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Thursday, May 3, 2001

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Thursday, May 3, 2001

The House met at 10 a.m.

Prayers

• (1000)

[*Translation*]

MESSAGE FROM THE SENATE

The Acting Speaker (Ms. Bakopanos): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed certain bills, to which the concurrence of this House is desired.

ROUTINE PROCEEDINGS

[*English*]

PARLIAMENTARY BUILDINGS ADVISORY COUNCIL

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Madam Speaker, I am proud to table this morning a report from the Parliamentary Buildings Advisory Council, entitled “The Hill: Past, Present, Future”.

[*Translation*]

I am tabling as well the working document, “A Legacy for Future Generations: The Long Term Vision and Plan for the Parliamentary Precinct”.

* * *

[*English*]

HEALTH

Hon. Allan Rock (Minister of Health, Lib.): Madam Speaker, I am pleased to table draft legislative proposals as well as accompanying documents to set the framework for the regulation of assisted human reproduction.

• (1005)

[*Translation*]

I intend to ask the Standing House Committee on Health for its comments on these proposals.

[*English*]

I believe it is important that members of parliament have an opportunity to reflect upon the draft legislation and to lead a non-partisan dialogue with Canadians in relation to this important issue.

* * *

GOVERNMENT RESPONSE TO PETITIONS

Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Madam Speaker, pursuant to Standing Order 36(8) I have the honour to table, in both official languages, the government’s response to five petitions.

* * *

[*Translation*]

COMMITTEES OF THE HOUSE

JUSTICE AND HUMAN RIGHTS

Hon. Andy Scott (Fredericton, Lib.): Madam Speaker, I have the honour to present, in both official languages, the second report of the Standing Committee on Justice and Human Rights.

[*English*]

Pursuant to the order of reference of Monday, March 26, your committee has considered Bill C-7, an act in respect of criminal justice for young persons and to amend and repeal other acts, and has agreed to report it with amendments.

TRANSPORT AND GOVERNMENT OPERATIONS

Mr. Ovid Jackson (Bruce—Grey—Owen Sound, Lib.): Madam Speaker, I have the honour to present the second report of the Standing Committee on Transport and Government Operations on Bill C-14, which deals with the Shipping Act. The bill is presented to the House with amendments and in both official languages.

* * *

SIR JOHN A. MACDONALD DAY AND THE SIR WILFRID LAURIER DAY ACT

Mr. John Godfrey (Don Valley West, Lib.) moved that Bill S-14, an act respecting Sir John A. Macdonald Day and Sir Wilfrid Laurier Day, be read the first time.

(Motion agreed to and bill read the first time)

*Routine Proceedings***PATENT ACT**

Hon. Don Boudria (for the Minister of Industry) moved that Bill S-17, an act to amend the Patent Act, be read the first time.

(Motion agreed to and bill read the first time)

* * *

PETITIONS

KIDNEY DISEASE

Mr. Peter Adams (Peterborough, Lib.): Madam Speaker, I am pleased to present a petition on behalf of citizens of Peterborough who would like to see the Canadian Institutes of Health Research modified to better include kidney research.

They call upon parliament to encourage the Canadian Institutes of Health Research to explicitly include kidney research as one of the institutes in its system to be named the kidney and urinary tract institute.

VIA RAIL

Mr. Peter Adams (Peterborough, Lib.): Madam Speaker, I have yet another petition from citizens of Peterborough who would like to see VIA commuter service re-established between Toronto and Peterborough. They point to the environmental benefits of that, for example, the reduction in greenhouse gas emissions, reduction of accidents on the highways and congestion.

The petitioners also point to the way this would strengthen Peterborough as a business centre, as an educational centre and as a tourist centre. They call upon parliament to authorize the commencement of VIA service between Peterborough, Ontario and Toronto as soon as possible.

I would point out that this is a petition which has support in the federal ridings of Haliburton—Victoria—Brock, Durham, Whitby—Ajax, Pickering—Ajax—Uxbridge and Markham.

• (1010)

KIDNEY DISEASE

Mr. Peter Adams (Peterborough, Lib.): Madam Speaker, lastly, if I might, I have another petition related to kidney research. This is from people across Canada who, with Ken Sharp of Peterborough, would like to see more research done in Canada toward developing the bioartificial kidney, which is an implant that would replace kidney transplantation and dialysis as the only means of treating end stage kidney disease.

FALUN GONG

Mr. Tony Tirabassi (Niagara Centre, Lib.): Madam Speaker, I submit the following petition asking parliament to urge the Chinese government to stop persecuting Falun Gong practitioners and to lift the ban of Falun Gong practice.

[Translation]

MINING INDUSTRY

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, I am tabling a petition signed by the residents of Val-d'Or and of the Vallée de l'Or RCM, and by workers at the Beaufor and Sigma-Lamaque mines.

This petition states that the government ought to take action to increase its presence and its involvement in resource regions that are having trouble adjusting to the new economy, and to make the rules for its existing programs less stringent and ensure that they are used in the resource regions.

* * *

QUESTIONS ON THE ORDER PAPER

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

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

Some hon. members: Agreed.

[English]

Mr. Peter Stoffer: Madam Speaker, I rise on a point of order. I apologize to the House for being a bit delayed this morning, but I was wondering if I may seek unanimous consent to introduce a private member's bill which would amend the Income Tax Act (volunteers).

The Acting Speaker (Ms. Bakopanos): Does the hon. member have unanimous consent?

Some hon. members: Agreed.

* * *

INCOME TAX ACT

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP) moved for leave to introduce Bill C-342, an act to amend the Income Tax Act (volunteers).

He said: Madam Speaker, I thank all members of the House for allowing me to introduce the bill.

The bill recognizes that this is the international year of the volunteer. The bill would amend the Income Tax Act to allow all volunteers, who donate a minimum of 250 hours a year or more to a registered service, charity or non-profit sporting organization, to a tax deduction of up to \$1,000. This would be similar to the tax deduction claimed by individuals who give cash contributions.

In my conversations with charity groups across the county, they think they would support the legislation. I look forward to its speedy passage. Again, this is another great idea by the NDP.

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

GOVERNMENT ORDERS

• (1015)

[English]

COMPETITION ACT

Bill C-23. On the Order: Government Orders

April 4, 2001—the Minister of Industry—Second reading and reference to the Standing Committee on Industry, Science and Technology of Bill C-23, an act to amend the Competition Act and the Competition Tribunal Act.

Hon. Lawrence MacAulay (for the Minister of Industry) moved:

That Bill C-23, an act to amend the Competition Act and the Competition Tribunal Act, be referred forthwith to the Standing Committee on Industry, Science and Technology.

Mr. John Cannis (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, the purpose of the motion is to provide members of the House with a greater role in preparing legislation through House of Commons committees. It is only the third of three bills referred to committee before second reading in this parliament.

On behalf of the Minister of Industry I am very pleased that Bill C-23, an act to amend the Competition Act and its related statute, the Competition Tribunal Act, will be referred forthwith to the Standing Committee on Industry, Science and Technology. This will give members of parliament a greater role in the development and passage of legislation. It should also be noted that this government bill was developed on the principles underlying four private members' bills.

The initiatives proposed in the bill would ensure that key marketplace framework laws remain effective and efficient in promoting and protecting competition to the benefit of consumers and the business community.

The Competition Act maintains and encourages competition in order to enhance economic welfare, to ensure that small and medium size enterprises have an equitable opportunity to participate in the Canadian economy, and to provide consumers with competitive prices and product choices.

Last year the competition bureau, with the assistance of the public policy forum, undertook extensive consultations on the principles underlying four private members' bills that proposed amendments to the Competition Act. Stakeholders representing

consumers, businesses, and the legal and academic communities were encouraged to provide their views. The bill is the product of that consultation process.

The bill proposes improvements to the Competition Act and the Competition Tribunal Act in four key areas: first, prohibiting deceptive contests; second, broadening the scope under which the tribunal may make temporary orders; third, streamlining the competition tribunal processes; and, fourth, facilitating co-operation with foreign competition authorities.

Let me say a bit about deceptive contests. Accurate information in the marketplace is critical to all Canadians. In 1999 provisions were introduced to the Competition Act to address telemarketing scams. However the competition bureau's crackdown on deceptive telemarketers has caused some con artists to migrate to other technologies such as mail and the Internet.

Deceptive contests involve the mass mailing of announcements which tell recipients that they have won a valuable prize. Sometimes the prospective victim is told that he or she must first pay a fee or taxes before delivery. In other cases the recipient is duped into telephoning a toll number to obtain further details or to claim the prize. In most cases the prize turns out to be worthless or of minimal value. That pales in comparison to the charges the recipient incurs.

The bill creates a new criminal offence to combat deceptive contests sent by mail or the Internet. This new provision will prohibit any person from sending by mail or otherwise material which gives the general impression that the recipient has won a prize and that in order to receive such a prize he or she must make a prior payment of money or incur a charge such as a telephone toll.

I will say a bit about temporary orders. Complex competition cases can often require extensive investigation by the competition bureau before any proceedings are commenced with the competition tribunal. In cases of serious anti-competitive conduct a victim might very well have gone out of business before the issue is resolved.

Effective enforcement of our competition laws calls for powers to put an immediate temporary halt to anti-competitive conduct where circumstances warrant. This type of injunctive power is presently available with respect to alleged offences under the criminal provisions of the Competition Act and with respect to the civil reviewable provisions once proceedings have been commenced before the tribunal.

Except in the case of a merger there is presently no interim remedy available to prevent anti-competitive conduct while the Competition bureau is investigating a matter but has not yet filed a case with a tribunal. The bill would fill that gap by enabling the

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tribunal to issue temporary orders on application of the commissioner of competition.

● (1020)

Turning to streamlining competition tribunal processes, it is important that the competition tribunal not be impaired in its ability to make timely and relevant decisions. The proposals in the bill would amend the Competition Act and the Competition Tribunal Act to streamline the tribunal processes in three key areas.

First, the tribunal would be empowered to make an award of costs in order to discourage frivolous or vexatious litigation.

Second, the tribunal would be able to summarily dispose of an application without having gone through a full hearing in cases where there is no genuine issue or genuine defence.

Third, a means would be created by which references would be brought to the tribunal on a specific issue. In some cases the outcome of a tribunal case might depend on a single pivotal issue such as the appropriate definition of the market. An early ruling might obviate the need for a full hearing on all the remaining issues. These streamlining measures are consistent with similar procedures followed by most courts.

Facilitating international co-operation is very important. Continuing technological changes and falling trade barriers today have resulted in a rapidly changing global economy. It also raises the risk that the effects of anti-competitive conduct will spill across borders and that the evidence necessary to combat this activity will be located outside Canada. For these reasons we need to be able to exchange information with competition authorities for the purpose of evidence gathering if we are to ensure that our competition laws remain effective.

One of the key objectives of the bill is to provide for enhanced international co-operation on competition matters. There is no better example that I can provide of the benefits that flow from international co-operation than the recent series of cases involving international price fixing cartels. Let me point out that in the last few years there have been over 40 convictions of multinational corporations for price fixing offences under the Competition Act, resulting in fines in excess of \$160 million.

These remarkable achievements in anti-cartel enforcement were due to the regime of international co-operation for criminal matters under the mutual legal assistance treaty. A similar tool is now required for the civil provisions of the Competition Act.

Canadians are being well served by our competition laws. The amendment initiatives before us today represent the latest step in a continuing legislative evolution which will ensure that Canadians and Canadian competition laws remain up to date and operate effectively and efficiently.

At this juncture I commend the member for Pickering—Ajax—Uxbridge, the member for Kitchener Centre and the member for Notre-Dame-de-Grâce—Lachine who worked diligently and hard through their private members' initiatives in shaping these amendments.

I note in closing that the public policy forum concluded from consultations that a consensus on private access might be possible. While there have been significant concerns expressed by some stakeholders on the subject, it has evoked some strong support from other quarters. This motion will give the committee the opportunity to explore the benefits and necessity of such a proposal. I personally look forward to seeing whether the committee can find consensus in this area.

I ask that the bill be referred to the House of Commons Standing Committee on Industry, Science and Technology before second reading. I look forward to hearing the committee's views on the government's proposed amendments.

Mr. Werner Schmidt (Kelowna, Canadian Alliance): Madam Speaker, it is indeed a beautiful morning and we have a beautiful piece of legislation to start the day off. I commend the parliamentary secretary opposite. This piece of legislation, although far from perfect, is a piece of legislation that we have to look at with some favour.

As the parliamentary secretary declared, the competition bureau has served Canadians well. Although many Canadians who have made appeals and requests of the competition bureau have not always received the redress they desired, or they were not dealt with as speedily as they should have been, it has served Canadians relatively well.

There were some deficiencies in the act which are being addressed this morning. I commend the government for bringing the bill forward.

● (1025)

For the benefit of our viewers this morning I should like to review some of the things the bill will actually do. First, it would facilitate the co-operation between Canadian and foreign competition authorities regarding evidence gathering or civil competition matters.

This is pretty significant. We are getting into a global economy. Industries are operating in other countries. Certain countries are becoming highly specialized in some areas and other countries in others. There is need for international trade. There is need to recognize our respective strengths and weaknesses and to co-operate in developing how we might do it best.

There is a greed element that comes into society every once in a while. Some people want to sort of dominate, take a dominant position in industry, and make everybody kowtow to their particu-

lar desires. We need to recognize that we need protection domestically. We also need protection internationally so that there is a fair and reciprocal exchange of information and that the rules of gathering information are comparable.

It would prohibit deceptive notices of a prize aimed at the general public and sent through the mail or Internet. I am sure all members of the House are aware that there are certain unscrupulous promoters out there who provide prizes. They make people think they are getting something. They receive phone calls congratulating them and telling them that we have won a \$50 prize, only to discover that to collect the prize they have to send in \$5, \$10 or some other amount. Then they are thanked for the \$10 and they discover that the prize is not really worth \$50. It is a scam. It is amazing how many people have been fooled by so-called prizes. They are not prizes at all.

I remember one case mentioned before the industry committee involving the winning of a prize that was worth roughly \$50,000. In order to collect the prize the person had to invest \$10,000 and the prize was not forthcoming. This is a very significant amendment to the legislation.

Third, it would streamline the competition tribunal processes by providing the tribunal with a power to award costs, to make summary dispositions and to determine references.

We need to look at three points in this area. Sometimes people feel that some other group is unfairly competing with them when the competition is quite fair. They submit frivolous requests to the tribunal which wastes a lot of time and is not productive. These frivolous requests are added to a long list of other legitimate requests. The provision to avoid frivolous applications to the competition bureau is a reasonable one.

We should also look at the scope under which the competition bureau may issue temporary orders. That scope has now been broadened. I cannot emphasize that enough, because there are times when the competition bureau could deal with something that it is currently not empowered to deal with, simply because it is so restricted as to what it may deal with. Let me read a couple of things that can now happen.

At the present time an interim order can be issued by the competition tribunal only after litigation has begun. This lengthy period of time may elapse before the protective action is taken, with the consequence that the target of anti-competitive behaviour may already have taken place and have driven some people out of business.

That is difficult. I cannot help but refer to a particular case that happened in my constituency. I was able to assist a small company that had annual sales of roughly \$3 million to \$6 million. The source of material which it distributed was being stopped. It could not be supplied with material any longer because the suppliers wanted it themselves. They did not indicate the last part. They

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simply said they would not provide the material anymore, which meant they could not do business any longer. There was literally a domination in the marketplace. I think it was three companies that had 85% or 90% of the market. They said they could have the rest of the market, putting them into a monopoly situation.

• (1030)

On principle I object to any kind of monopoly. This particular case went to the competition bureau. The bureau had some difficulty dealing with this case but over time gradually saw the merits of the case and dealt with it. The case went to court and an injunction was issued. The companies that had taken advantage of their dominant position had to supply the material. These individuals are now in business and going forward.

Had the tribunal not been able to act in this case, the company would have been broke today. Had there not been a recognition by the tribunal that some serious injustices were taking place, these poor people would be bankrupt, having sunk a lot of money into their business. They still have not finished. They now have to recognize and claim for damages experienced as a result of the anti-competitive behaviour by these people. It looks like that is going forward. I cannot speak about it any further because it is before the courts. I hope it is resolved in favour of this small company and that it recovers its costs.

Some major changes were made to the Competition Act in 1999. I distinctly remember the debate which took place with regard to fraudulent telemarketing and the business of tied selling. This is when a company puts a condition on a price for a particular article. In other words, to get that price one must buy something else. For example, banks, and sometimes other institutions, say that if one buys a particular insurance policy, it will give it to the individual for a special rate, but to get that rate the individual also has to take a mortgage with the bank.

Also, there is the bundling of services to get a better price. For example, to get a lower price from the bank, a customer would have to take the whole package, such as a savings account, a current account, a chequing account and perhaps insurance. There is nothing wrong with that except when it becomes a condition. It really becomes a judgment call as to when one is a condition on the other.

Tied selling is one of those things that the Competition Act says should not ever be done. I agree with this. The question now becomes one of interpretation or one of judgment as to when it happens.

In my final minute I want to suggest the need for government to recognize that not only should the Competition Act be amended as suggested, it should to go beyond that. There are a couple of other proposals that would improve the Competition Act even further. That has to do with the distinction between criminal and civil cases.

*Government Orders**[Translation]*

Mr. Pierre Brien (Témiscamingue, BQ): Madam Speaker, this morning we are debating Bill C-23, an act to amend the Competition Act and the Competition Tribunal Act.

In essence the bill brings together a number of initiatives from MPs' private members bills. It is a bit of a cobble of a number of bills and initiatives proposed by various members on, among other things, the practices and procedures of the competition tribunal.

There are four aspects to the bill. One concerns changes to the procedures of the competition tribunal in order to make it more effective.

• (1035)

Another aspect concerns the interim orders the competition tribunal can issue to prevent situations causing such lengthy prejudice that a corporation, even if it knows it is causing a prejudice, will eliminate a competitor and prevent his or her subsequent return.

