Conservatives' targets is the Status of Women Canada which I mentioned earlier, which has long been on the hit list of social Conservatives. They cut the Status of Women's budget by \$5 million, compromising the agency's ability to do important work and to allow for the advocacy of women and women's issues. The minority Conservative government's decision to close 12 regional offices of the Status of Women Canada leaving only four to serve Canadian women is reprehensible.

Canadian women are still only earning 71¢ for every dollar earned by their male counterparts. More and more women are living in poverty and we are still waiting for the government to create child care spaces. The Conservatives stood here and argued with us and said they were so proud of the 125,000 spaces they were going to create. I am looking forward to hearing, and we may hear it tonight in this discussion, where those spaces are and when we can see the official opening of those spaces.

● (1905)

With the closure of the regional offices of the Status of Women, the government is taking away one of the very few remaining resources for women to get the kind of assistance that they need. It will also take away the government's ability to be aware of what are the issues facing women today and what is the government's role in ensuring that women have full access to opportunity.

That is the reason these 12 offices were created across Canada. These offices were established to assist women in advocating for equality. Clearly, the Conservative government is against that goal of equality just by the kind of cuts that it is making.

This year we celebrated the 25th anniversary of the Canadian Charter of Rights and Freedoms, something that I believe every one of us in this House is very proud of. The Conservatives have undermined the charter at every turn. Clearly, by cancelling the court challenges program and the Law Commission of Canada, by endangering judicial independence, and by trying to stack the courts, I do not think they believe in it at all.

A Liberal government would reverse the steps the Prime Minister has taken to weaken the Canadian Charter of Rights and Freedoms, which we all stand by, which is there to defend each and every one of us.

The charter is the centrepiece of Canadian democracy. Its legacy is too precious for us to remain indifferent to those who would seek to undermine it. The Liberal opposition will not permit the charter to be weakened by a federal government not committed to keeping it accessible to the Canadian people.

We will continue to fight the cuts to the court challenges program, as there are other groups clearly doing the exact same thing because they understand the value of it. It had been cut some years back by the previous Mulroney government and I gather after about five years of protests the Conservatives reinstated the program because they realized just how important that was. For such a small amount of money of \$6 million it delivers a huge amount of opportunity for people to be able to get their points across.

No wonder Canadians do not trust this government. From politicizing the public service and cancelling the court challenges program to stacking the judiciary, and undermining the Charter of Rights and Freedoms, this government's ideological attacks are designed to reshape Canada to fit its narrow neo-conservative views.

Thank you for the opportunity, Mr. Speaker, to be able to join and participate in this debate tonight. It is important. Every time we talk about budgets, they are important to all of us, not only as parliamentarians but as Canadians. There is always a fair amount of benefits to the country when those budgets are there and it is important that we move forward.

*Business of Supply*

●(1910)

**Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC):** Mr. Speaker, I was listening to the member and I want to remind her what we have done for women. For example, INAC has begun the process to address matrimonial property rights for aboriginal women. We have increased funding to on reserve family violence shelters by \$6 million.

We can look at justice. We have had tougher legislation to deal with sexual predators, repeat offenders and conditional sentencing. We raised the age of protection.

With regard to immigration, we are protecting victims of human trafficking with temporary visas, treating them as victims rather than criminals.

When she talks about the literacy funding being cut, we increased funding by \$307 million for immigrant settlement services. We also have \$6 million allocated for the protection of sexually exploited children.

If we want to talk about health: vaccines for cervical cancer, wait times for prenatal aboriginal women, \$120 million for the global fight against AIDS, and \$7 million annual funding for the family violence initiative.

If we want to talk about human resources, we have the universal child care benefit. There is \$5.6 billion a year going into early learning and child care. That is twice what her party had ever given toward early learning and child care.

We had the new pilot training program in New Brunswick for women in non-traditional work. We made it easier for senior women to claim guaranteed income supplement benefits. We have a women in trades project in Edmonton. We have textbook tax credits for university women. We have older workers pilot project initiatives. We gave an additional \$20 million to Status of Women, which is the highest budget ever. She sits on that particular committee, so she knows that.

With regard to international cooperation, there is \$45 million over five years to UNICEF which will provide medical treatment to children and mothers in Bangladesh. We could talk about—

**The Deputy Speaker:** Order, please. I am sorry, the parliamentary secretary cannot go on forever, we need to give the member the floor.

**Hon. Judy Sgro:** Mr. Speaker, I have a list as well of all the things that were cut and I have a list of all of the wonderful things that we did when we were in government. The role of government is to ensure that it meets the needs of Canadians. It is all about that.

The Conservatives clearly have their priorities and their ideology and will function that way. The Liberals want to ensure that we build a healthy Canada. When the Liberal government had to make the cuts because we had the huge deficit to deal with, all Canadians had to buckle in and live within those cuts. Once the money started coming back in, because the economy was doing well and so on, then we had the money to reinvest in people and those areas.

However, the Conservatives have made cuts in areas of adult literacy, youth initiatives, summer career placement program and a whole lot of the other issues that matter to those folks who are in the lower income levels. It is important that we invest in those areas. There was no reason for Conservatives to make the kind of cuts they made previously when they had an overabundance of money.

**Hon. Brenda Chamberlain (Guelph, Lib.):** Mr. Speaker, the hon. member's comments are right on. This was the point I was trying to make earlier to the Conservative member of Parliament who spoke. It is all very well and good to list a whole list of things they do. It is onerous, we cannot take it in, it is so huge that nobody really knows to what money has been given.

However, what we do know is what the Conservatives have not done, and I want to go back to literacy. These are programs on the ground. The two Conservative members of Parliament who just spoke will have these programs in their own cities and towns. These programs deliver service to people we represent who cannot read and who need that tool.

The Conservative government has taken \$18 million out of that fund. It is extremely important that the money be reinstated. While members can list all kinds of things, we have to look at the person in the street who cannot read, the person in the street who cannot get along, people who the Liberals were actually helping. Now the Conservatives have taken that away.

I ask the hon. member—

●(1915)

**The Deputy Speaker:** Sorry, but I am going to have to give the hon. member a chance to respond.

**Hon. Judy Sgro:** Mr. Speaker, I represent a very high needs riding, a riding in the last couple of weeks that has unfortunately been the subject of an awful lot of violence. When I am looking at these programs, I am thinking about the people who were going to benefit, the young people who would have been employed over the summer. Many of them are not going to be employed because of cuts.

We need to invest in opportunities for our young people, everything from crime prevention programs to education in our schools. It is all about that. It is not about a huge list. It is about investing in our people and that is what we have to ensure we continue to do.

**Hon. Anita Neville (Winnipeg South Centre, Lib.):** Mr. Speaker, I am pleased to rise tonight to speak to this issue once again. I spoke when the budget came down and I will repeat some of the points I made at that time.

*Business of Supply*

I was thinking about the budget as I was preparing for tonight. I tried to think of an analogy of what the budget was. What it reminds me of is a paint gun, one of those guns that shoot balls of paint. It is a big burst, it splatters everywhere and it makes a hell of a mess. I would make the analogy of this budget to a paint gun. It was a big burst but not a lot of meaningful initiatives for people and for many it left one big mess.

I will quickly go through some of the broken promises to my and your province, Mr. Speaker. It has been profoundly impacted negatively. We heard early from my colleague about the literacy program. We have heard about the women's program. We have heard about the closing of the women's office in the city of Winnipeg, which had been such a huge support to women's groups there.

We have heard in previous times about the cancellation of the labour market partnership, a signed agreement with the Government of Canada, not with the Liberal Party, \$129 million gone.