The aim of it is to eliminate a practice that could make it advantageous to behave illegally, since it means that competitors will be eliminated and that the price to pay for this is perhaps less than the value of the resultant benefit. The tribunal could have more teeth and greater effectiveness as regards these two aspects.

There are also amendments to facilitate international co-operation. In this age of globalization and rapidly evolving communications technologies, we now know that greater international co-operation is needed to improve the effectiveness of the consumer protection measures in the Competition Act.

A fourth aspect of the bill, which everyone has heard about and which is perhaps the simplest to understand, includes amendments to prohibit deceptive contests, the kind that suggest we have won something and must pay money to receive our prize. The bill contains provisions which make it an offence to send a deceptive notice by electronic or regular mail to an individual suggesting that he or she has won a prize and must pay money to receive it. We know that this kind of practice very often leads to abuses and questionable situations.

I therefore urge everyone to exercise the greatest caution. When people win something and have entered no contest they should be on their guard. There is something very fishy about this and, in general, the problems will be greater than the rewards. There have been so many abuses in this area that the time has come for legislators to send a clearer message that these practices will be dealt with much more severely.

The bill has many laudable goals. We will obviously have to examine it in greater detail in parliamentary committee. Then we will debate it in the House again. We will be able to hear from witnesses on various subjects they feel we should know more

about. We will also have to take into account the jurisdictions of the various levels in order to ensure that the bill respects the work already being done by the provinces. I am thinking, for instance, of Quebec, with its Consumer Protection Act.

Before having had the opportunity to examine the bill in detail, one has to wonder how it will ensure that consumers are well protected when a province already has consumer protection legislation to regulate such practices and the federal government gets involved with the Competition Act? There is a grey area but I am sure that the work done in committee will shed more light on this issue.

This is what the bill is all about. My disappointment has to do with the fact that while the government is dealing with competition issues, one of the great frustrations and concerns of consumers right now is the gasoline issue and the behaviour of the oil industry.

If the government is serious about finding tools to improve business and competitive practices, the oil industry definitely deserves greater attention because gas prices are reaching record levels and are constantly increasing. The prospect of paying even more for a litre of gas is a major concern to consumers, to those whose livelihood is dependent on an industry in which transportation is an important component and to those who live in regions where transportation is an unavoidable reality and a major production cost.

That is the case in a region like mine, the Abitibi-Témiscamingue. We have to make heavy use of trucking to get our products out and others in, which adds considerably to our production costs. It affects agriculture and it affects the trucking industry. In the urban centres, it affects the taxi industry. Thus there are many groups affected by the rise in prices. I do not need to list them all but many people are seriously penalized by high gasoline prices.

• (1040)

It is not true that the increase in the price per barrel is the only reason we are paying such a high price at present. The trade practices of the major oil companies are dubious, to say the least, and unfortunately are not being given any specific scrutiny by the government.

We would have liked to have seen action on a number of fronts, such as, first, in the short term, helping out the consumer by doing something about the tax in order to keep the prices down. At the same time, however, something needs to be done about the variables of competition.

There is no way I will ever be convinced that it is normal competitive practice for major competitors such as the big oil companies to always all have the same prices at the same time, for gas stations on four corners of an intersection to raise prices at exactly the same time in one place, while another place only a few

kilometres away will have different prices. The transportation variable does not explain these price differences, nor do the variables of competition.

Certain trade practices are used to do in all the little independents. It is very clear that this is the strategy and action plan of the major companies. Obviously it is in their interest, and understandably so; they are in business to make money. If we do not do something they will use these strategies to increase their share of the market.

I cannot believe, and this is a common perception, that the business practices of these firms cannot comply with the usual rules of competition. There is a sort of collusion between these companies. A mechanism must be put in place to continually monitor the conduct of the oil industry. For example, let us give the competition bureau additional means to set up an oil industry monitoring section. Let us ensure that the law makes sentencing or proof of anti-competitive practices easier to obtain. In this regard, I wish the current bill had opened this window.

In committee, we will study the subjects presented. Obviously, people will appear before the committee, but I fear that when we study the bill we will limit ourselves to the subject matter of the bill and not deal with this very important section of the Competition Act or the ways in which competitive practices in the oil industry may be improved.

Here, I repeat remarks shared by many of the members opposite at one time. Over 50 of them signed a report stating that the Canadian market was a real treat for the oil companies. The report also stated that, on average, Canadian consumers were paying 4 cents or 5 cents more for a litre of gas than U.S. consumers, and that taxes should be removed because of competitive practices in Canada where the federal government's approach to promoting the establishment of a strong industry has gone too far, to the extent that this was done at consumers' expense.

I am somewhat surprised to see that only a few still hold this view, that the others have forgotten that they signed this report and that this issue is no longer one of their political priorities even though it is more important than ever to consumers.

I hope that at third reading some substantial amendments will have been made to improve competitive practices in the oil industry and to control these companies somewhat. People can no longer stand to see these companies making huge profits while they are paying exorbitant prices for gas.

This has to stop at some point. We must send the signal that we are concerned about this situation. Even though the bill has some good features, it overlooks an extremely important component in our daily lives, namely the oil industry. I find this difficult to accept.

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I hope that in the end the bill will include a clause amending the mandate of the competition bureau regarding the oil industry.

[English]

Mrs. Bev Desjarlais (Churchill, NDP): Madam Speaker, it is not my intention to take a lot of time repeating the comments of other members that have encompassed the scope of the bill.

• (1045)

I want to read the summary of the bill so the listening public will know what it entails. It states:

This enactment amends the Competition Act and Competition Tribunal Act. The amendments include the following:

amendments to facilitate co-operation with foreign competition authorities for the enforcement of civil competition and fair trade practices laws;

It must have been a hard thing for the government to put in fair trade practices laws, but that is okay. The summary continues:

amendments prohibiting deceptive prize notices;

amendments streamlining the Competition Tribunal process by providing for cost awards, summary dispositions and references;

amendments broadening the scope under which the Tribunal may issue temporary orders; and

some housekeeping items.

A number of areas are being covered throughout the bill that need to be addressed. I want to comment a bit further on the amendments prohibiting deceptive prize notices.

My hon. colleague from the Alliance commented about the number of scams that are out there involving individuals. Toward the end of his comments he also mentioned whether or not something like this should be considered criminal or handled through a civil process.

In that area I am somewhat concerned that we would not look at deceptive prize projects as a criminal act. We are not talking about people being ripped off by a few thousand dollars. In a good many instances tens of thousands of dollars are involved. I know specifically of three people, who do have their wits about them but who got involved in very deceptive scams involving \$5,000 to \$10,000.

It is disappointing that we are not dealing with scams as a criminal issue rather than on the basis of it decreasing competition. Something seems to be amiss here.

There is another issue that will probably not be addressed in the bill but it is also deceptive. A small business operator in my riding purchased plans on how to access government grants and funding.

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It was formatted in such a way, and with the coat of arms on it, that it appeared to be something put out by the Government of Canada. It included a number of things that were available through government services by accessing different departments, websites and so on.

One of the toughest things is to know exactly what grants and funding are available through different programs and how to access them. As a member of parliament, I receive a number of notices and often at the last minute. Two days before we can access funding, a government department will send out a notice saying that program funds are available. As MPs we scramble to let people in our riding, who might have some kind of interest in these funds, know that they are available.

In that one instance a small business owner paid \$300 for this information. It definitely was presented in such a way that it looked like it came from the Government of Canada. There was a rider enclosed indicating that it had to be returned within so many days or the person lost money. There really was nothing the person could do about it.

The people who are getting caught up in these scams do have their wits about them. They are genuinely looking to benefit from some things. The saying is that "if you are getting something for nothing, chances are you are getting nothing for something". That is the bottom line with a scam.

I commend the members who were involved in that particular project because it is certainly one part of the legislation that each and every Canadian would be able to feel the impact of personally.

Another major part of the bill deals with co-operation between foreign countries, which is of course needed.

I do not know how other members of the industry committee feel, but apart from not necessarily wanting any more work on our plate at the committee, which was the only thing holding me back from saying that I did not want the legislation to go through, it would be good to get the bill to committee as soon as possible because it does involve a lot of discussion. I hope we get the opportunity to get on to it by September.

• (1050)

Mr. Bill Casey (Cumberland—Colchester, PC): Madam Speaker, it is a pleasure to speak on Bill C-23 today on behalf of our industry critic, the member for Kings—Hants, who has been very much involved with these issues.

All of us are involved with competition issues almost every day. During my former job as transportation critic there were several instances where the competition bureau was involved, especially during the evolution of the airline industry. There was a lot of involvement by the competition bureau when Canadian Airlines

was consumed by Air Canada. There still is and will be for some time.

The competition bureau has outlined rules whereby Air Canada must allow competition to start and flourish in order to create a competitive environment in the aviation industry in Canada. Air Canada is so strong that it effectively could put new companies out of business before they even start. It can subsidize four revenue lines from its better revenue lines, thereby competing with other smaller airlines that do not have access to the more profitable lines. It can lower rates on its lower revenue lines by subsidizing from the higher revenue lines.

Everyone understands how the system works. Air Canada has complied quite astutely but the competition bureau has been involved in a couple of cases. That is just an example of what we are talking about here.

I have another example that is a little closer to home. A member of my family received a call saying that she had won a car or some huge prize. She had to call a 1-900 number and answer a few skill testing questions. I remember that the low end of the prize award was \$2.73 and the high end was a car. When she called the number she was kept on the line for almost an hour. They charged her a lot of money, and sure enough she had won the \$2.73. It was a total scam to make money on the phone call.

Another senior lady in my riding was scammed out of hundreds of thousands of dollars by two or three different outfits from the province of Quebec. They were the same people who just changed names, identities and addresses. They used all kinds of excuses to access this lady's money. In the end she lost her home and her money. It was a confidence scam. She should have had quick and easy access to the Competition Act to prevent this sort of thing from happening.

Our party is pleased to see these amendments come in. It is a credit to parliamentarians and private members' bills that have come before. They have all been generated by people who have come to us as members of parliament and advised us that they had been scammed, cheated or were victims of abuse in some way.

Members of parliament have responded by raising the issue with several private members' bills which are now reflected in Bill C-23. Quite often people do not give us credit but the system actually does work. It may take a while but it does work.

People are concerned about issues of conspiracy, bid rigging, predatory pricing, misleading advertising and deceptive marketing practices. Many of us have been victims of those practices, including me and certainly some of my constituents. When the bill is in its final form hopefully it will address those issues.

Non-criminal or reviewable matters include mergers, abuse of dominant positions and people taking advantage of others. They may not be criminal but they are reviewable and they are not fair.

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This is where the competition commissioner should have the power to intervene and protect the citizens who have no other avenue or no other source of protection.

The competition tribunal and the competition commissioner have done a good job with the tools they have had to work with. Bill C-23 would give them more tools. In any case I have been involved in the competition commissioner has done a thorough investigation, has heard both sides of the story and has done a good job.

• (1055)

The bill was developed because parliamentarians responded to citizens through private members' bills. However it has also come about through consultations across the country, through public policy forums and a consultation paper that formed the basis of the discussions entitled "Amending the Competition Act: A Discussion Paper on Meeting the Needs of the Global Economy". All these sources of information certainly enhanced the bill.

Part of the issue is international co-operation. That is important because the same people from the province of Quebec who were scamming other people were doing the same in the United States. The American authorities had limited access to address this issue because of international rules. The bill would allow a closer relationship between the law enforcement offices and the competition bureaux of both countries to deal with these international issues.

The bill would deal with deceptive practices such as the notice of winning a prize as in the case of my family member. A lot of Canadian companies are providing these services or promoting these scams in the U.S. The same can happen the other way around. American companies can scam Canadians. There has to be some international co-operation, and the bill would do that.

The bill intends to streamline the litigation progress, which is a good thing. It would help the tribunal that manages each case it hears to be more efficient and to give easier access to people. The tribunal would be able to award costs against a party, which is also a good thing. Many people have taken on incredible legal bills to fight the mail and telephone scams I have mentioned. In a decision the tribunal would at least be able to award costs to the victims.

The tribunal would gain the power to summarily dispose of a matter that it believes has no genuine basis for application. That is a good thing as well. Frivolous actions are taken and it would have the power to determine whether or not an action is frivolous.

Under the new proposal the bureau would be able to issue temporary or interim orders prior to completion of the litigation. This was perhaps led by some of the Air Canada judgments. Powers would be given to the competition commissioner in the aviation case. It could make judgments early and immediately, before the case even comes to the tribunal.

Therefore there is a lot of good in the bill. Our party is anxious to get it to committee as well. We want to make sure that it has teeth, as the government has proposed. We want to make sure the teeth are actually there. We want to make sure the competition bureau is independent. We want to emphasize that this whole issue evolved from citizens complaining to members of parliament, who brought it forward in private members' bills and now in a government bill.

We will be pleased to see the bill go to committee and we will make our decisions and amendments there.

Mrs. Karen Redman (Kitchener Centre, Lib.): Madam Speaker, we have before the House today a package of amendments to the Competition Act and its companion statute, the Competition Tribunal Act. Together these statutes constitute a fundamental framework in the rules for the operation of free trade and a competitive marketplace for Canada.

The Competition Act is a broad based statute that affects virtually all industrial sectors and business entities in Canada, whether large or small, domestic or international, or involved in manufacturing, services or resources. The legislation seeks to enhance competitive market forces.

Competition is important. It is not a means to itself but rather a means to an end. Competition encourages firms to lower costs, reduce prices, improve services and develop new products.

Consumers are the prime beneficiaries of a competitive economy. After all, competition is driven by consumer demands. In a competitive environment consumers decide what they want to buy based on their individual needs, preferences and incomes. The marketplace responds efficiently to this demand by supplying consumers with the right product at the right price.

• (1100)

An amendment being considered today would make it an offence to promote deceptive contests by mail, fax or Internet. Under the new provision it would be a criminal offence to make people believe they have won a prize and that they must make a payment or incur a cost to collect it, to increase their chances of winning it or simply to get more information regarding it.

Deceptions of this sort hurt Canadians. I have talked to people across the country about the devastating effects on the people that have been duped. These practices also hurt responsible businesses and charities by undermining their legitimate marketing efforts and many of them damage our reputation abroad by targeting persons outside Canada.

For these reasons such rackets must be stopped, and the sooner the better. The new provision would add a valuable enforcement tool against deceptive marketing practices. It would complement existing provisions against deceptive advertising and telemarketing

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and help ensure that consumers have the information they need to make informed choices.

Sellers would be rewarded for their ability to offer good products at low prices rather than their cunning ability to deceive the consumer. Honest businesses would no longer be threatened by the anti-competitive practices of dishonest businesses.

The amendments proposed in the bill would help keep Canada's competition laws up to date, but the work is clearly not over. Globalization and rapid technological developments are continually changing the marketplace and the ways in which business is conducted. To remain effective and relevant the Competition Act must remain both modern and dynamic.

The amendments constitute one step in the continuing evolution of our competition legislation. The changes constitute a balanced package of amendments that would better enable the Competition Act to protect free competition and the public interest.

The amendments would protect consumers and honest businesses alike. The bill would strengthen and improve the overall level of competition in the marketplace and benefit all Canadians.

I wholeheartedly endorse the amendments and believe they are worthy of the support of all members of the House.

[*Translation*]

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Madam Speaker, I am very pleased to speak about this bill and about the new ground broken in terms of recognizing members' efforts to ensure that the legislation that comes before this parliament and its committees is an accurate reflection of the concerns we hear about in our ridings.

[*English*]

I have a lot to say on the bill and will try to be as brief as I can in the next nine and a half minutes. Much of the bill reflects the efforts of members on this side of the House to effect much needed changes to the Competition Act. It is for that reason that I thank the hon. Minister of Industry, his parliamentary secretary, the member for Scarborough Centre and the competition bureau that have been working very hard to ensure the Competition Act reflects the changes in market structure that we see throughout the country.

I will give a bit of background on why we are here today. The hon. member for Kelowna said earlier that it is a beautiful day. I think it is a wonderful day. There is finally a ray of hope that our competition policy will begin to look more globalist, will be open to small and large players, and will ultimately have more teeth.

In 1997 when gas prices were heading up, 52 members on this side of the House began a study of the industry, particularly at the retailing end, and found the level of concentration to be alarming.

• (1105)

For that reason one of the recommendations was to ensure that a more appropriate definition of predatory pricing be established. The House not only made private member's Bill C-235 votable. It also ensured that it would be properly studied by committee.

That clearly was not the case. Nevertheless, out of that came a more open process that allowed a number of issues to be studied, not just one area of competition policy. One such issue was that section 45 of the Competition Act, the conspiracy section, may not be relevant in addressing problems in the economy or in ensuring that strategic alliances which may look collusive but have very strong competitive effects are somehow segregated from the egregious types of collusion.

As for the issue of predatory pricing, a move was made with the help of the industry committee to review some of the criminal aspects which are difficult to enforce if not to detect. With the help of VanDuzer and Paquet we were able to propose changes to the Competition Act which would make it more user friendly and make criminal burdens of proof civilly reviewable.

We followed that up with a commitment by the previous Minister of Industry, the current Minister of Foreign Affairs, who must be acknowledged here. He began allowing the public policy forum to conduct a broad study of the Competition Act, particularly in terms of some of the legislation I brought forward.

I commend my two colleagues who spoke before me, the member for Kitchener Centre and my colleague from Mount Royal who brought forward the bill dealing with international co-operation. The public policy forum effectively criss-crossed the country last summer to determine the public's concern with respect to abusive dominance in the grocery industry and retail domination in almost any form.

The second recommendation dealt with private access, conspiracy, collusion and summary disposition of temporary orders which we see rolled up in the bill today. The package received a significant amount of interest. Most alarming, however, was the consistent pattern we saw among those with vested interests, particularly powerful lobbies that constituted themselves as a diversity of individuals but were really part of the same group that opposed almost any changes to the Competition Act.

Last week I explained who wrote the Competition Act in 1986. There are not only concerns that it is an act whose time has come in terms of need for change. There are questions as to who really wrote it. Most of us in the House know, as Peter C. Newman said in

the book *Titans* and in his interview with the chairman of the Business Council on National Issues, that it is interesting Canada is the only nation that has allowed its Competition Act to be written by the very people it was meant to police.

That has set off alarm bells in most circles and certainly in the House of Commons. However more important is the impact it has had on the competitive process. For that reason the competition bureau, in concert with the minister and with parliament, has taken a bold step today in saying that irrespective of what the interests are we must make sure the competitive process is honoured and that it flourishes.

Opportunities have been made clear on several occasions in the industry committee. People have testified to the committee suggesting that by the time the competition bureau makes a ruling the person it affects is out of business, the damage is done and it is irreparable. The initiatives taken today are extremely valuable and should ensure there is an ongoing process for amendments to the Competition Act to ensure that it is pragmatic and changes with changing times.

I want to make sure the House understands that the process before us today must be an open one. The government has initiated, through the wisdom of the minister, an opportunity that would allow members of parliament to ensure that issues of importance to them and to consumers have a voice on the floor of the House of Commons.

Many members are talking about one of the bills. My colleague from Kitchener Centre addressed the question of deceptive practices, particularly as transmitted through mail by using Canada Post or other means.

• (1110)

That is an extremely important issue with which the public readily identifies. However there are other issues the public may not have seen. Another initiative taken up here today is the whole question of international co-operation. Why is that important? Most Canadians do not know it, but for the past several years we have been part and parcel of a cartel that has forced up the price of citric acid, various important chemicals, certain vitamins and lycene.

Those issues were resolved, discovered, advocated and taken from the competition act in the U.S. For that reason it is important to ensure that where there are international cartels Canada can effectively prosecute no matter where it occurs in the world.

It is interesting that the competition bureau was successful in prosecuting these issues and bringing revenue back to Canada. That revenue, according to some, did not equal what the public lost in terms of higher prices, but it nonetheless helped the general revenues.

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I will also point out something that is not in the bill but which the industry committee has nonetheless been effective in transmitting to parliament. I am talking about the need to ensure the competition bureau has the resources to carry out its very lofty mandate and to ensure the market remains balanced.

Questions are being raised in many areas. There is an opportunity for such questions to be addressed in the industry committee. I caution hon. members that the pinstripes and the big suits will be coming to the committee. I implore members of parliament to ensure a balance of the views of consumers and ordinary people out there who do not have a voice but who nonetheless are an important part of our economic structure. Those individuals count for everything in the economy and must count for something if the legislation is to be meaningful and successful.

Members of parliament will be lobbied by some of the most interesting people in the country. Members will need to decide for themselves, in committee and on the floor of the House of Commons, whether to enhance and maintain the competitive process for all Canadians or merely for those who happen to have the wealth and the power to influence them.

This is a very good day. There are obviously a number of concerns we must address. It is the beginning of a much larger process. It is vindication for a lot of the work I have done and which I have brought to the attention of the House of Commons and on which other hon. members have worked so diligently. Let us ensure that Canada remains ahead of the game, that its international reputation as a place for doing business remains pristine, and that Canadians benefit from a vibrant economic environment in which all people are meaningful participants and are treated as equals.

The Acting Speaker (Ms. Bakopanos): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Ms. Bakopanos): The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

The Acting Speaker (Ms. Bakopanos): Accordingly the bill stands referred to the Standing Committee on Industry, Science and Technology.

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

The House proceeded to the consideration of Bill C-18, an act to amend the Federal-Provincial Fiscal Arrangements Act, as reported (without amendment) from the committee.

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Hon. Lawrence MacAulay (for the Minister of Finance) moved that the bill be concurred in.

(Motion agreed to)

The Acting Speaker (Ms. Bakopanos): When shall the bill be read the third time? By leave, now?

Some hon. members: Agreed.

Hon. Lawrence MacAulay (for the Minister of Finance) moved that the bill be read the third time and passed.

• (1115)

Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, I welcome the opportunity to address the House at third reading of Bill C-18, an act to amend the Federal-Provincial Fiscal Arrangements Act with respect to the equalization program. The bill fulfils the government's commitment made by the Prime Minister at last September's first ministers meeting to lift the ceiling for the equalization program for the 1999-2000 fiscal year.

[*Translation*]

In addition to this commitment, the Prime Minister asked the Minister of Finance to consult his counterparts in the provinces and territories as to how best to ensure follow up. The Minister of Finance concluded his consultations before the bill was introduced on March 15.

[*English*]

At the first ministers meeting, landmark agreements were reached on a plan to renew health care, improve support for early childhood development and strengthen social programs. These agreements resulted, through Bill C-45, passed in the last parliament, in the largest federal contribution ever made for health, post-secondary education, early childhood development and other social programs.

[*Translation*]

Over the next five years, federal spending in these areas will total \$23.4 billion, \$21.1 billion of it under the Canada health and social transfer.

[*English*]

As hon. members know, the CHST is one of the three transfer programs through which the federal government provides support to the provinces for health care and other social programs. The other two programs are territorial formula financing and equalization. Equalization is the subject of today's debate. Today the federal government transfers approximately \$40 billion to the provinces and territories through these three programs.

The purpose of the equalization program is to ensure that less prosperous provinces can provide reasonably comparable public

programs and services to their residents without their taxes being out of line with those of more affluent provinces. Equalization has played an important role in defining the Canadian federation since it was established in 1957. In many ways it expresses the generous spirit of Canadians.

[*Translation*]

The program is unique among federal transfers in that its objective was enshrined in the Canadian constitution in 1982.

The constitution states as follows:

[*English*]

Parliament and the Government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

Equalization is also unique in that it was one of the very few programs not touched during the period when the government was struggling to bring order to the nation's finances. This reaffirmed the importance the government attaches to the program as part of the essential fabric of the country.

Equalization payments are unconditional and provinces can spend the money as they see fit. In 2000-01 the seven receiving provinces, Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba and Saskatchewan, received payments totalling \$10.8 billion.

Since 1993 the program has grown by 33% or \$2.7 billion. This rate of growth of the program demonstrates clearly that the government understands what equalization means to receiving provinces.

According to the estimates, which are updated twice a year, the program is now at its highest level ever. Over the same period, other non-transfer program spending has grown by 2.6%. The latest estimates released in February by the finance minister show that payments to receiving provinces will be about \$1.8 billion higher than estimated last October. These higher figures are due in large part to the exceptionally strong growth over the last two years in Ontario, one of the non-receiving provinces, not to the poor economic performance of receiving provinces. Those economies have been improving each year.

• (1120)

[*Translation*]

On February 27, 2001, the Minister of Finance announced that there would be an immediate increase in equalization payments of approximately one billion dollars. Of this amount, \$52 million is for 1999-2000 and \$955 million is for 2000-01. The other \$800 million is the additional funding that will be provided to receiving provinces through passage of the bill.

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I would like to stress also, as I did during the second reading debate, that the equalization program is reviewed on an ongoing basis by federal and provincial officials to ensure that differences in the abilities of provinces to raise revenues are measured as accurately as possible. Those discussions are under way as we speak. In addition, the program is renewed legislatively every five years, most recently in 1999.

A province's capacity to provide public services obviously depends on how its economy is performing. Equalization payments therefore are based on a formula that measures the relative performance of provincial economies. The formula applies in the same way to all provinces and adjusts automatically in response to economic developments in the provinces.

When a province's economy is booming relative to other provinces, its equalization payments automatically decline under the formula. Conversely, when a province's economy and therefore its fiscal capacity, or ability to generate revenues, decline relative to other provinces, its equalization payments automatically increase. In this way the program acts as an automatic stabilizer of provincial government revenues.

I would urge hon. members to keep in mind that individual provinces do not receive the same amount of equalization because they do not have the same economic circumstances. This year, for example, Saskatchewan needs \$230 per person to be brought up to the equalization standard, while Newfoundland requires \$2,000 per person. Equalization payments are also subject to ceiling and floor provisions.

[Translation]

The capping provision, which has been applied in only 5 of the last 20 years, enables the program to grow at a rate that the federal government can sustain. By setting a maximum payment level, this provision ensures that the program does not grow at an abnormally fast rate.

[English]

The floor provision is the flip side of this coin. It provides the provinces with protection against large and sudden decreases in equalization payments that would otherwise be warranted by the straightforward application of the formula.

The equalization ceiling does not cut entitlements, as some have suggested. Rather, the ceiling allows the program's growth to mirror the rate of growth in the economy and to grow at a sustainable rate. Based on the forecast for GDP growth in last October's economic statement and budget update, the ceiling will rise to \$12.5 billion in the year 2003-04.

I would now like to turn to the specific bill we are debating today, which lifts the equalization ceiling for the 1999-2000 fiscal

year and only for that year. As I explained earlier, lifting the ceiling fulfils the commitment made by the Prime Minister last September at the first ministers meeting. The final communiqué released at the end of the meeting states that:

The Prime Minister agreed to take the necessary steps to ensure that no ceiling will apply to the 1999-2000 fiscal year. Thereafter, the established equalization formula will apply, which allows the program to grow up to the rate of growth of GDP.

While the final cost of lifting the ceiling will not be known until the fall of 2002 when the final estimates for 1999-2000 become available, it is currently estimated to be \$792 million.

• (1125)

[Translation]

That amount will be allocated among the seven eligible provinces on a per capita basis. In order to determine the payment that will go to each, the per capita amount is multiplied by the total population of each receiving province.

[English]

Each eligible province will receive an additional \$67 per person. Viewed another way, here is the total breakdown per province. Newfoundland will receive \$36 million. Prince Edward Island will be eligible for \$10 million. Nova Scotia will qualify for \$62 million. New Brunswick will receive \$50 million. Quebec will receive \$489 million. Manitoba's payment will be \$76 million. Saskatchewan will receive \$69 million.

In conclusion, the government realizes that not all parts of the country can generate the same revenues to finance public services. Federal transfers therefore help ensure two things: first, that important programs are adequately funded, and second, that all Canadians receive reasonably comparable levels of public services regardless of where they live. Bill C-18 contributes to achieving these goals.

[Translation]

It underscores the priority the government places on equalization and helps ensure that the receiving provinces continue to have resources to provide the services their people need and want.

[English]

Further, it fulfils the Prime Minister's commitment to lift the equalization ceiling for the year 1999-2000, which means more money for receiving provinces.

Bill C-18 continues the tradition of fairness through which equalization has been delivered for over 40 years. I encourage all members to support the bill and pass it without delay.

Mr. Deepak Obhrai (Calgary East, Canadian Alliance): Madam Speaker, it is a pleasure for me to speak to Bill C-18 on behalf of the constituents of Calgary East.

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At the outset I want to make it absolutely clear that the Canadian Alliance believes in the concept of equalization. We believe in the concept that from coast to coast all Canadians should be receiving equal services. The Canadian Alliance strongly supports the equalization method of ensuring that a quality standard of living applies across our nation.

However, we certainly do have a problem with the way it is handled, the way the equalization formula is applied, and the way the Alliance feels it is used by the government to score political points.

Madam Speaker, at this time I wish to advise you that I will be splitting my time with my colleague from Kelowna.

The bill takes away the ceiling and increases the money requested by the provinces. We believe that the equalization system should serve the longer term purpose of equalizing economic opportunity and autonomy in all regions and should not create incentives for perverse economic policies on the part of provincial governments.

The lifting of the cap is a one time ad hoc reaction that fails to address the bigger and longer term problems and it was promised for purely political reasons. It may be good politics but it definitely begs the question, is it a good policy?

The fact that this one time band aid solution is even being proposed indicates the need for an open discourse in parliament to review the equalization program. The bill is part of a political effort to make up for the Liberal government's irresponsible \$23 billion or 35% cut in health care funding.

• (1130)

At the first ministers conference the government agreed to increase the CHST but it never restored it to 1995 levels. As a result, the provinces requested more money to address health care issues. Therefore, the crisis was brought about by this government in the first place when it cut the CHST. In order to balance that out and look good, the government said it would commit \$792 million to the provinces. That was because of its own shortfall in not raising the CHST transfers, as agreed at the first ministers conference, to the 1995 levels. What we have is the government trying to play politics by trying to lift up the ceiling to address the issue, which originally it failed to do.

The parliamentary secretary has indicated why there is a necessity for a ceiling and we agree. Otherwise it will spiral out of control. We saw during election time the money given to the supposed future contender for the Prime Minister's office, the Minister of Industry, when he received more money in equalization payments just prior to the election so he would look good in Newfoundland.

It is no secret across the nation that when the government cut the CHST it started a health care crisis, a crisis from coast to coast. In my own riding we heard stories from people who came in to tell us what the cuts had done to health care.

On the one hand, the federal government has the Canada Health Act. We agree with the Canada Health Act, but the government uses it as a stick to the provinces, saying "this is how health care services must be delivered". On the other hand, the government took away the purse. It is supposed to give money to the provinces to administer their rules in the way they feel they should be addressing the health care issues. This is a contradiction.

We are in agreement with the five principles of the health act. As a matter of fact, we tried to put in a sixth principle, stable funding for health care, so that provinces do not in the future have to play games with governments that one morning decide to cut health care but will not make any changes to the Canada Health Act or will not give the provinces the leeway to see how they can deliver the services.

The merits or demerits of how the provinces are going to deliver services or whether they will be private will be left to the Canadian public to decide. As we have stated, we are not in favour of a two tier health care system. As the government of Alberta has said quite clearly under its bill 11, it needs more innovative ways to deliver health care services because it does not have the money, the money that the government cut.

The government cut this money and then said it had balanced the budget, leaving the provinces to handle how they were going to deliver the services. As we all know, as the population increases the demand on health care grows stronger. Our own health care critic, my colleague from Calgary—Nose Hill, will be leaving shortly for Europe to study how the system there is delivered.

The health care report we are receiving for Canada is that for the amount of money we put in, the end product, the delivery of services, is not that efficient. Therefore it needs to be addressed. As a matter of fact I saw today in a report that the premier of Ontario has been saying that he needs more money and that the surplus the government has should be given to health care.

• (1135)

Everyone in the provinces is demanding that. Canadians who have been using health care services are demanding a better system. Health care workers, with their shortage of nurses, doctors and patients are all demanding a better system because health care is failing. This all started because the government cut the funding for health care. It did that in 1995. Even when the government tried to bring the funding back up, even when it had the first ministers conference, it was not brought up to 1995 levels. There is also the

factor of inflation and all these other things. When we add up all those figures and include the expansion and growth of services that is needed, the transfer of money from health care is bigger than what is indicated in the figures.

As members of parliament, we receive numerous calls from people who use health care services about how much trouble they have getting services. I am sure members on the government side do as well. Those who are rich are demanding that we do something because they have the money to get those services from the U.S.A. and it is not the right thing to do when we are supposed to have a public health care system.

The government turns a blind eye to that and trumpets about its past when health care was good. Yes, it was good in the past, but the demands were there before the cuts. The Minister of Health keeps saying that our health care system is good. He has tunnel vision. He closes his eyes and then stands up and huffs and puffs in parliament and tells us he is for a public health care system and that the government will maintain the five principles of Canada health care. He keeps saying these things.

That is all fine and dandy, but he forgets to tell us that the finance minister keeps cutting the funding. Of course, he is not the one who is implementing the delivery of health care services. It is being delivered by the provinces and the provinces are asking how they will deliver these services when the federal government cuts funding for health care.

On the CHST there is an agreement. The federal government gives money to the provinces through the CHST. The government says it has addressed this issue. Has it really? No, it absolutely has not addressed this issue, because we read in the newspapers and hear from our television stations that the provinces are still having difficulties and want innovative solutions.

Finally the government woke up. Now we have a commission to look into health care, headed by the former premier of Saskatchewan, Mr. Romanow, which I think started two days ago. I must say it was good for Premier Klein and Premier Mike Harris to say they want everything on the table. I am very happy to hear that Mr. Romanow has said he would put everything on the table. Finally we have somebody to look into the whole situation and see how we can best deliver health care services.

Coming back to the equalization issue, I need to repeat that we in our party are in support of equalization, because we believe that all Canadians from coast to coast should enjoy a comparable quality and level of important government services. However, we have a problem, as usual, with the way things are handled by the government. Our opposition to the bill is not based on disagreement with the equalization principle but more on the way it is being handled, the way it is done, because we do not think this is the most effective way to do it.

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The Acting Speaker (Ms. Bakopanos): Does the member have unanimous consent to split his time.

Some hon. members: Agreed.

Mr. Werner Schmidt (Kelowna, Canadian Alliance): Madam Speaker, thank you for the opportunity to enter this debate. I hope that in the discourse of the debate the hon. parliamentary secretary will take back certain messages to the Minister of Finance, because I do want to introduce certain things in the debate that I think he would be very well advised to take to the Minister of Finance.

• (1140)

As my hon. colleague who just spoke emphasized, the Canadian Alliance is not opposed to equalization payments. These payments are absolutely fundamental because we have provinces with varying economic development. Some are very wealthy and others are not as wealthy and there is a way in which we can equalize that. We certainly agree that provinces should not be penalized because their economies are in trouble or because they do not have some of the natural resource bases and so on. They should still be able to provide programs and services that are roughly comparable to those of other provinces. We agree with that principle.

The issue is not so much that. I want to deal with the way in which the legislation has been introduced. The first problem is that the legislation is actually retroactive legislation. I think that is really bad.

The Minister of Finance and the Prime Minister have committed the expenditure of funds without the parliamentary authority to do so. That is an insult to the hon. members on this side of the House and to colleagues on the other side of the House. We are here to look after the finances of our country and to find the best possible way to disburse funds across the various provinces.

I also would like to take issue with the way in which the hon. parliamentary secretary almost blew up his chest in a bragging sort of way as to what a wonderful thing the government had done by increasing the CHST transfers, as if the government given to the provinces something that was new and additional to what they had before. The problem with what he said, and with what the Minister of Finance said before him, is that somehow this does not even replace what was taken away. What kind of situation is it when the government asks people if they are not happy to be given \$21 billion and then says, guess what, though, \$22 billion has been taken away? It is absolutely reverse logic.