We have heard much about the court challenges program, in and of itself, and the merits of the program for women's groups, for other minority groups and for francophone groups. However, we have not talked about it in the context of the city of Winnipeg. It was one of the very few national programs in the city of Winnipeg and it too is gone.

On the homelessness initiative, we have heard much from members opposite about their great concern about crime and young people on the street. One of the members opposite even had the audacity to say that the streets of Winnipeg were, and I really do not want to repeat it, filled with uncharitable and unkind people who were lawless and involved in crime.

At the same time as they talk about crime, building jails, putting people behind bars and increasing the sentences, they are also cancelling funding for a major youth initiative that keeps young people off the streets. What one hand does, the other hand does not know. This has had a significant impact on my community and what it has done there.

We have heard a lot about child care. My colleague who preceded me spoke about the impact of the loss of the child care program and the ineffectiveness of the \$100 a month to families. We have heard much from members opposite about the importance of having choice.

I allege that one cannot have choice if there is no choice. What the government has basically done is removed choice for parents, the choice to go back to work, the choice to go back to school, the choice of where a child might be cared for.

In the city of Winnipeg, 80% of the centres have waiting lists. The province of Manitoba was slated to receive \$176 million over five years. That program was cancelled. We now know, under the current allocation, the province of Manitoba will receive an annual \$9 million grant, obviously considerably less than \$174 million that would have been in place for the province of Manitoba. We also know the \$100 a month might provide three days of child care for a family in the city of Winnipeg.

● (1920)

The city of Winnipeg and the province of Manitoba had a well laid out plan for the development of child care, for the training and development of a skilled workforce. It has gone and there is much challenge and struggle to maintain that.

We also have to look at child care, not simply as a social issue, but as an economic issue. Women cannot go to work if they do not have the option. I have heard recently about women who have been leaving their employment because of their inability to access good, safe child care for their children. We have to be wary of that.

One of the very large disappointments in the province of Manitoba is the funding, or the lack thereof, for the remediation of Lake Winnipeg. For many, Lake Winnipeg is a symbol. I have heard many call it their beloved Lake Winnipeg. It is a form of economic development. It is a place for recreation. It is a place for memories. It is a place for history. It is beautiful. It is an inland ocean, but unfortunately, it needs considerable remediation.

The previous government made a commitment for the restoration of Lake Winnipeg for \$120 million. What we have now is a small sum allocated now for the clean up of Lake Winnipeg, which one of my colleagues said might be enough to rake the beaches. If we are to clean up Lake Winnipeg, let us not do it in a messy way. Let us do it in a way that will have a real impact and outcome and that will serve for generations to come.

The issue I want to focus on, because it has a profound impact on my province and on Canadians from coast to coast to coast, is what the government has done or has not done for aboriginal people.

I will not belabour the cancelling of the Kelowna accord. We have talked about it in the House. We have talked about it in committee. It has been talked about in legislatures across the country. First and foremost, that has had a profound impact and disappointment. Kelowna had become a symbol of hope for many, and that hope has gone.

When we hear the minister opposite speak about funding for aboriginal peoples, on budget day, March 19, I heard the minister, in the course of three hours, give three different figures. The budget document said \$9.1 billion. He later said \$10.1 billion. At a scrum outside the House, he used the figure \$11 billion.

The moneys used or portrayed as being used for aboriginal people are being provided as misinformation or not factual information to Canadians. What other group in Canada has the amount spent in its area factored out to a per person cost? We do not hear any other group singled out as how much we spend per individual in that group. That is quite shameful.

We have been hearing that they are taking great initiatives in aboriginal communities, but what the minister is not telling us is that he is taking dollars committed for one community and reallocating them for another community.

My colleague, the member for Kenora, told me just yesterday of two projects being cancelled in his community, one for a school and one for a treatment facility. It was a reallocation of moneys that probably went to Pikangikum.

*Business of Supply*

I want to quote what some of the aboriginal leader said. Angus Toulouse said:

It is scary... if people aren't heard, if claims aren't addressed...you can bet there's going to be much more confrontation and barricades.

I want to quote John Ibbitson the columnist with the *Globe and Mail* when the budget came down. His comment was, and I think it is important:

The Conservatives lack the political courage to confront, head on, the overriding social policy challenge of our time: eliminating aboriginal poverty on and off reserve.

• (1925)

This truly is the biggest challenge facing Canadians within Canada. We have seen no commitment from the government. We have seen smoke and mirrors with figures. We have seen money taken from one pot and allocated to another pot, ostensibly in the guise of doing something and not talking about the community being left behind.

I would say that this is the greatest shame. From a high water point 18 months ago between the Government of Canada and first nations and aboriginal people across this country, we are at an all time low, a low that is now mobilizing aboriginal people across this country to a day of protest, a day of action, in order to show their displeasure, their disappointment, and the profound lack of hope that aboriginal people now have as it relates to this government.

**Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC):** Mr. Speaker, I want to suggest to the member that if she does not vote for bill she should think about the things that will be cancelled.

She talked about the things that were cancelled. There will not be \$1.5 billion for the Canada ecotrust, for clean air and climate change; \$600 million for patient wait times guarantee, which she was concerned about; \$400 million for the Canada Health Infoway; \$30 million for the Rick Hansen Foundation; \$100 million for aid to Afghanistan; and \$100 million the Genome Canada.

She said, regarding universal child care, that if people do not have child care spaces, they will not be able to work. For those who are working, the \$2,000 child tax credit will be welcomed. We believe in fairness for single earner families. We have \$4.3 billion in total that includes \$400 million in new tax measures. I encourage the member to think about what she is not voting for.

When she talks about an aboriginal strategy, we do have an aboriginal strategy. The \$300 million will give first nation members the opportunity to own their own homes when a new approach to on reserve housing is developed. There is \$14.5 million over two years to expand the aboriginal justice strategy, about which she has expressed some concern.

I would like to remind the member that when she is speaking about all these cuts that she says happened, perhaps the money has been refocused and she will see tangible results. I would like to ask the member why she is voting against these items?

**Hon. Anita Neville:** Mr. Speaker, what we have heard from the parliamentary secretary, for whom I have tremendous regard, is further indication of what I call this paint gun approach. It is a little bit here, a little bit there, and a splattering here. There is no coherent strategy. There is no coherent approach in this budget. It is, "Give a

little here and maybe they will vote for us, give a little there and perhaps that group will vote for us". It really is deceptive.

In terms of the aboriginal items that she cites, I would remind her that the \$300 million was identified for housing in the previous budget and reannounced in this budget. I would remind her as well that the aboriginal procurement policy was cancelled. It has had a profound impact on aboriginal businesses across the country, many of whom have had to go out of business because of the cancellation of this project.

I would remind her of the cancellation of the aboriginal language funding, which also is having a profound impact on aboriginal people across the country, and in some cases not allowing them to celebrate aboriginal awareness day on June 21. There are significant implications in this budget. I find it very difficult to support what I call a spattered approach.

• (1930)

**Mr. James Bezan (Selkirk—Interlake, CPC):** Mr. Speaker, the hon. member for Winnipeg South Centre talked about Lake Winnipeg. Lake Winnipeg of course is something that all of us in Manitoba love and appreciate. I know that the hon. member enjoys a great deal of time along Lake Winnipeg. She has a cabin in my riding. I know it is something that is near and dear to her heart as it is mine.

In this budget we announced \$7 million in new funding for Lake Winnipeg. She is criticizing that investment. That is the first investment ever from the federal government for the actual cleanup and restoration of Lake Winnipeg, and trying to reduce the nutrient loading that is going on there.

She talked about commitments that were made in the past. Those were commitments that were not budgeted for. Essentially, what she was talking about were election promises that were never delivered upon.