Some of us are parents and give a child an allowance of \$5. Let us say that one year when things are not so good we take away \$2, giving the child an allowance of \$3. The next year we tell him we

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are going to restore the allowance. What is the first thing the child thinks? The child thinks he is going to get \$5, but we only give him \$4 and call it a restoration of his allowance. It is not. That is what has happened here.

I think we have to be very careful about the way in which we create the message. Let us tell the truth in the way it ought to be said.

The hon. parliamentary secretary said some very interesting things about the equalization formula. That was very good. Our listeners need to know how the equalization formula works. Unfortunately we do not have the time to go into the details of the formula to see exactly how it works.

There are some very interesting quirks within the formula itself. It does not always produce the same results even though one would think that putting the same numbers into it would produce similar results. The bases that are used in the formula for various provinces depend to a large degree on what the end result is on the equalization payments. That is why we have some disparities within the formula itself.

We do not have the time now to get into those details, but the hon. member will know that this is in fact the case and that he should go back to the Department of Finance and work through some of those details so that the bases used in calculating the amount of equalization payments are comparable, fair and equal across the provinces, that it is adjusted in the way it should be. There is an adjustment mechanism in there, but I do not think it is adequate at this time.

The other point we want to register at this stage is that we need to recognize that this is the lifting of a ceiling for one year. That is the assurance we are given. I do not know how many of us here in the House have ever experienced a situation like this.

• (1145)

When a ceiling is lifted what is the expectation for next year? The expectation seems to be that we would reach that ceiling again. What appears to have been a ceiling becomes a minimum or an expectation. I am very fearful that is exactly what will happen in this case. The ceiling this year will be increased by about \$800 million then next year the pressure will be on to do it again.

Let me go back to the CHST transfers that have taken place. This is a government program that transfers money for health and social services to the provinces. It is very clearly designated as a special plan and usually deals with welfare, education and health. These are the three big areas.

These transfers are designed to do a particular job. The government now has an equalization formula, and the argument is made that it will help some of the provinces. When the agreement was

made with the premiers, they said they wanted the equalization formula to be such that the ceiling would rise so they could subsidize the transfers of the CHST. That is the practical impact of this.

Therefore, the government is paying twice for the same thing under two different titles. That is wrong because it misleads Canadians into thinking the CHST transfers are adequate and that the equalization payments are there for everything else when in fact that is not what happens. We have to be careful that we tell the truth in these and other matters. The government needs to recognize these particular issues.

The other point I want to make is that the government needs to be a trustee of public funds. When this amount of money is given away, it makes us question whether the role of the government is to simply see how much money it can extricate from taxpayers and then give it away when asked for more. Is that the role of government? I do not think so. The government should treat public funds as a trust which it is managing on behalf of its citizens.

It is in this connection that I will refer to something I would like the hon. Parliamentary Secretary to the Minister of Finance to take to the minister. It has to do with a letter that I received from one of my constituents, which said:

Mr. Schmidt: I am returning a cheque for \$125 made out to my mother. I am sure you must be receiving many such cheques. I am sure you must agree it is ridiculous the way the Federal Government has distributed these funds.

My mother died in October 2000 and prior to that lived in an extended care nursing facility for the preceding 10 years. I cannot even imagine how much of the taxpayers dollars have been needlessly wasted.

Members may ask what is the point of this. The lady died in October 2000. On January 31, 2001, she received a cheque representing the relief for heating expenses which was a fully funded initiative of the federal government. It was a special one time tax repayment to low and modest income individuals and families to ease the burden of high heating expenses. This lady had not paid heating expenses for at least 10 years and she died in October 2000. Four months later she received a cheque.

The cheque stub said:

We have determined that you are eligible to receive an amount of \$125 to provide relief for heating expenses.

On what basis was this determination made? It clearly was not made on the basis that she was alive. Was it made on the basis that she was dead? Was it made on the basis that she was in a home care facility for 10 years? Was it made on the basis of her son or daughter? On what basis was it made?

• (1150)

Mr. Roy Cullen: Madam Speaker, I rise on a point of order. I was listening to the hon. member talk about the home heating oil

rebate. I fail to see the relevance to the equalization formula in the bill before the House today.

The Acting Speaker (Ms. Bakopanos): As the hon. members know, there is a lot of flexibility in terms of what can be said or referred to within the context of debate in the House of Commons.

Mr. Werner Schmidt: Madam Speaker, I thank the hon. secretary for raising the question. I think it emphasizes the point I was just making before I proceeded to refer to the case.

I suggested to him and to all members opposite, in particular those in the government, that we must consider public funds, the taxpayer dollars that we collect, as a trust that we manage on their behalf. We ought to do so with integrity, with the best judgment and intentions so it meets the needs of our people in Canada. That is what we ought to do.

What I am suggesting with this particular example is that this does not demonstrate careful analysis. It does not demonstrate acting in the best interests of Canadians. It does not demonstrate either that it is helping this woman. What do we do about this lady who is in the grave? What is she going to do with \$125? She cannot even cash the cheque. That is the point I am trying to make. I think we really have to register these kinds of concerns.

We also need to look at exactly what the bill would do. The bill would remove the \$10 billion ceiling on the 1999 equalization payments and would add about \$800 million worth of funding for the seven provinces that qualify for transfers: Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba and Saskatchewan.

That equalization program has already indicated that it is designed so that these provinces can offer roughly the same level of public services in health and education, for example, as other wealthier provinces without imposing excessively high rates. The bill was designed in accordance with the agreement that was made last fall between the Prime Minister and the first ministers of the various provinces.

I also want to recognize that in the equalization formula we want to be careful that it is not manipulated in such a way that it benefits some provinces at the expense of other provinces. That can happen. We need to be very careful about that. We would strongly support a re-examination of that equalization formula itself.

In particular, we want to recognize that we need to address the bigger, long term problems that were promised. Promises seem to be such a vacuous thing for the government. It seems almost as if it can promise one thing and do another, or totally ignore the problem or, in some cases, even deny the problem and vote opposite to it.

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In fact the government did that with the appointment of an ethics counsellor. It said an ethics counsellor would be appointed by parliament, report to parliament and would advise on the ethics of ministers and the Prime Minister in particular. What happened? We took the government at its word.

We proposed a motion in the House and said that the ethics counsellor should be appointed by parliament. In fact we took the exact words out of the promise book. Guess what? Every Liberal in the House voted against that motion. It makes one wonder about the integrity.

An hon. member: Except for the few that did not show up.

Mr. Werner Schmidt: That is not what I said. My hon. colleague said that members who did not show up did not vote against it. That is true. However they may as well have because they were not here. The only votes that count are those who are here. Integrity is in question in either case. First, members should have been here to vote because that was what they were elected to do. Second, the government did not do what it had promised to do in the red book.

Is the government actually going to evaluate and re-examine the equalization formula? Is it in fact going to be fair or is it going to operate in such a way that it can be manipulated and can change the way in which moneys are distributed? These are very serious questions, which I think need to be addressed and need to be dealt with very quickly and efficiently.

• (1155)

I am going to stop my remarks at this particular point and emphasize that we support equalization payments, that the formula for equalization has to be re-examined and that to lift the ceiling at this time is probably not the right thing to do.

Therefore, we are going to oppose this particular bill but not for the reason that we do not like equalization payments. We like equalization payments. We want them, we need them and Canada needs to support them.

Ms. Alexa McDonough (Halifax, NDP): Madam Speaker, I am very pleased to have the opportunity this morning to speak on this bill before us which deals with amendments to the Federal-Provincial Fiscal Arrangements Act, or more accurately to deal with the inadequacy of the amendments to the Federal-Provincial Fiscal Arrangements Act.

On the way to dealing with the subject, I must say it was a bit like listening to two Sauls being converted on the road to Damascus when I heard the Alliance members singing the praises of equalization, of transfer payments and beating up on the federal govern-

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ment for having introduced such drastic unilateral cuts in 1995 for which the people of Canada, particularly the people in the seven provinces, are continuing to pay a terrible price today.

Why do I say like two Sauls on the road to Damascus undergoing conversion? No voice, no force, no power in this House worked harder than the Reform Party, now reincarnated as the Alliance Party, in trying to bring about the very kind of drastic cuts that were introduced by this government.

Having said that, let me clearly say that I and my party do not accept the notion that the Liberal Party should automatically, through force, implement the mean-spirited destructive policies represented by the Alliance. Yet that is exactly what it has done in recent years. It is absolutely clear that, not only the seven provinces but an overwhelming majority of Canadians, regardless of the party they represent, also do not accept that.

I neglected to say at the outset that I intend to split my time. I would ask for the unanimous consent of the House to split my time with the member from Regina—Qu'Appelle.

The Acting Speaker (Ms. Bakopanos): Is there unanimous consent?

Some hon. members: Agreed.

Ms. Alexa McDonough: Madam Speaker, I appreciate the co-operation from members. I was so exorcised and frankly dismayed at the hypocrisy reflected by some of the previous comments that I was distracted from making that point at the outset. I do appreciate their co-operation.

I want to say at the outset that a fair formula for equalization is critically important to the constituents I represent, the people of Halifax. More than that it is critically important to citizens who live in and throughout the four Atlantic provinces, as well as citizens in the provinces of Quebec, Saskatchewan and Manitoba.

I will go further than that. I do not believe it is only the people who are on the punishing end of the measures taken by the federal government to artificially have equalization payments who care about this issue. I think what it means to be Canadian is to subscribe to a fair equalization formula capable of establishing not just the words to express it but the reality of Canadians, regardless of where they live, being eligible for a roughly comparable level of services.

Equalization is about ensuring that we do not experience a growing gap between those who have and those who have not, as it relates to individual citizens and regions. That growing gap is very alarming and is causing real strains in the lives of people, their families, their communities and inter-regionally, as a result of the government turning its back on a fundamentally important principle.

• (1200)

Let me say very clearly at the outset the position of the New Democratic Party. It has been championed by a succession of New Democrats in the House, but none more effectively than my colleague, the finance critic from Regina—Qu'Appelle. He has been a faithful, inveterate champion of the importance of a fair equalization formula throughout the 30 years he has served the constituents of his own community and all Canadians who believe in the fairness a proper equalization formula represents.

At the very heart of our concerns about the bill before us and the inadequacy of the amendments is the fact that there is an artificial limit on equalization payments that will be reinstated in the year that is now upon us. As far as we and fair minded Canadians are concerned the cap on equalization must be removed.

I guess the government needs to be reminded at every opportunity that Canada has a constitutional obligation to ensure that provincial transfers are set high enough so that all provinces have the capacity to serve the public interest and to ensure that the basic needs of the residents of all provinces are met. For historical, legal and moral reasons this must be the principal goal of the equalization plan.

The plan as it stands fails to achieve the goal. I listened to the Parliamentary Secretary to the Minister of Finance say what the bill is about. It would ensure that the objective of roughly comparable levels and quality of services is achieved for all Canadians. If the cap on equalization payments is reimposed then it is absolutely clear the objective he stated in the House this morning simply cannot be met. Not only can it not be met. It will not be met. The government has turned a deaf ear to the pleadings that the cap not happen.

One cannot possibly imagine that the parliamentary secretary, the finance minister and the Prime Minister do not understand that objective cannot be met. One has to go further and say that they do not intend that constitutional obligation and that important principle to be met by the provisions in the Federal-Provincial Fiscal Arrangements Act amendments before us.

We know the Liberal government has absolutely decimated fiscal transfers to the provinces, undermining the national interest and in the process destroying the very moral authority needed by a federal government that professes to believe in the concept of roughly comparable services being available to all citizens of Canada regardless of where they happen to live and regardless of the state of finances of their respective provinces.

Then the federal government shows great surprise and is actually puffed up with indignation when a province like Alberta introduces bill 11, when a province like Ontario is as bold as we saw the premier being this week when he talked about going further into

privatization and turning our health care system into a commercialized operation, one based on the notion that profits will be extracted from people's illnesses and misfortunes.

• (1205)

We cannot repeat too often the fundamental flaw in the fiscal arrangements act that is now before us. Bill C-18 seeks to remove from the fiscal year starting April 1, 1999, the ceiling that would otherwise apply to equalization payments, but the bill then re-imposes that ceiling for the year 2000-01.

Surely it is worthy of note that all 10 Canadian provinces are in agreement. They want the federal government to remove the cap on equalization. Even the provinces that are in the have category, that are the net contributors to equalization payments, agree that it does damage to the fabric of the nation and that it erodes the quality and comparability of services to people in the have not provinces to artificially impose and maintain that limit on equalization payments.

The Atlantic provinces and Manitoba asked the government very effectively before the finance committee last week that if it will not make a commitment to remove the cap, to remove it permanently, it should at the very least rebase the ceiling on equalization to the higher level of \$10.79 billion.

Finance ministers from all five of those provinces made their case this week before the finance committee and did so very effectively. However the government, the Minister of Finance and the Parliamentary Secretary to the Minister of Finance have turned a deaf ear to the concerns of those finance ministers and the people whom their governments represent.

The minister of finance for Manitoba stated it very well. He said that the equalization program should be allowed to do its job by lifting the ceiling as a preferred point. As an accommodation it should be rebased to the level to which it grew in the year the ceiling was lifted, 1999-2000. That would offer much needed support to the provinces that are still reeling from massive unilateral cuts to transfer payments by the government.

The government must use a 10 province standard to ensure a truly equalized equalization formula and, more important, the concrete outcome the equalization formula is intended to achieve. The federal government has so drastically cut CHST transfers to the provinces, strangling their ability to adequately fund health care and post-secondary education, that when Harris and Klein started down their privatization track the federal government was not in a very strong position to defend the Canada Health Act or did not seem to want to.

One does not have to be very insightful, and I do not think it is cynical, to suggest that in the process of weakening the commit-

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ment to comparable services across the country and of engaging in massive cuts to transfer payments that enable provinces to deliver health care, education and fundamentally important social welfare services the people need, the federal government knew it was destroying public confidence, absolutely eroding public confidence in the important public services Canadians depend upon.

Further, the federal government must immediately restore funding to CHST transfers to the provinces. It has invested a pittance into infrastructure and transportation, causing delays of much needed essential repairs to transportation infrastructure in every part of the country.

• (1210)

The government has abandoned its federal constitutional responsibilities for far too long. It should recommit on every front to ensuring that provincial governments achieve the goal enshrined in the constitution that goes to the very heart of the kind of country we say we want to be, the kind of country that with considerable success we were becoming. That was recognized by others around the world.

If we fail to do that we are not only letting down the people who need and depend upon those services, but we are striking a blow to the very concept of Canada which means so much to people in this country and people around the world.

The government's actions speak to an attitude of indifference toward the real needs of Canadians. It is not too unduly harsh to say that the government is arrogant and out of touch with the real needs of Canadians, particularly in the less advantaged provinces.

When the government introduced its throne speech it completely failed to address the fundamental issue of ensuring some semblance of comparability of services to every citizen in Canada. At the time I raised a question on recognition and commitment from the government to deal with the problem posed by an unfair equalization formula, one that makes it virtually impossible for governments in have not provinces to make progress because of the excessive clawback of resources from offshore development, for example, that may now give an opportunity to Nova Scotia and Newfoundland to move out of the have not status.

On every front it seems that the government, not the people of Canada, has given up on the Canadian dream. When a government stops dreaming, when a government abandons something as fundamentally important and changes an equalization formula to artificially restrict the capability of provincial governments to deliver on that dream, it should examine what it is all about.

There are many elements to the battle to try to get the Canadian government once again to believe in that fundamentally important

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dream. I can speak from a Halifax perspective of what it means to the citizens of my community to have the federal government quite cynically make a decision to remove the cap for one year and then turn around and reimpose it.

I can speak about it from the point of view of what it means for citizens not to be able to get the health care they require, from the point of view of students unable to afford an education, or from the point of view of what it does to the lives of students if they go into debt to the level necessary to gain a post-secondary education these days. In a very real way it becomes a double jeopardy situation for the government to artificially cap equalization payments and to pull back on transfer payments. It becomes an out migration policy in effect of people going to the wealthier parts of Canada from the have not regions.

• (1215)

That is not the kind of Canada we believe in and not the kind of Canada we as parliamentarians are supposed to be here building together.

In conclusion, I implore the government to consider that what is a very small matter in terms of the text of this fiscal arrangements bill is a very fundamental matter that will have massive consequences if equalization payments are to be artificially constrained by the continuation of the cap in the year 2001. I ask the government to reverse itself and agree that the artificial cap should be removed.

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, I wish to say a few words in this debate before the House today as well.

I consider this one of the most fundamental parts of Canadian federalism. We have had fiscal federal-provincial programs going back to the forties and fifties. Back in the days of Pierre Trudeau, 1968-69, we had the department of regional economic expansion and equalization payments being expanded and made part of our law.

The big turning point came in 1981 with the patriation of the Canadian constitution. It was decided then to make equalization payments part of our constitutional make-up. I think that was extremely important because we recognized that in our unique federation, which is one of the most decentralized federations in the world, we needed some way of equalizing conditions between people in all parts of the country. We needed some way of equalizing the fiscal ability to have comparable services for health care, education and farm support programs from one province to the other.

We have great inequities between the provinces and the regions because of our constitution and because of our resources. We also have great disparities. We have three provinces, Ontario, Alberta and British Columbia, that have been better off historically than the other seven provinces which have historically drawn funds from

equalization payments. Saskatchewan, my province, is one of those provinces that has usually drawn equalization payments but, from time to time, has had an economy where the growth rate was high enough that it did not receive those payments.

I think part of the Confederation bargain was to support a program like equalization. However, the government removed the cap on equalization, which was \$10 billion for the year 1999-2000. In terms of payments, it went from \$10 billion to almost \$10.8 billion. That was done, coincidentally, before the last election campaign. What a coincidence. The Prime Minister made the announcement to take off the cap and then dropped the writ. He wanted to win more seats in Atlantic Canada, in Manitoba and in Saskatchewan. What did the government do next? It reinstated the cap. There was no election. The cap went back on again.

When the ministers of finance from Manitoba and the four Atlantic provinces were before committee they told us that they did not want the cap on, or, at the very least, that the base go from \$10 billion to \$10.8 billion.

It is interesting that the Prime Minister made a commitment to take the cap off. It is also interesting that all 10 provincial finance ministers said to take the cap off. With a surplus predicted to be around \$15 billion to \$17 billion for the fiscal year, we now have the fiscal flexibility. A minister's statement will be coming out in a couple of weeks. We will be able to handle greater equalization payments to equalize conditions across the country.

Despite all that evidence, when we moved amendments in the finance committee a couple of days ago the parliamentary secretary would not entertain any idea of amendments. Of course the committee itself cannot produce a ways and means motion to amend the act. However, the committee suggested that the minister bring an amendment before the House at report stage to raise the cap from \$10 billion to \$10.8 billion. Even that timid suggestion was turned down by the parliamentary secretary.

In an irony of ironies—and I think this was reported in some of the Atlantic papers—my friend from the Bloc Québécois moved an amendment asking the minister to consider the possibility and the wisdom of perhaps some day considering raising the cap. However, even that was turned down by the parliamentary secretary as being too radical.

• (1220)

What we need is some serious parliamentary reform. The committees need to have more independence to suggest what is right for Canadian people. The committee I was talking about was told by all the ministers of finance from the Atlantic provinces and Manitoba that the cap should be gone or that it should at least be rebased at \$10.8 billion instead of \$10 billion per year.

If the committees are not given independence, we will have growing inequalities between the have and have not regions. We

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will have growing inequalities in terms of health care services, education and social services. We will have growing inequalities in terms of the taxation burden on Alberta and, for example, New Brunswick and many other provinces.

Because of the constitution, Alberta is very blessed and fortunate to have all kinds of oil and gas. In fact, this will be an interesting problem in terms of fiscal federalism in the future because Alberta, with the development of the tar sands, has more gas and oil than Saudi Arabia. It will be an interesting situation to deal with in the years ahead.

The Fathers of Confederation did not foresee this kind of wealth in gas, oil and many other resources. The rights to these resources have now been turned over to the provinces. I support the provinces' right to have jurisdiction over gas and oil but I also believe it is the fundamental right of the federal government to have an equalization program that redistributes wealth in order to have a greater equality of conditions.

Those are some of the problems we will be facing in the future. Alberta's tremendous oil wealth, which will be more than Saudi Arabia's oil wealth, will be a very difficult issue to deal with because it will create tremendous inequities between two or three of the Atlantic provinces and, indeed, much of the provinces of Quebec, Saskatchewan and Manitoba. One of the ways we could deal with it is through the constitutional idea back in 1981 which called for equalization payments to be enshrined in the constitution.

By implication, that would force the federal government to make generous enough payments, which would be in accordance with our fiscal capabilities, to ensure equality of condition for every Canadian. It would not matter whether one lived in Corner Brook, Newfoundland or Calgary, Alberta, everyone would have the same opportunity to send their kids to school, to get a decent education and to receive decent health care. That is the basic philosophy behind equalization.

I hear the Alliance Party people criticizing the government's involvement in all kinds of different programs and talking about massive cutbacks. The Alliance Party agenda calling for cutbacks and cutbacks, has had a great impact on the country and one that has spooked the Liberal Party. It has spooked the Minister of Finance and the Prime Minister, and has made the parliamentary secretary pale with fear.

In 1995, in particular, there were massive cutbacks in government spending like we had never seen from a Conservative government any time in the history of this country, going back to R. B. Bennett in the 1930s. In fact, it makes my Conservative friends over here look like raving socialists in comparison to what we saw across the way.

An hon. member: We are.

Hon. Lorne Nystrom: My Tory friend from Newfoundland said "we are". In comparison to the Liberals, they certainly are.

We had massive cutbacks in 1995. The Liberals were pushed, prodded and poked by the Reform Party which was basically anti-government and anti-public program in terms of creating any kind of equality of condition. The former Reform Party and now the Alliance Party stood for that and the government has picked up its agenda.

It is time to turn the corner. We must now attack the human deficit, the people deficit, in terms of more social spending and more equality in our taxation system, and we have the capability to do that.

Some Alliance people would lead us to believe that equalization means that the taxes of Alberta go directly to the people of Newfoundland. That is anything but the truth. The equalization payment comes from the consolidated revenue fund of taxes collected across the board by the federal government and then given out to the poorer provinces to create equality of condition. The Alliance objects to this by trying to heckle us on the idea of equality, justice and fairness. It wants a system where the rich get richer and the powerful get more powerful.

The Alliance wants a flat tax, an idea that has been rejected by the Bush republicans in the United States. Those are the kinds of ideas that cater to the wealthy, the rich and the privileged. No wonder the Alliance Party is in trouble with Canadians from one part of Canada to the other.

• (1225)

These archaic ideas from the time of Fred Flintstone have no place in the modern world. Canadians want equality and they want justice. Alliance members should crawl back into their caves. Their ideas are outdated.

It is time in the debate to tell the government across the way not to be spooked by those sitting across from it, to do the right thing, and to do what the provincial ministers of finance have said, including the ministers of finance from Alberta, British Columbia and Ontario. They have all said to increase equalization. They have all said to get rid of the cap, or re-base the cap from \$10 billion to \$10.8 billion.

The Prime Minister of Canada said that before the election campaign. The four Atlantic provinces have come here asking for it, as well as Manitoba and Saskatchewan. If we do not do it we will have greater inequalities, greater inequities between the regions and more people living in poverty and lining up at food banks.

It seems to me that if we do what we should do as a parliament, we must make sure we have equality of condition for the common good, so that a child in the north, the prairies, Alberta, Newfound-

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land or Quebec has exactly the same opportunity as a child anywhere else in the country.

I would once again like to plead with the parliamentary secretary across the way to speak with his government and to come back before the House with a ways and means motion to amend the equalization bill before us, or at least, in the financial statement coming down in two weeks where there will be a budgetary surplus of \$15 billion to \$17 billion, to make sure that as part of that financial statement there will be an increase in equalization payments in order to treat every single Canadian with fairness and justice regardless of where she or he may happen to live.

Mr. Greg Thompson (New Brunswick Southwest, PC): Mr. Speaker, I can easily pick up on the comments made by the previous member because there is much on which we agree.

I could not agree more with the member's remarks when he talked about federalism and what Canada was all about. It is about sharing; sharing our wealth and sharing the blessings we have.

From time to time many provinces do not as well as others. Some provinces that are doing very well today were not doing well in the past. One province I will point to is Alberta. Until Alberta struck oil it was doing just about as poorly as Atlantic Canada.

I want to focus so that the listening audience will have a sense of what we are talking about. We are talking about the equalization formula and the government putting a cap on it. Equalization is an unconditional transfer of payment from the federal government to eligible provinces that is determined by a formula which takes into account numerous economic, demographic and fiscal indicators.

Mr. Speaker, before I go any further, I will be sharing my time with the member for St. John's West.

The equalization formula was designed to make up for a province's inability to raise sufficient revenues from its own economy. Equalization payments are made so provinces have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation. That is quite important to understand.

Obviously the poorer provinces, to maintain health care, education and all the other services that governments deliver, simply cannot do that on their own. It is quite noticeable in my home province where equalization payments are the single largest source of revenue for the province of New Brunswick. I think I am being accurate when I say that also applies to Prince Edward Island, Newfoundland and Nova Scotia.

When the federal government arbitrarily, without consultation, takes off the cap or caps the payments, it creates a handicap for those provinces. Basically the government is taking away the very

spirit of the Constitution Act of 1982, when it is guaranteed in our constitution that those payments will be there. When those payments are capped, the cap results in a handicap for us in the poorer provinces.

• (1230)

Mr. Peter MacKay: Manitoba and Saskatchewan.

Mr. Greg Thompson: Manitoba and Saskatchewan, as the member for Pictou—Antigonish—Guysborough just mentioned to me, are also recipients. In fact I will refer to my notes so this will be on the record. Seven provinces are currently recipients of equalization payments, namely: New Brunswick, Nova Scotia, Newfoundland, Prince Edward Island, Quebec, Manitoba and Saskatchewan.

Those payments are made by the federal government from federal revenue sources to which all taxpayers contribute. It is not coming out of one pot of money. It is coming out of general revenues.

Before my colleague from Newfoundland gets on his feet to drive home what I think is a more regional message—I may be mistaken on that, but I think it is—I do want to go through the history of equalization in the country.

It is a long established practice in the country to share the wealth, so to speak. I refer to an article written by Kenneth Norrie, Richard Simeon and Mark Krasnick entitled "Federalism and the Economic Union in Canada". It is a summary of major developments with respect to equalization.

For the record, this practice began in 1867, at the very birth of our country, in the BNA Act, with what were then called the BNA Act statutory subsidies, payments made to provinces in return for surrendering indirect taxes to Ottawa. There was a formula already established, then, for having given up direct taxation. In 1940 that was renewed with what they called then the national adjustments grants, which were recommended by the Rowell-Sirois report. These grants were paid on the basis of fiscal need.

In 1957 there was another look at equalization. The first formal equalization plan was established in 1957. It was part of the 1957-62 fiscal arrangements. The federal government at that time agreed to bring per capita yields from three standard taxes up to the average yield in the two wealthiest provinces, hence bringing us up to a higher level based on the prosperity of some of the other provinces that happened to be doing better.

In 1958 there was another look at it, with increased equalization for personal income tax. Again it was a trade-off. The provincial

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share of personal income taxes paid to the provinces increased from 10% to 13%. This entered into the equalization formula.

Between 1958 and 1961 there was another look at it. The government came up with the Atlantic Provinces Adjustment Grants and Newfoundland Additional Grants Act, an act of parliament. Additional unconditional grants at that time to the Atlantic provinces were rationalized on the basis of the provinces' low fiscal capacity, in other words, not as much strength in their economies.

In 1962 we revisited again as a nation what was then called the 1962-67 fiscal arrangements agreement. Again the personal income tax share rose up to 16% in accordance with the tax arrangements and there was the introduction of 50% of the three year average of provincial revenues and taxes from natural resources. The equalization standard was again reduced to the national average level.

From 1962 to 1967 another look was taken at it. The provinces acquired an increased share of personal income tax. In 1964-65 there were some changes to the natural resources act. Then we move on to our centennial year and the federal government introduced the representative tax system of equalization. In 1972 the same thing occurred and that program was extended. An addition of three new tax sources brought the total level to 19 tax sources at the time. Revenues from these three tax sources, racetrack revenues, medical premiums and hospital premiums, were previously equalized under miscellaneous revenues. There were some changes there.

• (1235)

In 1973-74 school purpose taxes were included. In 1974-75 there was energy revenue modification. In 1977 the equalization component of the Fiscal Arrangements Act was passed by parliament. In 1981 Bill C-24 had two provisions: withdrawal of the sale of crown leases category from the program and a personal income over-ride with no province eligible for equalization if its per capita personal income exceeded the national average level in the current preceding two years.

As we can see, various Liberal and Conservative governments were taking steps all along the way and provincial governments were doing the same thing in recognition of equalization and how important it was for the stability of the country.

In 1982 a new tax source was added. In the 1982-87 fiscal arrangements there was the new representative five province standard equalization program.

I have one minute left and will conclude by saying that April 17, 1982 is a date every Canadian will remember. That was the date of the new Constitution Act. The new Constitution Act of 1982 was struck, signed onto by the provinces and the prime minister at the time. There was a provision in the act ensuring that equalization was enshrined in Canada's new constitution.

Canada has a long and good history of sharing the wealth in our country. I think the present government's position and attitude are very meanspirited. I look forward to hearing the comments of the member for St. John's West, who will carry on.

Hon. David Kilgour (Secretary of State (Latin America and Africa), Lib.): Mr. Speaker, my colleague the hon. member for New Brunswick Southwest spoke of Alberta and also referred to the study by Ken Norrie on federalism and the economy.

I would like to assure the hon. member that we Albertans know we are very fortunate at the moment and we do want to share our prosperity with people in Saskatchewan or New Brunswick and elsewhere. I wonder how the hon. member feels this situation should be handled. How do we encourage people who might be out of work in his province, say, to come to Alberta? As I am sure he knows, we are very short of skilled people in Alberta and we would like to have more people come to our province to help with things like the tar sands.

Does he also have a comment with respect to what a caring and sharing country should do in terms of a province that is at the moment having very high surpluses, as I am sure all the members know?

Mr. John Duncan: Mr. Speaker, I rise on a point of order. I would like clarification.

After the member for Regina—Qu'Appelle spoke I did not hear an invitation for questions and comments. We went straight to resuming debate. I did not rise as a consequence. Am I mistaken or was there a difference between the previous speaker and this speaker in terms of questions and comments?

The Acting Speaker (Mr. Bélair): Yes, my colleague, there is. As you know, we have started third reading of this bill. The first three speakers are allowed 40 minutes with no questions and comments. In this case, the New Democratic Party asked for unanimous consent to split its time so that it would have two 20 minute periods instead of one 40 minute period. That is why there were no questions and comments.

However, as of the remarks of this first speaker, the hon. member for New Brunswick Southwest, there will be either 10 minutes for questions and comments or 5 minutes for questions and comments if members indicate they wish to split their time.

• (1240)

Mr. Greg Thompson: Mr. Speaker, I appreciate the minister's question in relation to Alberta, the rest of Canada and my home province of New Brunswick. In fact, we do have a lot of young

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Canadians leaving the poorer provinces of Canada to seek work elsewhere. We like to see that mobility, but obviously it does create a problem in some of our provinces. We talk about the brain drain to the United States, but there is also a drain of talent from eastern Canada to western Canada. We can understand that and we appreciate it. We do not want to see any artificial barriers put up, and I know the minister himself would not.

In fact, in terms of putting a cap on equalization, one of the arguments the premiers used, and I think successfully, is that we are doing our best and we are moving ahead, and we want that stability so we can continue to move ahead and build the infrastructure that is needed and build an economy back home that will allow our young people to stay there.

At the end of the day, the government cannot give with one hand and take back with the other. For example, in the equalization formula we have a connection between that and the CHST, the moneys that the federal government transfers to the provinces in the health and social transfer. When it takes money out of that pot and pretends to put money in another one, nothing happens. There is a sort of balance in the sense that we are really not moving ahead. Giving with one hand and taking away with the other would be the correct analogy.

However, the truth is that governments should not be doing that, because they have to look at the overall picture. To build good education systems, health care systems and a strong economy in New Brunswick, we need that little bit of help to get us going.

There will be a fair degree of economic growth in New Brunswick. The numbers that are coming out of Atlantic Canada are looking pretty good, because we have built on some of our successes and we want to continue to build on those successes. We do not want to be penalized because we are succeeding, and that is really how we look upon this, as being penalized for succeeding.

The federal government is still very important to us in this country, and it has to take the lead. We do not want to penalize anyone in this country for being successful, either on the tax end as an individual or on the giving end in terms of recipients of equalization. We want to build on our strengths.

The truth is that we would love to see a society where young Canadians would not have to leave their homes to seek work elsewhere, whether it is in the United States or some other part of Canada. That would be a perfect world. We will probably never achieve that, but let us not penalize the poorer provinces for the successes they are enjoying.

The federal government is enjoying a fair amount of economic success over the last number of years. Let it share that with the rest of Canada, because every single Canadian has paid into general revenues and those are the dollars that are being used to help support the poorer provinces.

Mr. Loyola Hearn (St. John's West, PC): Mr. Speaker, let me thank my colleague from New Brunswick Southwest for sharing his time with me.

I listened to him explain how we arrived at the present process of equalization and I listened to the leader of the NDP Party and the member for Regina—Qu'Appelle. I must say that the more I listen to people speak on the equalization process, the more I realize that we all agree the present system of assisting have not provinces, and I use those words very loosely, is not working. We all agree it is not working. We all agree there are better ways of doing it. Many of us recommend better ways of doing it.

That begs the question. If most of the parliamentarians in the House understand what is happening across our country, if we understand the fiscal realities of the have and have not provinces, if we understand the sharing, the equalization systems, the goods, the bads and the uglies, why is it that we do not do something constructive about it? Members on this side can only point out, recommend and represent. It is the people on the other side who must to do something, but we have not seen very much being done.

• (1245)

Bill C-18, which would remove the cap on equalization payments for one year, is a positive step and one which various provinces have asked for. They have also asked that the cap be removed entirely, which is something I would also recommend, but removing the cap on equalization would not solve all the problems. Changing the whole equalization reality would equalize it.

The word equalization is deceptive. When we hear the word we think of the old Robin Hood syndrome: if we take from the rich, being Alberta and Ontario, and give to the poor, everybody becomes equal. If that were the case, what a wonderful country we would have, but that is not the case. All we are doing is taking a very minuscule sum of money and sharing it on an equal basis depending upon status.

The province of Newfoundland has been looked upon by our fellow Canadians for years as a have not province, a province that has absolutely nothing to offer. Those who are experienced and travelled politicians, or experienced in the sense of having read and educated themselves about all the provinces, realize that is not the case.

I doubt if there is a province in Canada as rich as Newfoundland in relation to the resources within its boundaries. If we look at the small population of Newfoundland, slightly over half a million people, and divide it into the value of our resources, on a per capita basis we could be richer than any province in the country.

The parliamentary secretary from Alberta asked my colleague from New Brunswick Southwest whether it would not be good for the people of his province to travel to rich Alberta where they could

find employment. I say to the hon. member that many people from Newfoundland have travelled to Alberta and have contributed significantly to the growth of that great province. Alberta and Newfoundland have been extremely close over the years. I had the privilege of serving in a government in Newfoundland in the mid-eighties at the same time that Premier Lougheed was the premier of Alberta. There was an exceptionally strong bond between our two provinces and that bond has held.

In recent months, Premier Hamm of Nova Scotia has led the fight for drawing attention to the plight of equalization clawback arrangements. It is interesting to see him being supported by other premiers who have not been directly affected and by the new leader of the opposition, Mr. Williams in the province of Newfoundland.