We have to get past that false pretense that the Liberals were going to do more. The previous government had 12 or 13 years to act upon that and never once delivered on the problems facing Lake Winnipeg.

Let us accept the fact that there is \$7 million in this budget that she should be supporting to cleanup Lake Winnipeg, so that our communities and our drinking water, and the beaches that our children love and enjoy can finally be addressed.

**Hon. Anita Neville:** Mr. Speaker, the member opposite and I have had conversations about Lake Winnipeg. I would point out to him that it was an investment and a commitment made by the previous government concerning Lake Winnipeg in his riding which we supported.

I recognize that moneys are being committed to Lake Winnipeg, but again, it is part of a spattered approach. It is not a comprehensive strategy. It is part of a little bit here and a little bit there.

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Let us see a comprehensive plan. Let us see a multi-year commitment for the cleanup of Lake Winnipeg. Let us see a multi-year commitment to research and development, and a cleanup of the whole watershed. That is what is required. We need a long term investment and it is important for Manitoba.

[*Translation*]

**Mr. Richard Nadeau (Gatineau, BQ):** Mr. Speaker, I rise this evening to join the debate on the subject of the government's latest budget. As we all remember, this budget was tabled on March 19.

There are some things in this budget that really need to be pointed out. Among friends, colleagues, political parties and taxpayers, we must describe things as they really are to improve conditions for the people of Canada and, when an error has been made, we should make every effort to correct it. As you well know, enlightenment comes when ideas collide.

I want to talk about several points in the budget that deserve our attention. The first point deals with the Conservative government's retention of the festival support program. I have had discussions today, and for several days, with representatives of volunteer groups and organizations which are organizing festivals planned for summer 2007.

This year, the federal government set aside \$30 million for summer festivals. A large number of the organizers of these festivals have been told that the government—to be more precise, the Department of Canadian Heritage—is in the process of considering how the funds will be distributed. We are now into June and people have been told that it may be the fall before we have a clear answer on how the funds will be distributed. However, we must show some respect for the organizers of summer festivals in Quebec and elsewhere, because, after all, the seasons change. To find an analogy with what the Conservatives are doing, I think back to the Social Credit party. At one point, the Social Credit party said there were only four problems in Canada: spring, summer, fall and winter. Apart from that, everything would be fine. I must emphasize that summer festivals take place in the summer. An answer in the fall is of no use.

Specifically, I would like to underline the value of a festival. What does a festival mean to the population? Today, I debated with an economist from the Institut économique de Montréal. On a radio station in my riding, CJRC, not to mention names, I heard it said that—hold tight, Mr. Speaker, or you might fall off your chair—festivals were a means of preventing movie theatres from making money. The argument was that when people went to a festival, money was going to the wrong place. They added that festivals were not something very important in economic terms, because a dollar spent at one place is like a dollar spent at another place. A festival does not result in any value added.

Well, I really had to answer that. I would like you, Mr. Speaker, and above all my colleagues opposite—the Conservatives, of course—to understand that a festival is a way for a city, a community or a region to become better known. A festival can attract people into the community, into the region. It gets people moving from one region to another to take part in activities. That makes our region better known, and, at the same time, it brings money into the region.

For example, I think of the Festival de montgolfières in Gatineau, of which you are surely aware, and which for the past 20 years has

taken place during the first weekend of September. It is celebrating its 20th anniversary in 2007. Last year, the festival generated revenue of \$6 million. Since its creation, more than 3.3 million people have attended the festival.

The federal government invests in these programs. I must also mention that the organizers of these festivals do not count solely on the support of the federal government. They do their own fund-raising at various levels.

● (1935)

If the federal government does not step in as it used to, tourism will suffer. That is what the organizers told me. They will also not be able to bring in as many artists. That is another aspect. Festivals are a question of pride. People show off their culture and discover others, depending on the themes of the show, and this leads to a broadening of minds at festivals. The Conservatives are holding things up here for reasons that are really beyond me.

I just wanted to point all this out to our colleagues because I am sure that they will react quite quickly when they see that what they are saying does not make any sense, especially as the money for this was approved in the budget. It is very important, therefore, to point this out.

There is a statistic showing that, in Quebec in the year 2000, festivals got 18% of their funding from the three levels of government: federal, provincial and municipal. That same year in the United States—our neighbour to the south where capitalism is a kind of religion—the three levels of government subsidized festivals to the tune of 23% to 26%. Maybe they thought it was important for them to add value. In France, festivals are subsidized at a rate of 47%.

Our Conservative colleagues should say to themselves that even though they are not providing very much, they really should make it available before the end of the summer or else we will be in an absolutely ridiculous situation. In view of this, I would like my Conservative colleagues to understand that they have to keep the commitments they made in their budget.

In regard to a completely different issue, I would like to mention a very embarrassing situation. September 25 or 26, 2006 was a black day in human history because that was when the federal government cancelled the court challenges program. The Conservative government decided last March not to renew this program, even though a great many social stakeholders from both the English and French minority communities as well as citizens rights groups demanded that it be saved. This meant that \$5 or \$6 million could be cut from the federal budget.

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I took some political science courses at the University of Ottawa in the 1980s, and one of my professors, Mr. Carrier, told us that \$1 million in the coffers of the federal government of Canada was like a penny to an average worker in Canada or Quebec. When \$5 or \$6 million are cut from a rights program like the court challenges program, it is clearly not very much in view of the \$220 billion budgets that Canada's federal government generally has. So this is an ideological cut. The government wants to prevent something, rather than helping citizens challenge decisions made by the federal or a provincial government or even a school board, a town or municipality, or a department that was not complying with the law of the land, that is to say, the Constitution.

The government comes with all its lawyers and sets them on a parent or business person who wants his or her rights respected. Without the court challenges program, there is no level playing field.

● (1940)

People cannot spend the kind of money that the government, the federal State, can spend on its own army of lawyers. I could provide some pretty unbelievable examples of this.

That said, there is something even worse. We often hear our Conservative colleagues say that the Bloc Québécois did not support Bill S-3, which was in fact passed—on division, as they say—in the previous Parliament.

By eliminating the court challenges program, the Conservative government is failing to respect the Official Languages Act. I would refer the members to the Standing Committee on Official Languages, which just came back to life today. The Commissioner of Official Languages, Graham Fraser, taught a very interesting lesson to all members of the committee—and we are very pleased that the Conservatives have decided to come back—about how eliminating the court challenges program violated legislation passed in this House. That is pretty serious. Those who violate laws must pay in the end. They have violated this law, and they must pay the price.

It is important to understand a few things about this program. The committee heard witnesses who work for the program. It also heard people who fought for the Montfort Hospital, for example. That happened in the mid-1990s. We were around then; this was not something that happened back in Louis Riel's day—which is another subject about which much could be said. This was back in 1995, when the Government of Ontario wanted to do away with the services of a French-language hospital right here in Ottawa. I was born in that province, and so was my youngest daughter, my baby. She was born in the Montfort Hospital.

The people who came to talk about this situation had been told by a Prime Minister whom we know well, our current Prime Minister, that the Government of Canada had no intention of continuing to pay for Liberal lawyers in the court challenges program.

Yet Ms. Lalonde and Mr. Gratton, who attended the committee meeting, demonstrated quite clearly that the lawyers who helped the Montfort Hospital fight the indignity foisted upon it by Mike Harris' government and three of his ministers, who are now known here as the Minister of Finance, the Minister of the Environment and the Minister of Health, did it for free.