When Premier Hamm and opposition leader Mr. Williams took their plight nationally, the people of Alberta began to realize what they were being asked for. It was not just more money from Alberta and putting nothing back in return. When they saw the reality of what was happening, the people of Alberta, Premier Klein, former Premier Lougheed, the University of Alberta, the Calgary *Herald*—and I could go on—in their comments, their speeches and their editorials, all expressed support by saying that what these people wanted was right and proper and that it was not something that Albertans did not get in the past.

• (1250)

I talked about Newfoundland and its riches. Besides our forestry and farming potential and our small business and IT sector, which are growing rapidly, we have one of the greatest tourism potentials anywhere in the world. We are one of the last frontiers in Canada, as many people are starting to see. We are limited only by access because of unfair treatment by the central government in the type of ferry system we have, a monopoly airline, et cetera. Other than that, we have the last frontier as it relates to all the other areas except the far north.

We also have major resources. People must remember that we brought the fishery into Canada. We brought the Grand Banks of Newfoundland and all the surrounding fisheries around the coast of our province within the 200 mile limit. For years Canada bartered Newfoundland fish for deals, such as the sale of wheat and other sales to Russia, China and Europe. Everybody got a piece of our action, such as the Spanish, Portuguese and Russians. Our fishing grounds were ravaged by countries given quotas in lieu of deals made to ship off other Canadian resources.

In the end Newfoundland paid the price. Our water power in Upper Churchill was developed by an agreement with Quebec. Newfoundland receives about \$10 million a year while Quebec receives closer to \$1 billion in royalties out of our water power. I do not blame Quebec. It was a federally sanctioned deal, with

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absolutely no federal assistance, that provided a power corridor through to the United States markets, which is what was done for Alberta oil and gas across the rest of the country.

Newfoundland is extremely wealthy with minerals, especially the major find in Voisey's Bay. It is not being developed for several reasons, but the main one is that people want to move it somewhere else in order to create jobs.

Our oil and gas, which is now being developed and, as Alberta grew and prospered on its onshore oil, Newfoundland will eventually grow and prosper. As Alberta slides economically, maybe Newfoundland will be able to pick up the slack and reciprocate on the assistance it has received.

Confederation is supposed to be about sharing. Newfoundland, Nova Scotia and other provinces are not putting their hands out and saying "give us". They are asking for a chance. They are saying that they have the resources to become a have province but that they need the chance to develop those resources and hold on to the royalties until they can create the infrastructure to make themselves a have province.

If the government wants to create equalization across the country, it should start doing it properly. It should try to be fair so that some day each province in this country will be equal.

Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I know the member for St. John's West speaks on behalf of many Newfoundlanders who have raised the concern about equalization. I would like to go over some of the data.

The government recognizes that equalization is a very important program. It is meant to help those provinces that are the so-called have not provinces in order to deliver a roughly equal level of services and programs to their residents.

In 2001-02, Newfoundland and Labrador will receive almost \$1.6 billion in equalization. That includes the CHST and equalization. It will account for about 40% of Newfoundland and Labrador's estimated revenues. It is expected to total about \$2,930 per person, which is more than twice the national average and the highest of any province.

If we look at those per capita receipts, which are twice the national average, one intuitively reaches the conclusion that it is supposed to work that way. On a per capita basis Newfoundland and Labrador will receive, by this formula, twice as much on a per capita basis as the national average.

• (1255)

Does the member feel that it is not sufficient for Newfoundland and Labrador to deliver the same quality of services and programs to its residents?

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Mr. Loyola Hearn: Mr. Speaker, I find the question basically insulting. The parliamentary secretary seems to be asking if it is not enough that we are getting welfare and more funding than anybody else. That is not what we are looking for.

We are talking about \$1.6 billion being thrown into Newfoundland. Just from our hydro resource alone we are putting a billion dollars into Quebec, not to mention the oil, gas and mineral resources. We are getting nowhere near what we are contributing.

We should be getting our fair share of royalties. We are not looking for more handouts. That is what is wrong. It is the attitude of government members across the way that tells us to take the welfare and thank them. That is not what we want. We want the opportunity to be a contributor. We have the tools, resources and the intelligence to do it. All we are asking is that the government let us do it.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I have two questions to raise with the member for St. John's West. I also applaud him for recognizing that it was the premier of Nova Scotia, not of my political stripe but of his, who spearheaded a lot of the battle for a fair equalization formula. Our party has been very pleased to co-operate with that effort.

Could the member comment on the role and position of the former premier of his province of Newfoundland on the equalization formula? I remind all members of the House that when he made his decision to run in the last federal election, wrapped in the unity flag and all sorts of rhetoric about equality of opportunity, he said that one of the reasons he was running was that he wanted to see changes in the equalization formula and the removal of the cap.

Has the member for St. John's West been tracking what the current Minister of Industry has done to contribute to persuading the government to lift the artificial cap on the equalization formula?

Mr. Loyola Hearn: Mr. Speaker, Premier Hamm has certainly been the one who has led the fight that has now been picked up by others. I presume the hon. member knows the answer as well as I do to her question. The Minister of Industry has done very little, either before or after his return to Ottawa.

Mr. Roy Cullen: What about the \$700 million?

Mr. Loyola Hearn: The \$700 million was announced five different times. It was the same money over and over. One of these days I will analyze the benefits to our region for the hon. member, and that will embarrass him even further.

The Minister of Industry spent a lot of time in Ottawa and delivered nothing for Newfoundland as a premier. The only time he raised the issue of equalization was during the election campaign

when he was to save Atlantic Canada. He was elected, but there were very few with him because he campaigned on a new equalization deal. He did not deliver and that is no surprise to any of us.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I will be sharing my time with the hardworking and faithful hon. member for Vancouver Island North. I could have used more adjectives, but I did not want them to go to his head. It is an honour to stand in the House to talk about Bill C-18, a very important bill, and to address at this stage the broader question of equalization payments and the meaning of them.

I cannot resist the temptation to lay down a bit of what one might call a philosophical foundation for the idea. That foundation is what we as Canadians believe in so strongly. We believe in community and sharing with those who have need. The Liberals have somehow exploited this in their communication pieces to try to pass it off to Canadians that they are the only ones who care. They certainly are experts at caring in one particular way and that is taxing Canadians to death, then deciding how they can distribute the money they have gathered together.

• (1300)

Just yesterday, without any previous debate or approval of the House, the Prime Minister declared some of his values in Toronto when he announced a \$500 million program to aid culture in Canada. 180 I shake my head at that when we have that same government saying that it will not increase the ceiling for equalization payments to help provinces pay for hospitals, education facilities for students and things like that. The government is ready to give us \$500 million more for its interpretation of what Canadian culture is.

That is a very narrow point of view of what it means to be Canadian and what it means to be community. Very frankly the cultures that I see across the country are many and varied. These cultures for the most instance are very able in representing themselves and thriving without the aid of a bunch of government grants.

In fact in my riding we have a large Ukrainian community that does wonderful things to promote its culture and to keep it and its language alive. I had a conversation not long ago, actually I guess it is over a year ago but at my age years fly into days or weeks, with several people from the Ukrainian community. They said we should support more cultural grants from the federal government.

I engaged them in a little debate and asked them where they thought the money came from. We talked about it a bit. I told them that we were overtaxed with the huge burgeoning bureaucracy that was involved in sending money to Ottawa and that the bureaucrats spun it through their centrifuges. A bunch of that money would spill over the edges but would never get to the target for which it is

intended. Then finally some would go back to a select group chosen in some cases by the Prime Minister because, as I understood it, he had a lot of clout in cabinet. However if they did not happen to be one of those they would not get the money.

I was able to show them that we would all do a lot better if we could simply reduce our taxes. Then all of us in all our cultures could fund to our heart's content the Ukrainian schools, the German schools and other schools that we would have liked to have but were prohibited from because of the official program of the government of taking about half of everybody's earnings and distributing it according to its will.

I also say that in the broader sense of community I do not want to restrict my community just to the town near which I live, nor my riding. It is a wonderful riding. I welcome you, Mr. Speaker, to come and visit. We have a national park in our riding. It is called the Elk Island National Park, named after my riding. It is a wonderful place and great place to visit. I would not like to restrict my sense of community just to our province.

It was mentioned earlier today that Alberta in the last year or so had a very good economic picture because of the energy situation. I can remember back a scant eight years ago when that was not the case. Albertans were struggling with their education and health funding probably as much as anyone. We had tremendous challenges in the province to rationalize the delivery of the health care system. A lot of it was due to the fact that this federal government reneged on what was originally an agreement to pay for half of the health care for the provinces. Over the years it eroded it to a point where it was once again the responsibility of the provinces. However it never reduced the taxes it sucked out of our provinces to bring to Ottawa. Therefore, I feel the government funding of those programs was irresponsible.

• (1305)

My country is my community. I came to the House as a Canadian. I stand proudly when we sing the national anthem in the House. Some may remember that I was even unwittingly and unintentionally the centre of a lot of controversy a number of years ago when I insisted that there should be nothing wrong with my having a flag on my desk in the House of Commons. Ultimately, it was ruled not permissible. It was considered a prop, so I am without my Canadian flag. So be it.

However I am a proud Canadian and this is my community. I insist that we would do well by extending the word community across this whole country and that we provide the needed health care and educational facilities to our citizens, which are more or less equal, at comparable levels of taxation. However it is impossible to have them exactly equal as that is just a practical consideration but they should be as equal as is possible.

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Again, it is worth drawing the attention of the members to the fact that this is in our constitution. If we look at the Constitution Act, 1982, we will find section 36. I am going to read it because perhaps some people have not heard it. It states:

Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to

- (a) promoting equal opportunities for the well-being of Canadians;
- (b) furthering economic development to reduce disparity in opportunities; and
- (c) providing essential public services of reasonable quality to all Canadians.

Then subsection 36(2) of our constitution states:

Parliament and the Government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

Although that was brought in by a Liberal government, it seems to me eminently fine. I have absolutely no problem with that particular clause in our constitution. It behooves us to make sure that Canadians across the country have comparably equal services at comparable levels of taxation.

However we need to make sure that there is not duplication. We must ensure there is efficiency in the delivery of those services. We must make absolutely sure that the provinces and the citizens in those provinces continue to have all the motivation in the world we can extend them to improve their situation, regardless of where that is. I insist our country would do best if we neither hung a milestone around the necks of those who are doing well as they will then do better, they will expand our economy and they will provide more jobs, nor leave destitute those whose needs are greater.

Quite clearly I could have spoken for longer but my time is up. I appreciate the opportunity to address the House on this important issue.

[*Translation*]

Mr. Gérard Asselin (Charlevoix, BQ): Mr. Speaker, it is with pride that the Parliamentary Secretary to the Minister of Finance rose in the House this morning to make his speech and say that the federal government has been generous in giving money back to the provinces. The government feels generous because, among other things, it gave Quebec \$489 million in equalization payments.

• (1310)

If the federal government is returning money to each province through the equalization program, it is primarily because these tax revenues from the provinces and workers have increased, while government spending has decreased. The government has now eliminated its deficit, but not because it is a good administrator, not because the Minister of Finance is better than his predecessor.

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Rather, it is because the Minister of Finance decided to take \$6 billion a year from the employment insurance fund. It is because he decided to make cuts to transfer payments to the provinces for health and education. The federal government has relinquished all responsibility for the maintenance of airports and piers.

This money is not a present from the government, it is money owed to us. In a sovereign Quebec, we will manage the \$33 billion that is collected through taxes and we will tell the federal government "Keep your equalization program". I am prepared to trade \$33 billion for \$489 million.

[*English*]

Mr. Ken Epp: Mr. Speaker, I was just waiting for the end of the interpretation. Unfortunately I am unilingual and I depend on those wonderful people in the booths to do my talking for me.

I will answer the question in the following way. Indeed there is but one taxpayer. We are burdened to death with taxes at all levels of government. The federal government takes the largest share, then the provinces and our municipalities take some.

I would definitely agree with the member but I would ask him to come to a small degree of realism. Members of the Bloc are intent upon leading their people into forming a separate government independent from Canada. That is their commitment. They are good at communicating it and I have to admire them. It is a party that has managed to stay on track and focused on what its goals are.

However I caution the member, the members of his party and all citizens of Quebec to make sure they do the arithmetic accurately. As residents of a recipient province in the equalization program, they would have a very hard time demonstrating to me, using hard facts and numbers, that they are not net beneficiaries of the program. Undoubtedly they pay their share of taxes and I have no problem with that. However they are net beneficiaries when it comes to the equalization program. The numbers are very clear.

Other than that the member was right on in his statements.

Mr. John Duncan (Vancouver Island North, Canadian Alliance): Mr. Speaker, this is not the first day we have debated the bill but it is the first day we have debated it on third reading.

There is a history and a track record to the legislation in this place. The real track record was the first minister's conference communique of September 11, 2000, when the announcement was made on the one year lifting of the ceiling on equalization payments would occur. Of course that was about one month before a general federal election was called. People, particularly the Prime

Minister who was the major part of making that announcement, would very much have had the election in mind at that time.

We have an agreement that was reached in a very politicized environment. It is for one year and one year only. We really are talking about retroactive legislation. The spin doctoring that has come out of the Liberals on this particular initiative has been absolutely incredible.

I have the press release from the minister's office dated March 15. It spent more time talking about the fact that because of the Ontario's hot economy the total transfers were going to be \$1.8 billion higher than it did the substance of the press release which was supposed to be about the legislation, this bill which was tabled that day in the House of Commons.

There is a general recognition, a disquiet and a discomfort among some of the bureaucracy in the finance department and other places that this is a politically opportunistic, unprincipled way to approach the whole issue of financial transfers to the provinces. They really are trying to bury the facts of how we arrived at this.

● (1315)

The real reason we ended up with that announcement last September 11 was that the federal government had balanced the books. It got rid of the deficit between 1993 and 1999 in three ways. First, it gutted transfers to the provinces, particularly the CHST which funds health, education and other important areas, by reducing it 33%. Second, it gutted the Department of National Defence. Third, it reduced all other programs by an average of 3%.

We can see how much damage was done because the priorities of the government were obviously not the priorities of the people. This is an attempt to make up for the first set of cuts to the CHST, the health and social transfers to the provinces, on a one time basis in a politically charged atmosphere.

I have great difficulty with all the breast beating coming from the Liberals about how generous they are. They say this is a good announcement and pretend it will somehow continue. The official opposition supports the principle of equalization. It is the government that makes equalization look bad by this kind of ad hoc, band-aid reaction.

The bill is very narrow in scope, as I mentioned. It deals with only one year, yet the government is attempting to make it look more broadly based.

We support the notion that the federal government ought to equalize access to core public services at reasonably comparable

levels of taxation. There are many problems with the current system. It should be much more open to discourse and debate.

I listened carefully to the member for St. John's West when he talked about how economic development, particularly in the non-renewable natural resource sector, is penalized by the current way the equalization system is applied.

It reminds me of what we have done with the north. Equalization payments apply only to the provinces, but in the north we have federal territories: Nunavut, the western Arctic, the Northwest Territories and Yukon. Federal transfers to those jurisdictions are the major part of their budget. Anywhere from 80% to 90% plus of the total revenues of territorial governments come from the federal government.

Historically the equalization formula has worked in a perverse way. If a region creates economic development it is penalized on an almost dollar for dollar basis. What is the incentive to become self-sufficient? This is contrary to economic thought and rational development policy.

• (1320)

Let us look at the economies of countries with mobile populations. I heard the Secretary of State for Latin America and Africa ask about the demand for skilled workers in the province of Alberta. How do we get people to fill those jobs? How do we get them to move to that jurisdiction? That is a crucial question.

It is clearly demonstrated that one of the major reasons the U.S. economy is resilient and strong and has low unemployment is that culturally and by policy its population is used to travelling to new jurisdictions to seek employment. The United States has the highest labour mobility in the world. That is what gives its economy such great transitional strength and reduces its unemployment numbers.

Any country that makes it more convenient to stay in one place than to move to new opportunities is doing its people a great disservice. The Secretary of State for Latin America and Africa was on to a very important question about which our young people are thinking a great deal.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I am truly impressed. The adjectives I used to describe the hon. member have now been proven correct. He gave a great speech.

I have a couple of questions or comments. The Prime Minister, during his swing through the Atlantic provinces in the election campaign or leading up to it, made a significant policy change. He announced that the cap on equalization payments would be removed for one year.

What does the member think about a government that makes major policy changes for one year only during an election year? If it is a necessary step, should it not be taken whether or not there is an election and not cancelled when the election is over?

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Mr. John Duncan: Mr. Speaker, I concur with that, but I attribute it to something more than a concern over the government's or the Prime Minister's behaviour in this regard. The larger concern is that we have a parliamentary democracy that does not allow for real ratification.

• (1325)

For example, in most western democracies a prime minister or president could make a statement such as the September 11 statement of last year outlining their intent. However it would need to be argued, debated and ratified and there would be a great deal of uncertainty as to whether it would be approved.

In Canada, on the other hand, our democracy is so skewed that parliament is virtually a rubber stamp. The Prime Minister or even a cabinet minister can now make these kinds of announcements. The cultural announcement to which the member for Elk Island made reference is the same thing.

The biggest portion of the \$560 million announcement by the Prime Minister yesterday includes \$108 million to foster and develop Canadian content on the Internet, and French language content in particular according to the heritage minister.

Since when is money for Canadian culture usefully spent on getting us into Internet type stuff that the private sector, private investors and the stock market and everything else have run with from day one? How did that become a priority? How could an announcement be made when nothing has occurred in this place to enable the announcement to be made?

Ms. Wendy Lill (Dartmouth, NDP): Mr. Speaker, it is my pleasure to speak to this important issue because of the profound effect that equalization problems are having on my constituents in Dartmouth.

Simply put, the current transfer formula does not treat my constituents in Nova Scotia and Dartmouth the same way that citizens in other provinces have been treated. I will spend a bit of time talking about that this afternoon.

Equal opportunities need to be given to Nova Scotians under our federal transfer regime. Sadly there are a number of barriers in our equalization formula which continue to work against poorer provinces such as Nova Scotia and which are causing real hardship to ordinary hard working persons in Dartmouth.