In response to the infamous criticism that partisan politics were involved, I would remind the House that Mr. Gratton was Brian Mulroney's press secretary. As far as I know, he did not belong to the Conservative Party, but rather to the Progressive Conservative Party. There are hints of this Reform-Alliance mindset still causing problems today. It is going to burst, sooner or later, like last time, but that is their problem. Gisèle Lalonde once ran—hold on to your hats—as a candidate for the Conservative Party of Ontario. This jambalaya—although jambalaya can sometimes be quite tasty—, all this mishmash being served up by the Conservatives, involving partisan politics when it comes to the rights of minorities, it is appalling. I see them turning red. They are ashamed, and I understand why.

That said, the elimination of the court challenges program, illustrated by the ideology reflected in the budget, seriously jeopardizes the recognition of the existence of French-language minority communities in Canada.

● (1945)

That is prejudicial. The day the Montfort Hospital file reached its full scope was the day that the Premier of Quebec—Lucien Bouchard of the Parti Québécois, not to mention any names—declared that, indeed, it was seriously prejudicial. Every fighting force for democracy and the respect of the rights of minorities from Quebec and Ontario, including myself, who was in Saskatchewan at the time as president of the Fédération des francophones de Saskatoon, we all signed petitions and raised money to tell the Harris government that it was unacceptable.

Of course the Liberal government—this was during the Chrétien years—looked at the issue and said it could not intervene because it was a provincial jurisdiction. Well, now would be the time for Canada to pull up its socks and get to work, because, under such circumstances, it is through the court challenges program and political action that we must ensure the rights of minorities.

The court challenges program also has an impact on the social aspect of the fight against poverty and injustice. For example, people with disabilities had to fight their own government, demanding that it install ramps so they could have access to the same services as people with full mobility. We must not forget this.

A broad range of services was provided to society. In 1997 and 2003, evaluations of the court challenges program determined that the needs of Quebec and Canadian society were well served by the program. Without it, we would not have rights of access to minority language education. The disabled would not be able to access certain areas and premises. It is very important to take note of these facts.

Today, the Fédération des communautés francophones et acadienne du Canada is taking the government to court because it abolished the court challenges program and is not fulfilling its obligations under the Official Languages Act. My colleagues should hang on to their hats when they hear what I have to say. This government says that it wanted to abolish the program because, among other things, it no longer wished to pay lawyers who challenge federal or provincial governments, school boards or others who do not respect these rights. That is why it abolished the program. Now it is paying lawyers to ensure that it does not pay lawyers in future. Talk about unbelievable. The logic is rather complicated.

There is no question that the court challenges program must be reinstated. We must realize that society evolves. By way of illustration, consider that at one time horses ruled the road. Then along came the Model T Ford. Today, things are altogether different; we have other means of transportation. In terms of citizens' rights, we cannot predict how current situations will unfold in the near future. Therefore, it is important to have the court challenges program, precisely to protect the state from itself.

In the movie, *The Name of the Rose*, based on the novel by Umberto Eco, old Jorge, a professional criminal, believes only in sublime repetition. The Conservatives are the sublime copy of the Mulroney Conservatives. They are doing the same thing—abolishing the court challenges program in today's context. It is quite deplorable.

We should be emulating William of Baskerville. I recommend reading about the dialectic that belongs to society. In fact, we are evolving. I am thinking of Yann Martel who sends books to the Prime Minister from time to time. He should send more there because reading is interesting. We should read things that enable us to evolve in life.

● (1950)

As we evolve, things change and we must have mechanisms to protect ourselves.

I will say one last thing about festivals: they have to get on with it. Summer is coming, it has already arrived.

The court challenges program is not in the budget and that is deplorable. It should be reinstated.

[English]

**Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC):** Mr. Speaker, I would like to ask the member this. Does he believe that the other parties understand how serious it is if there is a failure to adopt this bill before we adjourn for the summer and what the result will be?

Does he, like me, wonder if they realize how serious it would be if we lost \$4.3 billion in our 2006-07 year end measures that would include the \$600 million for labour market agreements with the provinces? Does the member think that they understand how serious it is if we do not have this bill adopted before the end of the summer?

I understand that he is supporting it, but it is the other opposition parties of the House that do not seem to understand how serious this is for their provinces and for many of the people who are counting

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on the money, such as the Rick Hansen Foundation, \$30 million; the child tax credit, which I am sure all the parents in his riding will be welcoming; and the \$1.5 billion for the Canada ecotrust for clean air and climate change for the provinces.

Does the member think the other parties understand how important this is? If the bill is not adopted before the adjournment for the summer, these will not happen.

● (1955)

[Translation]

**Mr. Richard Nadeau:** Mr. Speaker, I will respond to my colleague from Blackstrap, in Saskatchewan, if my memory serves me right.

What is important to understand about what I was saying earlier is that there are some things that must be improved in the budget. There are things to be improved that are part of the social fabric, the human fabric. These elements must be taken into consideration, and we must not just hang on to a document released on March 19, the current government's second budget.

I hope my colleague paid close attention to my speech, because in the end, these elements really must be there. First, they must keep their word regarding festivals, since summer is here. Second, the court challenges program must be reinstated.

[English]

**Hon. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, I listened very intently to my colleague. This is not a debate about the budget. This is a debate about the estimates.

I would say that in my 10 years in Parliament one of the things that I have come to realize is that intent matters with the government. My hon. Bloc colleague did talk about the meanspirited way in which the government has dealt with many things. He referred to some of the vestiges of the Harris Ontario government, the triumvirate, the ministers of health, finance and environment, that we actually see very much in evidence in this Parliament.

I recognize that while there are many things that make the Bloc unique in some of its approaches, I find that its social approaches to many of the solutions in Parliament are actually quite aligned with the Liberal Party.

I want to refer to something very specific in my riding. The Kitchener-Waterloo Multicultural Centre in my riding has actually put forward a stunning presentation. It is a very integral part of my riding which is the fourth largest settlement area for new Canadians in Canada, despite the fact that as a region we are only half a million people.

There was a proposal for ethnocultural racial minorities to participate in public decision making. The centre had been through many levels of scrutiny and I think had actually been agreed to by three different levels of government which said this was something worthwhile doing.

Three program officers and departmental approval was gained. Yet, at the very final hour, as a matter of fact today, it found out that this wonderful project was not going to receive funding.

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A similar thing happened with the K-W counselling services in my riding as well. These services fit perfectly with the criteria that the government was saying it wanted in order to engage new Canadians in order to make a good community. Yet, the government decided that this funding was not worthwhile.

I would ask my colleague from the Bloc this question. Has he seen similar cutbacks in the fundamental bedrock of what helps define communities, not only in Kitchener Centre, but right across Canada? Has he experienced the fact that to the government their intent matters. The government believes in the trickle down theory, that there is only a certain sector of Canada that it is speaking to, and it happens to be its electorate. If people do not fall into that minority then they are not covered by the priorities of the government. Would my colleague like to comment on that?

[*Translation*]

**Mr. Richard Nadeau:** Mr. Speaker, I salute my colleague from the Kitchener—Waterloo area, formerly Berlin, in south central Ontario.

With regard to my riding, and in reference to her example, I will speak of the Canada Summer Jobs program. The federal government has decided to go with a new way of doing things. The former program worked well. It seems that, when things are working well, our Conservative colleagues have a knack for dismantling them.

Our multi-ethnic organizations are probably smaller than those in my colleague's riding. Nevertheless, we do have an Arab community and a Portuguese community. I am thinking of self-help and anti-poverty organizations, which provided young people with summer jobs in youth job cooperatives or summer camps that were axed because of a set of criteria developed by the government that did not make sense.

Fortunately, the Bloc Québécois, the New Democratic Party, the Liberal Party of Canada and community groups—those affected first and the fabric of our society—challenged the government. I have to acknowledge the Conservatives for recognizing that they made mistakes. However, that is as far as I will go because they have not recognized all their mistakes. They should have kept what was working well.