Simply put, Bill C-18 does not meet the real constitutional obligations of the government. I will state what they are because I am not sure we all know. Subsection 36(2) of our constitution states:

Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonable comparable levels of taxation.

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If we look at health care standards and the lack of availability of pharmacare, per pupil funding levels for primary, secondary and post-secondary education, and services for those living in poverty, including the thousands with disabilities in my community in Nova Scotia, it is self-evident that the lofty ideals of the constitution are not being met. Canadians know, and study after study shows, that there are significant inequities in services and taxation levels across Canada.

I concede that some of the inequities are the result of decisions made by provincial governments. Many Conservative governments, rather than using budget surpluses to rebuild social programs, have brought in large scale tax cuts which benefit the wealthy. That is not the fault of equalization.

Some inequities stem from the ability of some provinces to generate revenue from resources. There is no doubt that Alberta has greatly benefited from the fact that it is situated on large lakes of underground oil and gas. It receives full royalty revenues from those resources. There is some accounting of this in the equalization formula. However another inequity is at play here.

• (1330)

That relates to the fact that offshore oil and gas revenues cannot be taxed by provinces in the same way that onshore oil and gas revenues are presently being taxed. Therefore we are leaving the have not provinces in Atlantic Canada without the same ability to provide programs as Alberta has.

While I know there are different jurisdictions for onshore and offshore resources, it is difficult to give the legal mumbo-jumbo explanation to the people of Nova Scotia. Nova Scotians have made their living off the ocean since the province was founded almost 400 years ago just as much as they have made their living off the land.

Alberta's tar sands are a provincial resource, and telling Nova Scotians that Sable Island gas is not part of their province simply does not wash. They do not see the legal argument. They see that they are once again being kept poor by unequal rules set by central and western Canada, and they have a point. The government is not treating them fairly and it obviously could if it wanted to.

For example, there was a temporary exemption of royalty revenue in the calculation of equalization payments which had been granted to Newfoundland and Labrador in the past. This temporary measure helped boost the economy of that province, and Nova Scotia deserves no less.

I call on the government to give Nova Scotia the same deal which was granted to Newfoundland and Labrador. As my leader and colleague from Halifax said eloquently in today's debate, Liberal cuts to the CHST, their elimination of the Canada assistance plan and their general approach to giving a higher priority to

tax cuts rather than rebuilding our social programs have hit Atlantic Canada very hard.

These are policy barriers to governments in Atlantic Canada which the government should address, but it should also be fulfilling its constitutional role to create equity in services through the equalization formula.

Bill C-18 leaves barriers in place. The biggest barrier is the cap on equalization payments. It needs to be removed. I am not alone in this regard. As has been mentioned, the provincial ministers and the premiers have brought this matter to our attention. Bill C-18 has failed to remove the artificial cap on equalization payments to poorer provinces for this fiscal year. It means that Ontario and Alberta keep more and Atlantic Canada keeps less. How can the Liberals justify this? Do they know what it means to the people in Atlantic Canada?

What it means is that Dartmouth students suffer with less funding and there is increased labour strife as school boards try to squeeze concessions from already underpaid workers. It means that post-secondary students have the highest tuitions and the most ineffective student aid program in the country. It means that fewer sick people can afford the medications they are told by their doctors they need to stay alive. That is not fair and it is not equal. That does not meet the lofty goals set out in our constitution.

Specifically on post-secondary education, I repeat my request for the federal government to increase the support for legitimate post-secondary educational needs in Nova Scotia through a bilateral agreement that would recognize the significant price that Nova Scotians are paying to support a disproportionate number of out of province students.

I hope the government of Nova Scotia would then use the funds to reduce student tuition fees, currently the highest in Canada, and increase the inadequate student aid plan. Atlantic Canadians do not want handouts. They want fairness. Sadly our party believes that Bill C-18 would not deliver this to them.

Mr. Brian Pallister (Portage—Lisgar, Canadian Alliance): Mr. Speaker, we have a problem in the country when policies are not made on the basis of good reason or good common sense but on the basis of pure politics. That is what has happened in this regard.

A task force was convened back in 1995. I would like to share with the House some of its observations. The clerk of the privy council asked Ivan Fellegi to chair a task force of senior officials to review the state of the government's policy capacity. The task force submitted its report in April 1995 and it concluded:

The most notable weaknesses at present relate to longer term strategic and horizontal issues. Resources are disproportionately consumed by short term demands.

Government Orders

• (1335)

It was basically a condemnation of the way in which the government makes policy. Its observations were such that it highlighted to those who read it the unfortunate political motivation behind too many of the policies that are misconstrued by the government.

Such is the case here. The bill proposed by the government is after the fact. It is designed to fulfil a promise made by a Prime Minister, in anticipation of a federal election, to a group of Canadians in the Atlantic region who he hoped to persuade through his promise to support them. It is clear and obvious to members opposite that was the case.

Is that the way policies should be designed and shaped? Is that the way policies should be communicated to the Canadian people? The obvious answer is that it is not.

The bill is a reflection of the government's ability to act in an ad hoc fashion rather than to plan. There was no consultation in advance of the promises made by the Prime Minister. The Prime Minister does not have to consult but he should. The Prime Minister has made announcements before on behalf of various ministries and sometimes without consultation with his ministers. For example, the millennium scholarship fund was introduced by the Prime Minister without consultation with his finance minister. This is not the way to make policy and design a better Canada.

We have another problem in this case. We have a problem for the people of Atlantic Canada because in many regions the constituents in Atlantic Canada elected Liberal members. Liberal members were sent here not because they were bought, which is not the nature of the people of Atlantic Canada at least in my experience, but rather to represent their constituencies and to represent them well.

However I have not heard voices raised in the House in strong support of the people of Atlantic Canada on the equalization formula. No one from the Liberal side has stood to condemn the words of the Prime Minister or his lack of action and the lack of action of the finance minister on this policy issue. That is a shame.

I have heard members from Atlantic Canada. They have not attacked the Prime Minister's approach to this issue. They have not attacked his lack of sensitivity around the needs of the people of their own regions or of other regions such as my own in Manitoba or in the province of Saskatchewan, both provinces which depended to some degree on equalization payments to offer the kinds of services to their residents they deserve to have. I have not heard voices raised in that respect.

Rather I have heard voices raised in the House attacking provincial politicians in Nova Scotia and in New Brunswick. I

wonder at the wisdom of those kinds of personal, petty and partisan attacks. I wonder why members opposite would rise and criticize the governing parties of Nova Scotia and New Brunswick.

It seems the only reason they would do so is that currently there are Progressive Conservative governments in those provinces. That seems rather shallow. It also seems at odds with what their constituents would want them to do, which would be to stand with Premier Lord, Premier Hamm and with many others in Atlantic Canada. Their constituents are trying diligently to have this formula revisited and to ensure the resources they and their provinces need are made available to them under a fair formula.

Partisanship is at its worst in the House when members opposite fail to address issues of importance to their own constituents. There are clear divisions in the Liberal caucus and among various ministers on this issue.

• (1340)

The Minister of Industry crowed like a rooster in the barnyard about his voracious appetite for a revisiting of this formula when he was premier of Newfoundland. I have not seen him rise in this place on this issue since returning to Ottawa. Perhaps he has another agenda in mind. I have not heard him put on the record his strong support for the people of Newfoundland on this issue. I have not seen it and I have not heard it.

I heard the minister on a lot of other issues as the people of Newfoundland have when he was there. When they said goodbye to him I am sure it was with some hope that he would come to this place with a Newfoundland agenda in mind. That has not been evident.

The finance minister has not shown any interest either. Rather he told finance ministers that this file would not be opened. He said that a single act would suffice. This ad hoc act and self-serving makeshift policy is not the way to deal with an issue as important as this one is to the people of Canada.

The finance minister for some reason refuses to open the file. Perhaps it is because he does not want to give any credit to the industry minister, who may be behind the scenes raising this issue, although he is certainly not doing it where anyone knows that he is doing it. This has been a closed debate and that is unfortunate. It has been closed to a very few. That kind of policy making is not the kind of policy making that people want.

I have sat and listened to the debate with some interest. Members have unfortunately misrepresented Canadian Alliance policy. I would like to put on record our policy on this issue. We recognize that different provinces and regions of Canada have different levels of wealth but all wish to provide similar services to their residents.

Government Orders

We are committed to the constitutional principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide their residents with reasonably comparable levels of basic services at reasonably comparable levels of taxation. That is the Canadian Alliance policy, not the policy that has been misrepresented and put on the record in the House by some members opposite.

Our policy reflects the desire for fairness and for some equitable treatment of all Canadians. We believe that equalization should serve the longer term purpose of equalizing economic opportunity and autonomy in all regions of our country. It should not create incentives for perverse economic policies. It should not be used for self-serving political purposes. Rather it should be used as it was originally designed, to provide a way up for people, not just an excuse for a government to try to buy support.

Donald Savoie in his book *Governing from the Centre* made some observations concerning the nature of the way in which the government has chosen to develop policy. He stated:

While I argue that the centre and, in particular, the hand of the Prime Minister, has been considerably strengthened in recent years, this is not to suggest that the federal government is better able to define new strategic direction or a coherent plan to which all government departments can contribute. It is ironic perhaps that as the hand at the centre has been strengthened, its ability to manage horizontal issues has been weakened.

We see evidence of that in many policy areas and certainly we see it in regard to this file. The Prime Minister's controlling hand is all over the legislation. His desire to use legislation such as this to fulfil pre-election promises is obvious and self-evident.

What is the ability of the government to deal with the horizontal issues that affect all regions of the country? According to Donald Savoie, a noted observer of things political for decades, the ability of the government to deal with the horizontal issues that face our nation has been considerably weakened.

We see that here and in many other areas. Our desire as a political movement is to make sure that everyone in Canada feels they are a part of Canada. That is not the case today in Canada. We have seen centrifugal federalism where the willingness of the government to practise and develop policies does not reflect the true Canadian fabric. Too often we have seen a willingness to use partisan judgment rather than develop good, comprehensive, intelligent, foresighted policy.

● (1345)

The Council for Canadian Unity has been at work developing ideas, researching and looking into ways to enhance that sense of being a Canadian that should exist across the country from coast to coast. It has just released the results of a study it conducted. What it revealed is truly disheartening and should be disheartening to all hon. members of the House.

Canadian residents were polled and asked the question "Do you feel that the federal government is respectful of your province?" The results were tabulated by province and were truly sad in terms of what they revealed. The results revealed that in only one province of Canada did the government get a passing grade from the people in that province. That province was Ontario. In nine other provinces from the west coast to the east coast, the Council for Canadian Unity study revealed that Canadian people do not feel their provinces are being treated with respect by the government.

This is a condemnation of the way in which the government has chosen to develop its policies. Perhaps it is a condemnation of the way in which it has chosen to communicate. However, I doubt very seriously that venturing out to western Canada on feel good trips, for example, will change the perceptions of western Canadians toward the government.

What western Canadians are looking for, and I believe what people in the maritime region are looking for, is real change, a real change in the attitude and the approach of the government toward the people of those regions, a real change in the ways in which the government develops policy and does consultation. I believe they are looking for a real change in the way in which the government and the Prime Minister deal with the reality of the need for democratic reforms, for openness, and for increased openness in the Chamber and elsewhere. I believe they are looking for a real change in the institutional approach we have developed over many years in the country, a change that would allow for a greater sense of belonging to the country, a greater sense of control among the Canadian people, so that they would feel their input was being valued, that they were being respected as Canadians.

When the study was released, the reaction was silence on the part of the government opposite, but I genuinely hope that in the days to come we will not have to deal with any more of these pieces of legislation that are designed clearly and simply to fulfil promises made by the Prime Minister in isolation from any of his own caucus members and in isolation from any consultation with the Canadian people. He simply made them, pre-election, for his own personal electoral purposes. That is not the kind of legislation we should be dealing with in the House and yet we are today.

I will conclude by saying that we in the Canadian Alliance will continue, as will I in my responsibility as the regional equity critic, to look for ways to genuinely develop a country of which all Canadians feel they are a part and in which they feel they are respected. That has not been the case under the government's mandate.

● (1350)

The Acting Speaker (Mr. Bélair): Is the House ready for the question?

Government Orders

Some hon. members: Question.

The Acting Speaker (Mr. Bélair): The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Bélair): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Bélair): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Bélair): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Bélair): Call in the members.

And the bells having rung:

The Acting Speaker (Mr. Bélair): The government whip has just indicated that the vote will stand deferred until Monday after government orders.

Ms. Marlene Catterall: Mr. Speaker, I rise on a point of order. I believe you would find unanimous consent following consultation among all parties to further defer the vote just deferred until Monday to next Tuesday at the end of government orders.

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

Some hon. members: Agreed.

The Acting Speaker (Mr. Bélair): Pursuant to Standing Order 76(8) the recorded division on the motion stands deferred.

* * *

INTERNATIONAL BOUNDARY WATERS TREATY ACT

The House resumed from April 30 consideration of the motion that Bill C-6, an act to amend the International Boundary Waters Treaty Act, be read the second time and referred to a committee.

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, in the two minutes left before question period, which will be adequate for me to make my brief intervention, I would like to say that the bill before us has positive features and it has some negatives. I will briefly outline them for the House's consideration.

Beginning with the positive, this act dealing with transboundary waters offers an ecological approach. It deals with water as an

important item that is dealt with as a basin. It is seen as an ecological asset wherever it is found and therefore it is dealt with in an approach that is new and, from an ecological and environmental point of view, I think, most desirable.

Having said that, I will say that the bill also has some shortcomings because it relies on the voluntary approach when it comes to non-boundary waters in preventing the export of bulk water. In other words, Bill C-6 is quite explicit. It says that the export of water in transboundary lakes and river systems and the like is not to be permitted, but when it comes to waters from Newfoundland to British Columbia that are not shared with our neighbours, it is left to the provinces to decide whether or not the export should take place. Therefore it covers only one aspect of our great ecological asset, namely, freshwater.

The legislation also leaves out bodies such as Lake Winnipeg, the island lakes from Newfoundland, and other lakes from Newfoundland to British Columbia.

The fact, therefore, that emerges from reading the bill is that while a good step is being undertaken in the bill in covering transboundary waters, it leaves out a substantial body of lakes and rivers that are not being shared with our neighbours to the south.

The bill also does not contain any reference to reciprocity on the part of the United States. It may be that this bill is not the appropriate place to have that kind of reference.

• (1355)

It may be that such an omission could be corrected by an appropriate amendment to the 1909 Canada-U.S. Boundary Waters Treaty in a manner that would bind the United States as well. I am not aware of initiatives south of the border that would be parallel to the one we are initiating in this parliament, and therefore I am raising this matter here this afternoon.

Moving on, the question of export of bulk water is one that has been of major concern to Canadians. We know that the vast majority of our population does not want to see Canadian water exported in bulk. Therefore maybe there is a solution to that problem by having the Government of Canada seek an interpretive statement under NAFTA whereby bulk water is to be defined as a non-tradable commodity.

Having obtained that interpretive statement, then we could use our constitutional powers given for international trade to the federal government and subsequently enact federal legislation banning export of bulk water, covering Canada as a whole and not having to rely on the vagaries of the voluntary agreements with the provinces, as we would by adopting this bill alone.

Finally, the approach I have just outlined of seeking an interpretive statement is not a new one. It has been followed already for

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health services, which are not subjected to trade agreements. It has been adopted in relation to education and it has been adopted in relation to certain natural resources.

What is desirable, then, in the near future would be an additional piece of legislation that would replace the voluntary accord proposed by Ottawa in the case of removal of bulk water. We need that kind of legislation that would make it illegal to export non-boundary bulk water because it is quite safe to predict that the voluntary approach would not work in the long term, as leadership in provincial governments changes from time to time.

In conclusion I would say that we need this type of legislation with a certain element of urgency, because in certain provinces there could be a threat very soon for the export of bulk water from non-boundary waters, which might be authorized by some provincial government, as we have learned from media reports emanating out of Newfoundland.

I will use the remaining minute just to refer to the fact that the government introduced in August 1998 a very good piece of legislation called Bill C-156. It was called the Canada water preservation act. It contained a number of legislative measures emanating from the Pearse water report, which was initiated in January 1984 and completed in 1985. It has been languishing since then, waiting for implementation. It is an important report that certainly deserves the attention of this parliament.

STATEMENTS BY MEMBERS

[English]

CANADIAN IMPROV GAMES

Mr. David Chatters (Athabasca, Canadian Alliance): Mr. Speaker, I am very pleased and proud to announce that last Saturday a nine member team from Westwood Community High School in Fort McMurray won the Canadian National Improv Games here in Ottawa.

They competed in a fierce battle with four other teams, but when the dust settled and the points were tallied the team from Westwood came out victorious.

• (1400)

When one considers the accomplishments of these students, it is obvious that the tar sands are not the most precious resource in Fort McMurray.

I wish to extend congratulations on a job well done to students Lucas Merger, Arlen Konopaki, Sean Parsons, Michelle Parsons,

Mike Robertson, Laura Rushfeldt, Kyle Miles, David Zeglen, and their teacher, Karen Towsley.

* * *

RESPONSIBLE FISHING AWARDS

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, I rise today to acknowledge and congratulate the winners of the Roméo LeBlanc National Awards for Responsible Fishing.

This award recognizes Canadian fishermen who have contributed to the development and promotion of responsible fishing practices. Individual fisherman are the most aware of the need to manage fisheries in a responsible manner. It is their livelihood. It is their future.

This award gives them the recognition they deserve. The 2001 winners who are present in the gallery today, Stan Logan, Pierrot Haché, Stevie Audlakiak and George Purvis, have all been chosen by their peers for significant contributions to responsible fisheries. These men are role models for younger generations who look to Canada's great ocean resources for their future.

I wish to extend congratulations to the winners of the award and thank them for their inspiration.

* * *

REGIONAL DEVELOPMENT

Mr. Brian Pallister (Portage—Lisgar, Canadian Alliance): Mr. Speaker, documents prepared for the industry minister by Western Economic Diversification Canada show that since the Liberals came to power western Canada's share of money for regional economic development has been cut by more than half and that the rationale for funding certain projects is to gain "visibility and credit" for the government.