I will therefore say to my hon. colleague that my riding has experienced certain difficulties in that regard. An element of unfairness is introduced when using a points-based assessment, and when riding officials no longer have a say and everything is sent to Montreal—which is a lovely city but where the people are not familiar with the social fabric and events in the Gatineau riding—rather than relying on the work of government employees who are very familiar with the riding. I empathize with the multicultural communities, which unfortunately—and I did use the term unfortunately—have had to pay the price for this lack of judgment. But there is always hope. One never knows. Perhaps our colleagues will come to their senses in this matter?

● (2000)

[*English*]

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Speaker, for those who are listening from across the nation, it is important to emphasize that this debate is about the spending priorities of the

government of the day. These estimates before us give a road map of where the government intends to take this country. Normally one would expect to see within all of these numbers a vision, a plan for building a country, a plan for building a country with a vision of prosperity, equality and justice for all people.

That, after all, is the objective of government, is it not? We are here as an institution that stands for upholding the rights of people and ensuring that government works for all the people all of the time. When we see a budget or a set of spending estimates that helps only a tiny portion of the people in this land, we have to stand on behalf of those Canadians and make sure they are counted.

Tonight, many, many thousands of people across this nation are not counted. They are not part of these spending estimates, because the government has decided that its aim and objective is to enhance the lives of those who are already well off, those who are already living in the lap of luxury, and to ignore the vast majority of Canadians who struggle each and every day to make a living to sustain themselves and their families.

Tonight I want to speak for my kids, Mr. Speaker, who I hope are watching tonight. I know you would probably say, "I really wonder about that", but I am hoping that my son Joe, who is 18, and my son Nick, who is 22, are watching tonight because they know the importance of this place and they know why I am here and what I am trying to do.

Today, Mr. Speaker, like you and others in my caucus, I am trying to stand up for those young people who have so much to give to this country and need to be afforded every opportunity. They do not come with their hands out; they come with the ambition, the vision and the dreams of building a better world.

In the case of my older son Nick, who is 22, he happens to have a disability, but he lives in a group home. Thanks to the government of Manitoba, which has its spending priorities right, he is able to live with dignity and make a difference and contribute to our society. He is not looking for a handout. He is looking to be recognized for his talents and to put them to the use that God has given him.

In fact, he is able to make a difference in the lives of people around him. It is not a wasted dollar. It is a dollar well spent, because for every dollar we invest in children and people with disabilities we get many dollars back. Statistics show that for every dollar we invest in a child with a disability we get \$7 back.

Let us start thinking about proper economics in this case and try to get this government onto a sound fiscal footing, which it has not been on up to this point.

Let me give members some lessons from other provinces like Manitoba, which has had an NDP government for three consecutive terms, making history in this country. Let me speak about the unending number of budgets under the Tommy Douglas government in Saskatchewan that have given this nation an example of and a model for what fiscal prudence and fiscal planning are all about. It means ensuring that everyone, the least among us, is able to afford the greatest niceties in life, to enjoy as much as those with money and wealth in their pockets.



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It is about ensuring that everyone among us is able to live under his or her own fig tree, as Tommy Douglas always used to say, without fear, without worry and without trepidation, regardless of their circumstances, their abilities, their colour of skin, their sex or their gender or their geography. Here tonight we aim to try to focus the government on that principle about a balanced approach to government to ensure that everyone among us able to achieve his or her fullest potential.

● (2005)

I also speak tonight for some young kids from the Point Douglas area in my constituency, who have just had the great honour of meeting our Governor General. Point Douglas is among the poorest neighbourhoods in the country. It is a place where people struggle day to day and strive to make a difference despite great odds.

The Governor General visited this area and said the following:

Yet despite all the sadness, the fear, and the trepidation, I also met a community that had decided once and for all to break the silence and transform their community into a space where security, solidarity and compassion would prevail.

That is what this community is like. That is what so many communities across this country are like. They want to be a place of security where there is great quality of life. They expect government to work with them as partners to build those communities of safety, security, decency and civility.

That is why this budget is so important. That is why these estimates have to be dissected and debated. The government has its plans and priorities all wrong. It has followed for too long the past governments of this land that have whittled away our huge surpluses and have taken available money and put it against one cause only, and that was the debt, regardless of what difference that made in the lives of this nation.

The estimates tonight are about looking for fiscal wisdom, for balanced fiscal planning, for prudence, and for ensuring that we live up to all of our responsibilities as government. Yet the Conservative government, like the previous ones over the last 10 or 20 years, has chosen instead to invest in those areas that have the least amount of spinoff and benefit for the rest of the country but which enhance the wealth, the status and the power of a very few in our society today.

If there is anything a budget should do, anything these spending estimates should do, it should be to narrow the gap between the rich and the poor. It should be to narrow the gap between the most wealthy and the rest of Canadians. It should be to support and help ordinary families, working people like those in Transcona, Winnipeg North, Sherbrooke or Regina. People work hard in this country and they do not want a handout, as I said, but they do want the support of government to make a difference.

This budget does not do one thing to close the prosperity gap. In fact, it makes the problem worse rather than better. Let us look at the spending priorities of the government. Let us look at the fiscal management of the Conservatives. Let me look at the wisdom of a few things.

For example, the Conservatives decided to give a tax break to Canadians and reduced the GST by 1%, which cost about \$5 billion. Their own records show, by a freedom of information request

exercised by a member of the media, that in fact this \$5 billion has not made any difference in the lives of ordinary Canadians.

It has not made life easier. It has not made it possible to buy essential goods. It has not brought down the price of gas. That \$5 billion has not made housing more affordable. The government has not done anything except scatter \$5 billion across this land without any impact and without any significant or lasting end product.

Let us imagine what we could do with that \$5 billion. Let us imagine that we were going to live up to the Atlantic accord and we put \$1 billion there. Let us make sure that we at least keep our word, we would say, and then we would work on a formula that made sense.

What if we took \$1 billion of that and, instead of giving zero to our first nations communities, actually gave them \$1 billion to help them deal with decrepit housing conditions, third world housing conditions that are an embarrassment around the world? Canada has a blemished reputation around the world because of that.

What if we took \$1 billion and actually saved the child care program? What if we actually took that \$1 billion and provided families with the certainty that their kids were in a safe place when they went off to work to make a living to support themselves and their families?

● (2010)

What if we in fact saw that this money invested in day care multiplied? What if we recognized that this is not just about giving money to families? The Conservatives probably would think it is going to women who should be at home or to families who really do not need it, but in fact it is going to the ordinary families who are trying to work for a living and need care for their children.

What if we looked beyond just that issue about supporting families and looked at the economic dividends? What if we look at it as this article did in the *Winnipeg Free Press* of May 12, in an article by Laura Rance? A researcher showed, says Rance, the following:

Her research found that 12 licensed child care nurseries providing services for just under 400 households in the Parkland region north of Riding Mountain National Park were worth \$1.73 million to the economy of six rural municipalities and five towns and villages.

As that money rippled through the economy, it produced \$2.74 million in additional direct and indirect benefits. It employed 76 people full- and part-time in addition to creating an additional 28 jobs. Meanwhile, parents using the child care services generated \$12.4 million in income.

The findings were similar in many other places, the research showed.

That is what we mean. We are not talking about frittering away money. We are talking about investing money in areas that produce multiple effects and achieve different objectives.

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In this case, we help those families support themselves. We make sure they are not under stress and their kids are not uncared for in poor and unsafe situations. Good enough, because we know the savings from that would be enormous. If we can keep families from becoming dysfunctional, if we can keep kids from falling between the cracks, we will save millions and billions of dollars down the road. What if we understood, though, that every dollar we invest in child care produced another dollar in the economy, just as the writer in the *Winnipeg Free Press* said?

The member for Selkirk—Interlake should take note of this. He should know that in fact his government has quashed all hopes for rural day care. He should know what a difference it would make to his community and to rural communities everywhere if families had the day care they needed, if workers had the jobs they wanted, and if the communities had the economic spinoffs they needed. That is just one example to think about.

Let us think about the government and its \$9.2 billion in unanticipated surplus, which is because of lowballing. That is because the Conservatives are doing what the Liberals did for all those years. They refuse to give us proper economic forecasts. Therefore, if they end up being in the position of having to spend that money on needs of Canadians, they can say, “Well, we did not know and therefore we have to put it all against the debt”. Hogwash. They knew darn well that there was extra money. They knew darn well that it was not \$9.2 billion when we got these estimates. It is now at \$9.7 billion or \$10 billion, all of it gone against the debt.

We do not disagree with some money going against the debt. We know that is important. As homeowners, we know that we have to try to pay off our mortgage as well as look after our family's needs, but we do not put all of our money against the house if our kids need to go to university and we need some of that money, or if the roof is leaking. As I have said so many times in this House, we do not just put it all in one place if there are many needs. We try to ensure that the needs of our family are met, just as a responsible government would try to ensure that the needs of all communities in this country are met.

Let us imagine if we had taken, say, \$3 billion off that \$10 billion and put it against the debt, which is reasonable. That would bring our debt to GDP ratio down to below that of most industrialized countries. Let us imagine, then, that we still had \$6 billion or \$7 billion left to help build this country. We could invest in infrastructure, where we have a \$60 billion deficit that is getting bigger every day because the bad roads are getting worse, the weak bridges are caving in, and the sewers are getting holes. Who knows? Things go from bad to worse if we do not invest. Obviously I am not a city maintenance person or an engineer, but I do know bad roads when I see them, and I know they get worse over time if we do not repair them.

What if we invested some of that money in our declining infrastructure, which would then build up the attractiveness of cities, make people enjoy their communities more, and let people get to work and home more quickly?

What if we put some of that money into environmental projects which actually would help ensure that we save this planet? What if

we took some of that money from those billions and put just a bit of it into saving the oceans?

●(2015)

We just had the David Suzuki Foundation at our committee saying the oceans are just about dead. It asked for some money to protect some marine projects. What did it get from the government? It got \$9 million. As I said at committee, never mind a drop in the bucket, it is a teardrop in the ocean.

It makes us want to cry when we see the poor judgment of the government and what it is doing to future generations. It is our environment that is at risk. It is the lives of our kids that are at risk. It is the industries and the economic sectors in this country that are at risk because we are not investing in them.

When it comes to the prosperity gap, we are at an all time high in terms of the width of that gap. In fact, the Canadian Centre for Policy Alternatives has said that we are in a situation now that we have not seen in 30 years. We are seeing those at the top end of the income scale making more in one week than a vast majority of Canadians can hope to earn in a year.

When we look at some of the executive benefits for CEO bank heads and we look at the packages they get, like the \$6 million that the head of CIBC takes home, and compare that to the fact that this is a bank that would not even pay the \$30,000 that is owed to the bank tellers. It would not even pay for the overtime worked by bank tellers. That is symptomatic of this society and this government.

We have policies now that widen the gap. Instead of dealing with the problems left by the Liberals, the Conservatives are making them worse.

For example, here are the biggest concerns that I have had with the Liberal government. It failed to keep its child care promise until 13 years after the first day that it made it. All those kids in those 13 years ended up in difficult situations and their families had to struggle even more.

It killed the national housing program, so that we are the only nation in the industrialized world that does not have a national housing policy.

It refused to address the deplorable living and housing conditions of our first nations on reserves and our aboriginal people everywhere.

It refused in fact to advance seriously on environmental projects and urban transit.

One more thing that really grates me, and I am sure others, is that it cut the core funding out of women's groups.

Today, the Liberals have the gall to stand up and complain about what the Conservatives did to take more money away so that more offices closed and more people are living with poor housing. Goodness gracious, they caused the problem in the first place, so at least stand up and admit it. At least stand up and say, “We made a mistake and we do not want the Conservatives to do the same thing”, because that was the very beginning of deep erosion in this country.

*Business of Supply*

I have seen it in my own constituency. Ten years ago the housing started to deteriorate, exactly at the same time that the Liberals cut away any programs that people could draw on to restore housing, to renew housing, to build new housing, to develop social housing, and to explore and expand co-op housing.

It all came to a dead halt. Except for the bits that the province had been able to pull together, except for the money that the NDP managed to get out of that Liberal minority government, and except for some generous charitable organizations like Habitat for Humanity, we would be nowhere.

As it is, we can put a few band-aids on the situation, but that is not going to hold us in good stead for very long. We need the federal government working in partnership with us, with communities like Winnipeg North, with Just Housing, with North End Community Renewal Corporation, with North End Women's Resource Centre, with Nadinawe, and all of the other organizations that are so determined to make a difference.

These are groups and organizations that see the value of helping others to help themselves. They only expect that much of government. I ask members today, is that too much for us to expect of our government?

● (2020)

**Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC):** Mr. Speaker, I want to correct the member who said that the only government that has ever done anything for the disabled was the Manitoba government. She is wrong.

She talked about her disabled son. I want to remind her that she would probably enjoy the Canada disability savings grant of \$1,000 annually to promote the financial security of the children of lower income families. Many parents of disabled children asked for the registered disability savings plan, which will help parents to save money and care for their families.

We cannot forget the \$45 million of the new enabling accessibility fund to help Canadians recovering from or dealing with challenges to participate in their communities.

The hon. member talked about child care. We have a plan. We have a strategy and it is comprehensive. It is three tiered. We work with the provinces and will allocate \$250 million for them to create spaces. We work with businesses and we have given them tax incentives to put toward creating spaces in their business, up to \$10,000 through taxation.

Most of all we have given families the universal child care benefit of \$100 to each and every child under the age of six. There is a \$2,000 tax benefit that goes to every child under the age of 18.

I remind the member, when she is acknowledging the good news that our budgets have brought, that we do have a strategy. It is comprehensive and we do have a vision, far from what I have seen.

When she speaks of Tommy Douglas some days, I wish he was back because right now we are under an NDP regime in Saskatchewan and it is not very sweet.

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, I obviously disagree almost completely with the member. She misses the point and that

has been the problem with this whole budget. Little tax credits, deductions, and tax incentives do not create programs that make a difference and ensure that everyone is able to be treated equally.

A tax credit for people with disabilities will help those who have put away all kinds of money. How many people with disabilities does the parliamentary secretary know that are so wealthy they can put aside all this money so that they can then have tax credits to support themselves in their adult lives? It does not make any sense.

Does she know how far that money would go if in fact we took the money for that tax credit and put it into housing for people with disabilities, into programs that gave better salaries to the people who look after those people with disabilities, and if we helped to support communities rather than to give out little tax incentives that do not go very far?

Let us look at a similar tax incentive, the child tax credit. How is it that the government can stand and support a tax credit that actually gives more money to a family with one person at home that is making \$100,000? That family gets more of a child tax credit than a single parent mother making less than \$30,000. How is that justice? Would we not want to try to correct those kinds of inequities?

Let me quote what the Child Care Advocacy Association of Canada said about child care at our hearings just a week or two ago. It said:

This budget represents a loss to communities, to families, and to children. Almost \$1 billion in committed child care funding is being taken away. It's a cut of \$27 million to the children of Saskatchewan alone.

Let me say one more thing. I want to quote from the Muttart Foundation, a very respectable organization that gets rolls of money from government and had the gumption to speak up about cuts to literacy and other programs. This letter says:

—programs that assist the disabled, programs that improve the welfare of young children, the program changes announced this week disproportionately affect the most vulnerable in our country and the agencies that have tried to work with them.

Moreover, elimination of such programs as the First Nations and Inuit Tobacco Reduction Strategy, reduction in health-research grants, even the social economy initiative which held out hope for new ways of caring for people, all will have significant negative impacts on Canadians and the voluntary agencies that serve them.

We also mourn the loss of those programs which supported alternative means of researching and developing public policy. All good ideas do not come from government, as you have noted. But the elimination of funding that created capacity in voluntary agencies to engage in policy work will mean that only those—

● (2025)

**Mr. James Moore (Parliamentary Secretary to the Minister of Public Works and Government Services and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, I have two comments.

*Business of Supply*

First, my colleague, the finance critic from the NDP, does not seem to understand the difference between tax credit and tax deduction. She said that tax credits result in no economic activity that help Canadians. She should know that a tax credit means if people have no tax liability, they actually get money. A tax deduction is money taken away. Tax credits actually invest money in the economy.

Second, I wish my colleague would be a little less insulting of Canadians. I look around this room and see my colleagues from York and PEI and my friends from Saskatoon, Quebec and Rimouski. There is not a member in the House who does not believe in supporting Canadians and helping kids. We just have different ways of getting there.

Conservatives believe in empowering families through lower taxes and economic growth and giving parents more choice in how they want to raise their kids. We have a different way of doing things and the NDP has a way of doing things. Neither she nor I care any less or more about kids than the other. I will not impugn her motives because her political ideology is different than mine.

I wish she would perhaps show a little more sophistication in terms of respecting the intelligence of Canadians as they choose which political party best represents the best way to get to what we all want, which is a strong Canada.

OPPOSITION MOTION—EQUALIZATION PROGRAM AND ATLANTIC ACCORDS

The House resumed consideration of the motion.

**The Deputy Speaker:** It being 8:30 p.m., pursuant to order made earlier today, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the business of supply.

[*Translation*]

Call in the members.

- (2050)

*And the bells having rung:*

**The Speaker:** The first question is on the opposition motion in the name of the member for Labrador, relating to the business of supply.

- (2100)

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

*(Division No. 199)*

## YEAS

## Members

Alghabra	Angus
Asselin	Atamanenko
Bachand	Barbot
Barnes	Beaumier
Bélangier	Bell (Vancouver Island North)
Bell (North Vancouver)	Bellavance
Bennett	Bevilacqua
Bevington	Bigras
Black	Blaikie
Blais	Bonin
Bonsant	Boshcoff
Bouchard	Bourgeois

Brown (Oakville)
Byrne
Casey
Charlton
Christopherson
Comartin
Crowder
Cullen (Etobicoke North)
D'Amours
DeBellefeuille
Deschamps
Dhaliwal
Dion
Duceppe
Eyking
Folco
Fry
Godfrey
Goodale
Guay
Holland
Ignatieff
Julian
Karetak-Lindell
Kotto
Laframboise
Lavallée
LeBlanc
Lemay
Lévesque
MacAulay
Malo
Marleau
Martin (LaSalle—Émard)
Masse
Matthews
McDonough
McKay (Scarborough—Guildwood)
Ménard (Hochelaga)
Murphy (Moncton—Riverview—Dieppe)
Nadeau
Neville
Pacetti
Patry
Perron
Plamondon
Proulx
Regan
Rota
Russell
Scarpaleggia
Sgro
Silva
Simms
St-Hilaire
St. Denis
Stoffer
Telegdi
Basques)
Tonks
Vincent
Wappel
Wilfert
Wrzesnewskyj— 149

Brunelle
Carrier
Chamberlain
Chow
Coderre
Crête
Cullen (Skeena—Bulkley Valley)
Cuzner
Davies
Demers
Dewar
Dhalla
Dosanjh
Easter
Faille
Freeman
Gaudet
Godin
Guarnieri
Guimond
Hubbard
Jennings
Kadis
Karygiannis
Laforest
Lalonde
Layton
Lee
Lessard
Lussier
Malhi
Maloney
Marston
Martin (Sault Ste. Marie)
Mathysen
McCallum
McGuinty
McTeague
Ménard (Marc-Aurèle-Fortin)
Murphy (Charlottetown)
Nash
Owen
Paquette
Pearson
Picard
Priddy
Redman
Robillard
Roy
Savoie
Scott
Siksay
Simard
St-Cyr
St. Amand
Steckle
Szabo
Thibault (Rimouski-Neigette—Témiscouata—Les
Valley
Volpe
Wasylycia-Leis
Wilson

## NAYS

## Members

Ablonczy
Allen
Anders
Batters
Bezan
Blaney
Breitkreuz
Brown (Barrie)
Calkins
Carrie
Chong
Cummins
Day
Devolin
Dykstra

*Business of Supply*

Emerson	Epp
Fitzpatrick	Flaherty
Fletcher	Galipeau
Gallant	Goldring
Goodyear	Gourde
Grewal	Guergis
Hanger	Harris
Harvey	Hawn
Hearn	Hiebert
Hill	Jaffer
Jean	Kamp (Pitt Meadows—Maple Ridge—Mission)
Khan	Komarnicki
Kramp (Prince Edward—Hastings)	Lake
Lauzon	Lukiwski
Lunn	Lunney
MacKay (Central Nova)	MacKenzie
Manning	Mark
Mayes	Merrifield
Miller	Mills
Moore (Port Moody—Westwood—Port Coquitlam)	
Moore (Fundy Royal)	
Nicholson	Norlock
O'Connor	Obhrai
Oda	Pallister
Paradis	Petit
Poillievre	Prentice
Preston	Rajotte
Reid	Richardson
Ritz	Scheer
Schellenberger	Shipley
Skelton	Smith
Solberg	Sorenson
Stanton	Storseth
Strahl	Sweet
Thompson (New Brunswick Southwest)	Tilson
Toews	Trost
Tweed	Van Kesteren
Van Loan	Vellacott
Verner	Wallace
Warawa	Warkentin
Watson	Williams
Yelich— 111	

## PAIRED

Nil

**The Speaker:** I declare the motion carried.

\* \* \*

[English]

## MAIN ESTIMATES 2007-08

The House resumed consideration of the motion.

**The Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**An hon. member:** On division.

**The Speaker:** I declare the motion carried.

(Motion agreed to)

**Hon. Vic Toews (President of the Treasury Board, CPC)** moved that Bill C-60, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2008, be now read the first time.

(Motion deemed adopted and bill read the first time)

**Hon. Vic Toews** moved that the bill be read the second time and referred to committee of the whole.

**The Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**An hon. member:** On division.

**The Speaker:** I declare the motion carried. Accordingly, the bill stands referred to a committee of the whole.

I do now leave the chair for the House to go into committee of the whole.

(Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Blaikie in the chair)

**The Chair:** On Clause 2

Order. House in committee of the whole on Bill C-60.

**Hon. Raymond Simard (Saint Boniface, Lib.):** Mr. Chair, I would like to ask the President of the Treasury Board if the bill is in its usual form.

**Hon. Vic Toews (President of the Treasury Board, CPC):** Mr. Chair, the form of this bill is essentially the same as that passed in previous supply periods.

**The Chair:** Shall Clause 2 carry?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

(Clause 2 agreed to)

• (2105)

**The Chair:** Shall Clause 3 carry?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

(Clause 3 agreed to)

[Translation]

**The Chair:** Shall Clause 4 carry?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

(Clause 4 agreed to)

[English]

**The Chair:** Shall Clause 5 carry?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

(Clause 5 agreed to)

**The Chair:** Shall Clause 6 carry?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

(Clause 6 agreed to)

**The Chair:** Shall Clause 7 carry?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

(Clause 7 agreed to)

[Translation]

**The Chair:** Shall Schedule 1 carry?

**Some hon. members:** Agreed.

*Adjournment Proceedings*

**Some hon. members:** On division.  
(Schedule 1 agreed to)

**The Chair:** Shall Schedule 2 carry?

**Some hon. members:** Agreed.

**Some hon. members:** On division.  
(Schedule 2 agreed to)

[*English*]

**The Chair:** Shall Clause 1 carry?

**Some hon. members:** Agreed.

**Some hon. members:** On division.  
(Clause 1 agreed to)

**The Chair:** Shall the preamble carry?

**Some hon. members:** Agreed.

**Some hon. members:** On division.  
(Preamble agreed to)

**The Chair:** Shall the title carry?

**Some hon. members:** Agreed.

**Some hon. members:** On division.  
(Title agreed to)

**The Chair:** Shall the bill carry?

**Some hon. members:** Agreed.

**Some hon. members:** On division.  
(Bill agreed to)

**The Chair:** Shall I rise and report the bill?

**Some hon. members:** Agreed.  
(Bill reported)

[*Translation*]

**Hon. Vic Toews** moved that Bill C-60, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2008 be concurred in at report stage.

[*English*]

**The Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** On division.  
(Motion agreed to)

**The Speaker:** When shall the bill be read a third time? By leave now?

**Some hon. members:** Agreed.

**Hon. Vic Toews** moved that the bill be read a third time and passed.

**The Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

**The Speaker:** I declare the motion carried.  
(Motion agreed to, bill read the third time and passed)

---

## ADJOURNMENT PROCEEDINGS

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

•(2110)

[*Translation*]

### OFFICIAL LANGUAGES

**Mr. Richard Nadeau (Gatineau, BQ):** Mr. Speaker, I wish to speak in this adjournment debate because of a question I raised on May 15, 2007.

I had asked the Minister for la Francophonie and Official Languages some questions following certain events and decisions taken by the government. The questions had to do with the text panels filled with errors in French at Vimy, the appointment of a unilingual English ombudsman for victims of crime, and the elimination of compulsory bilingualism for the senior ranks of the army. On those issues, we wanted to know what the Prime Minister or the minister had to say to the Commissioner of Official Languages regarding the way the Conservative government is trampling the rights of linguistic minorities. The situation is not getting any better in that regard, especially considering the court challenges program.

Today in the Standing Committee on Official Languages we had the pleasure of receiving the Commissioner of Official Languages. He told us that the Conservative government is absolutely not obeying former Bill S-3, which was passed during the last Parliament and implemented things and gave more teeth to the Official Languages Act, to section 7 among other things. Eliminating the court challenges program is another breach of the act.

The Prime Minister tells us that he wants to eliminate this program because his government will respect the Canadian Constitution and we will therefore no longer need the court challenges program. The Commissioner of Official Languages made it quite clear that we do indeed need this type of program. Furthermore, Mr. Matte, the chair of the court challenges program, and Gisèle Lalonde, who advocated for the Montfort Hospital thanks to this program, illustrated the need for this program.

The federal government cannot force a province, a school board or any agency in society that does not recognize or respect the Canadian Constitution. In Canada, some citizens have to pressure the government through the court in order to have their rights respected and the government shows up with a whole host of lawyers. These agencies do not have the money they need to deal with the expertise before them. The court challenges program is so very necessary.

In light of this situation, I want to know what my Conservative colleagues have to say to the Commissioner of Official Languages about their non-respect for the application of the Official Languages Act, with respect to the examples I have just given.

*Adjournment Proceedings*

**Mrs. Sylvie Boucher (Parliamentary Secretary to the Prime Minister and Minister for la Francophonie and Official Languages, CPC):** Mr. Speaker, I want to thank you for this opportunity to respond to the hon. member for Gatineau concerning the recent report of the Commissioner of Official Languages and the work of the government to support linguistic minority rights.

Our government is firmly committed to supporting and promoting official language minority communities. We have signed agreements with the provinces and territories on services and education to the tune of \$1.18 billion over four years. Dozens of other funding agreements with groups and community organizations have also been concluded, as well as cooperation agreements with the provinces and territories on minority language services to the tune of \$64 million over four years.

The Minister for la Francophonie and Official Languages announced support for the construction and expansion of school-community centres in New Brunswick, Saskatchewan and the Northwest Territories. By providing better programs and services in French-language day cares, schools and universities, where francophones are in the minority, our goal is to allow young Canadians to start, continue and complete their studies in their language.

In addition, the Government of Canada is allocating \$80 million per year to second language education programs to support official language education for 2.4 million young Canadians. Our government recognizes that official language minority communities face huge challenges, and we want to support them in a very real way through investments designed to help them develop and thrive.

In October, the Minister for la Francophonie and Official Languages co-chaired the Ministerial Conference on the Canadian Francophonie. There is a great spirit of cooperation among various levels of government, a spirit of cooperation that has enabled us to support minority rights. In that respect, I am delighted that Quebec has once again become a full partner in our efforts to support la Francophonie. Quebec is the cradle of Canadian Francophonie, and the support of our partners in Quebec is vital to the development of French throughout Canada.

Cooperation with our partners has had a number of positive results, including: an education agreement with Ontario worth over \$300 million for 2005-06 to 2008-09 to support minority language education and second language learning; a special agreement with New Brunswick to establish two school and community centres; funds to set up a New Brunswick institute to support the development of second language education across Canada; and financial support for various festivals and cultural events, such as the Franco-Ontarian Festival, *L'écho d'un peuple* in Ontario, Quebec 2008 and the États généraux des arts et de la culture in Caraquet.

Furthermore, with respect to immigration, the government has developed a plan to encourage francophone immigrants to settle in minority language communities. This is crucial to the future and the vitality of official language minority communities. With this summary—

• (2115)

**The Deputy Speaker:** I am sorry to have to interrupt the hon. member for Beauport—Limoilou.

The hon. member for Gatineau.

**Mr. Richard Nadeau:** Mr. Speaker, once again, the government members are not answering the question. The court challenges program was eliminated. This violates the Official Languages Act. It was done in a cavalier manner. The Minister of Canadian Heritage and Status of Women simply announced to the people who work in the court challenges program that the program had been cut and would come to an end. The evaluations of the program conducted in 1997 and 2003 were not even taken into account. The cut was based on ideology.

This file is damaging to French-language minority communities, just as it is damaging to anyone who believes the Constitution should protect the rights of vulnerable people in our society. Furthermore, the Commissioner of Official Languages and other key players in Quebec and Canadian society have demonstrated that this program has helped to strengthen the fight against assimilation. It is a very important tool for those communities.

**Mrs. Sylvie Boucher:** Mr. Speaker, the government is taking decisive and concrete action with regard to official languages and minority rights. We are making new investments to ensure the development of both official languages throughout the country. In April, we announced that five minority communities would participate in a pilot project to analyse the effects of French-language enriched services on linguistic, cultural and overall development of pre-school children. Our government has made a commitment of \$10.8 million over five years for this pilot project.

*Adjournment Proceedings*

In budget 2007, the government increased funding for official language minority communities by an additional \$30 million over two years. These monies will finance cultural and extra-curricular activities, community centres as well as activities that will help enhance the benefits related to linguistic duality for children. This is in addition to the \$751.3 million over five years provided by the action plan for official languages.

●(2120)

**The Deputy Speaker:** The motion to adjourn the House is now deemed to have been adopted. This House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 9:21 p.m.)

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