No wonder poll results released by the Council for Canadian Unity show that a majority of Canadians in nine out of ten provinces feel that their province does not get the respect it deserves from this federal government.

Canadians want real change. They do not want feel good tours and they do not want self-serving Liberal patronage either. For example, the council's research shows that 60% of western Canadians cite an elected Senate as a high priority and 55% cite free votes in the House as a high priority.

The government should stop playing politics with regional issues and should start addressing the real priorities of Canadians.

[Translation]

MENTAL HEALTH

Mr. Marcel Proulx (Hull—Aylmer, Lib.): Mr. Speaker, on Sunday, under a brilliant sky, hundreds of people met at the Aylmer race track to take part in the event known as “En espadrilles pour la santé mentale”.

Organized to raise money for the Fondation Pierre-Janet, this fundraiser brought in over \$35,000 to build a new day centre, exceeding the objective set by the organizing committee.

Today, I would like to thank all those who, in varying degrees, worked to organize this dynamic event, where good humour was infectious. “En espadrilles pour la santé mentale,” was a fine occasion to promote a feeling of solidarity with and generosity toward people facing problems of mental health.

This event is another great success for the Fondation Pierre-Janet, which, since 1990, has invested over \$500,000 in the field of mental health in the Outaouais.

Long life to the Fondation Pierre-Janet and to Dan Guay, who instigated the “En espadrilles pour la santé mentale” event.

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[English]

RESPONSIBLE FISHING AWARDS

Ms. Nancy Karetak-Lindell (Nunavut, Lib.): Mr. Speaker, I would like to congratulate Stevie Audlakiak of Qikiqtarjuaq, Nunavut, who received the 2000 Roméo LeBlanc Award for Responsible Fishing for the Arctic.

Honoured for being our leading proponent of responsible fisheries developments in Nunavut, which includes Inuit traditions of responsible fisheries harvesting, Stevie has ensured the sustainability of the Arctic char harvest as well as trying to initiate a clam fishery off Broughton Island.

I wish to extend thanks to Stevie Audlakiak for his great contribution to a viable Nunavut fishery and the continuing developments in the fishery as he continues to improve and refine techniques to the benefit of all.

* * *

THE ENVIRONMENT

Mr. Gurbax Malhi (Bramalea—Gore—Malton—Springdale, Lib.): Mr. Speaker, last week more than six million Canadians across the country took part in efforts to help protect our planet’s environment as they celebrated Earth Week.

● (1405)

Students in Bramalea—Gore—Malton—Springdale learned about recycling, composting, alternative energies and climate

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change. I was pleased to see students out in the community planting and cleaning parks, all in the effort to improve and protect Canada’s environment.

I encourage the federal government to continue its efforts to promote sustainable development in Canada and across the globe.

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[Translation]

MAURICIE

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, a real catastrophe occurred in the Mauricie region this week, with two plants announcing their upcoming closure in July and the lay-off of nearly 750 employees, 90 at the Norton plant in Shawinigan and, to add insult to injury, 650 at the Fruit of the Loom plant, the second largest employer in manufacturing in Trois-Rivières, where a large majority of the workers are women.

Clearly, more than ever, the Mauricie region needs a strategy to revitalize the economy, in which the federal government, which collects 50% of Quebecers’ taxes, will work with the Government of Quebec to offset the job losses and to rebuild our industrial sector as well.

More generally, specific measures should be put in place to fight the negative effects of globalization on both the public and private sectors.

Most importantly, however, right now, we must give thought to women, children and families. Everything must be done to save these businesses and their 750 employees.

* * *

WORLD ASTHMA DAY

Mr. Jeannot Castonguay (Madawaska—Restigouche, Lib.): Mr. Speaker, today we are celebrating World Asthma Day, the theme of which is that asthma can be understood and controlled.

Asthma is on the increase in Canada. Every year, it claims over 500 victims. This is 10 deaths a week.

Today is an opportunity to become familiar with the facts of this disease. Asthma is one of the major causes of hospitalization in Canada. Yet, if Canadians had a greater awareness of this disease, emergency room visits could be reduced by 50% and hospital stays by 80%.

As one of the most common diseases in Canada, asthma carries a high price tag. It lowers productivity but, worse, it diminishes the quality of life of asthma sufferers and their families.

I urge hon. members and all Canadians to find out more about this disease. It concerns every one of us.

*S. O. 31**[English]***PRESS FREEDOM DAY**

Mr. John Harvard (Charleswood St. James—Assiniboia, Lib.): Mr. Speaker, today is World Press Freedom Day. Freedom of the press is essential to ensure that democratic rights and freedoms are protected.

A free press not only promotes transparency and accountability in governance but also encourages lively debate and engages citizens in public life.

United Nations Secretary-General Kofi Annan said “Freedom of the press ensures that the abuse of every other freedom can be known, can be challenged, and even defeated”.

In Canada, freedom of the press and freedom of speech are protected within the charter of rights and freedoms. Unfortunately, that is not the case in all countries.

Today we pay tribute to journalists around the world who risk their lives to report on injustices and fight for the rights and freedoms that we in Canada so cherish and to Canadian journalists who contribute to ensuring a real public dialogue in our society.

* * *

ZIMBABWE

Mr. Deepak Obhrai (Calgary East, Canadian Alliance): Mr. Speaker, Canada’s silence on the crisis in Zimbabwe is deafening. Democracy, rule of law and respect for human rights have been replaced with violence and intimidation. People live in fear of the government.

By not acting, the government is complicit in the abuse of basic human rights by a dictatorial regime. I call on the government to send a strong message to the government of Zimbabwe by temporarily suspending all international aid assistance.

Further, the government must insist that our commonwealth partners do the same. Canada must demonstrate a clear resolve to President Mugabe that human rights abuses will not be tolerated.

I urge the government to act in the name of democracy.

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POLISH CONSTITUTION DAY

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, I rise today to pay tribute to Polish Canadians, and in particular the Polish community in my riding of Parkdale—High Park, who today celebrate the 210th anniversary of the Polish constitution.

In my riding, the Toronto branch of the Canadian Polish Congress will be celebrating this important event with a parade on

Sunday, May 6, from High Park Boulevard to St. Casimir’s Church, followed by a mass and a parade to the Katyn Monument.

The constitution of May 3, 1791, the second written constitution in Europe and third of its kind in the world, was a magnificent crowning of the Polish enlightenment and of the activity of the Polish pro-reform camp.

● (1410)

Constitution Day is a proud heritage for Canadians of Polish descent and a confirmation of the basic values and freedoms of our own society.

On the occasion of Poland’s national day, I wish to express the hope that the excellent relations that exist between Poland and Canada will further strengthen and develop for the benefit of our two nations.

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*[Translation]***CRAB FISHING**

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, following the Marshall decision, the Liberal government bought back boats and crab fishing licences for aboriginal reserves, without consulting aboriginals and non-aboriginals.

The result of this ill-advised decision was the layoff, without compensation, of 20 crab fishers, frustration among aboriginals, and job losses among fish plant employees.

Right now, these 20 crab fishers are without jobs and income, and the aboriginals on these reserves have decided not to use these boats and fishing licences. The consequences of these decisions are disastrous.

Today, we have the best example yet of a government that has no conscience and is irresponsible.

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STATISTICS CANADA

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d’Orléans, BQ): Mr. Speaker, Statistics Canada is now busy distributing its questionnaires and guides to the public for the May 15 census.

Question 17, which deals with ethnic or cultural origin, will not yield any worthwhile responses. The guide indicates that this question refers to the ethnic or cultural group to which the person’s ancestors belong. It adds that most people can trace their origins to their ancestors who first came to this continent, and that ancestry should not be confused with citizenship or nationality.

Oral Questions

Yet Question 17 requires people to indicate the ethnic or cultural group of their ancestors, and the first example of a possible response is—guess what, Mr. Speaker—“Canadian”.

So the ancestor who came to this continent could come from Canada? This completely skews the results this question aims at, or is it perhaps a new propaganda exercise?

* * *

[English]

AMATEUR HOCKEY

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Mr. Speaker, I am very pleased to inform the House today that the Elmira Sugar Kings Hockey Club of Elmira, Ontario, in my riding of Waterloo—Wellington, has won the Sutherland Cup, which is emblematic of junior B hockey supremacy in Ontario.

In 1997 the Sugar Kings brought home their first championship to Elmira and now this season the Sugar Kings have captured their second junior B championship crown by defeating the Thorold Black Hawks four games to two.

For the fans of amateur hockey in Waterloo—Wellington, the Elmira Sugar Kings have provided an excellent season to remember.

I wish to express congratulations to general manager Graham Snyder, coach Dave Officer, team captain Darran Fischer and all the Sugar Kings players, coaching staff and trainers for a job well done. They bring honour to themselves, to their families and to their community.

* * *

ATLANTIC CANADA

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, over the past number of months Atlantic Canada's provincial governments have pressed the federal government for a reduction or an outright elimination of federal clawbacks under the equalization program.

During the St. John's West byelection, the finance minister speculated out loud about reducing the equalization clawback, but he retreated into bafflegab as soon as the plane hit the runway in Ottawa.

During the last election Liberal candidates in Newfoundland were all in favour of doing something about the clawback, but now that the Liberals, including the industry minister, are back in government, their ardour for the cause has cooled considerably.

We support a reduction in the equalization clawback. We call upon the government to stop playing politics with this issue and actually make some changes that would allow Atlantic Canadians to become equal partners in this federation.

[Translation]

HUNTINGDON'S DISEASE

Mr. Gérard Binet (Frontenac—Mégantic, Lib.): Mr. Speaker, I am pleased to inform the House and all the people of Canada that the month of May has been proclaimed Huntingdon's Disease Awareness Month by the Huntingdon Society of Canada.

Huntingdon's Disease is an inherited brain disorder with devastating effects on the body and the mind.

One Canadian in 10,000 has this disease, which leads to disability and eventually death. There is still no cure for Huntingdon's Disease, nor is there any treatment to prevent it or slow down the progression.

The Huntingdon Society of Canada is a national network of volunteers and professionals working together against the disease. It is busy seeking new treatments and working toward one day finding a cure for Huntingdon's Disease.

Let us all wish the Huntingdon Society of Canada and all of its many volunteers throughout the country an excellent month of increased public awareness.

* * *

● (1415)

[English]

ROCKY MOUNTAIN COLLEGE CHOIR

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, occasionally the competitiveness of this place is interspersed with moments of pure serenity.

That was the case this morning when young people from Calgary's Rocky Mountain College choir gave a short concert in front of our parliament buildings. It was sheer delight to hear their songs of joy, worship and praise.

I thank their leader, Henric Ideström, all the singers and instrumentalists, and Jeremy Siemens who phoned to inform me of the event.

It is young people like these with their sincerity, enthusiasm and faith that give us optimism for the future of our country. I wish that all members of the House could have heard them this morning. It was truly an inspiring occasion.

ORAL QUESTION PERIOD

[English]

THE ECONOMY

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, yesterday the Governor of the Bank of

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Canada said something very interesting. He said that Canada might adopt the U.S. dollar as its currency within as early as 10 years.

I know the finance minister will say that there is no immediate fear of that happening, but it seems strange that the governor of the bank, a former close employee of the finance minister, is publicly musing about the possible death of the Canadian dollar in an early as 10 years.

Does the finance minister agree with this, or is the governor simply floating some trial balloons on behalf of the finance minister?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, chasing headlines really does not help. It is not incumbent upon the Leader of the Opposition to sort of make up stories.

The Governor of the Bank of Canada stated unequivocally that he supports the Canadian dollar. The studies of the Bank of Canada over the last five years have demonstrated unequivocally the importance of Canada maintaining the Canadian dollar. That is the government's position and that is our position unequivocally.

[*Translation*]

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, that is not the position of the governor.

We have here the comments of a former senior public servant from the Department of Finance, who said something interesting. He said that the way this government is dealing with the issues of taxation, spending and the debt weakens our dollar. The Governor of the Bank of Canada anticipates the demise of the Canadian dollar. These comments are from our own experts.

Does the Minister of Finance agree with these remarks, yes or no? If not, what will he do? We have a problem here.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we do indeed have a problem, and that is because the leader of the official opposition understands neither English nor French.

The fact is that the Governor of the Bank of Canada supports the Canadian dollar and so does the federal government.

[*English*]

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, he is obviously shaken by the question, but I need to ask this question then. As North American—

Some hon. members: Oh, oh.

The Speaker: Order, please. Whether shaking or not, the Leader of the Opposition has the floor and he is entitled to put his question.

Mr. Stockwell Day: If he can put aside the personal slights, Mr. Speaker, I would like to ask him a question. North American currencies are becoming increasingly integrated. We know that. As our currencies become integrated economists are quite rightly saying that the assets of Canadians are being valued based on the U.S. dollar, a dollar without borders.

As our Canadian dollar goes down as it has under the policies of the Liberals over the last several years, the assets of Canadians, their homes, their savings and their RRSPs, go down. What will the Minister of Finance do to turn this around?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we have brought in the largest debt reduction in Canadian history. We have brought in the largest tax cuts in Canadian history. Canadian disposal incomes are at an all time high. Inflation is under control. Our interest rates are down.

That is what the government has done and that is what it will continue to do.

* * *

● (1420)

HEALTH

Ms. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Mr. Speaker, yesterday in Toronto the Prime Minister demonstrated that the government's priorities are wildly out of line with those of Canadians. In giving \$560 million to the arts, Canadians are left wondering how many MRI machines those tax dollars could have purchased.

Could the Prime Minister explain to Canadians why their tax dollars are being spent on culture as defined by the government instead of being invested in health care?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the opposition fails to understand that for the very reasons the Minister of Finance just gave, the government is able both to provide record levels of transfers to the provinces for health and to invest in the arts.

If it is MRIs the member is concerned about, she should know that \$1 billion is now in the hands of provincial ministers to buy MRIs for Canadians wherever they are needed.

Ms. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Mr. Speaker, the opposition understands perfectly. Canadians want investment in health care.

Only this week we learned that one of the few parts of health care that the federal government actually manages, prescription drug

testing and warnings, is so poorly managed that our physicians are now relying on Americans for information about drug safety.

Will the Prime Minister rethink the \$560 million and invest those dollars in health care?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, in making that announcement yesterday the Prime Minister was following through on a commitment made in the election platform.

It was part of the mandate we got from the Canadian people. By the way, in the platform of the Alliance there was not a single word about culture, and that may explain the results of the election.

* * *

[Translation]

FREE TRADE AREA OF THE AMERICAS

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, in Buenos Aires, on April 8, the Minister for International Trade boasted about convincing his colleagues of the Americas of the need to reveal the texts of the FTAA negotiations, adding that only their translation would delay them.

The next day, on *Maisonneuve à l'écoute*, the minister said even that the texts could be made public before the Quebec City summit. It now appears that the self-proclaimed champion of transparency has hidden part of the truth from us.

Does the minister acknowledge that he unreasonably misled the public, that he misled them by intimating that the texts would be released before the summit, when he had decided they would not?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, I think that just about everyone understood what happened, except the leader of the Bloc Québécois.

Canadian diplomacy won an extraordinary victory in Buenos Aires. Moreover, I am not the self-proclaimed grand champion of that, because Louise Baudoin claimed credit herself in Quebec City for having triumphed so exceptionally.

So there was a magnificent collaboration from the Americas. They supported the Canadian recommendation, and I am really delighted.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the minister said that it was just the translation that was holding up its release before the summit in Quebec City.

Yesterday, before a group of business people, he said there was another condition which he was involved in and it was that this would not occur prior to the Quebec City summit. He did not say that. It was misleading the public, when there were two conditions, not just one.

An hon. member: And on *Maisonneuve à l'écoute*.

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Mr. Gilles Duceppe: Then, on *Maisonneuve à l'écoute*, he said "Yes, it is even possible before the Quebec City summit". He knew full well that there was another condition.

Mr. Yvan Loubier: What a liar.

Mr. Gilles Duceppe: Why did he not say so, Mr. Speaker?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, the member for Saint-Hyacinthe—Bagot can very well call me a liar, and it was miked—

Mr. Yvan Loubier: Yes, you are a liar.

Hon. Pierre Pettigrew: —the member for Saint-Hyacinthe—Bagot continues to repeat this adjective, and I ask him to withdraw it.

The Speaker: Following oral question period we will discuss this matter.

• (1425)

Ms. Francine Lalonde (Mercier, BQ): Mr. Speaker, Tuesday, according to the Canadian Press, the Minister for International Trade told a meeting of business people that the only two conditions set by the ministers in Buenos Aires were that translations be provided and that the texts be made available after the Quebec summit. Yesterday, in committee, he was singing quite a different tune.

How could he proudly proclaim, as he did, his great victory in convincing the other ministers to make the texts available, when he knew that there was never any question of doing so before the summit?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, the member for Mercier was in the parliamentary committee yesterday when we discussed this matter.

One country requested that the texts be in Portuguese before they were made public. I asked that they be in French before they were released. Another country said "Listen, this is something quite exceptional which should not be rushed. Perhaps we should do this after the Quebec summit".

The chair decided to go with this point of view from a single country which was not a consensus of all countries. But I am pleased that the Bloc Québécois is waking up and noticing that we have made some substantial progress with respect to transparency, thanks to this government.

Ms. Francine Lalonde (Mercier, BQ): Mr. Speaker, the minister does not deny that there were two conditions. And he went even further when he took Quebec's minister of international relations to task for agreeing to accept the texts in their Spanish or English versions. The minister posed as a defender of the French language,

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saying that the texts would be made public only after they had been translated into French.

Will the minister finally admit that all his boasting had no other purpose than to conceal the existence of a second condition?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, it is totally amazing. Here we have the Bloc Quebecois criticizing a federal minister from Quebec for defending and promoting the French language.

Members should know that this government will be promoting the French language in the Americas and throughout the world. The voice of Canada is heard in French as well. It is heard in French in the Francophonie. It is heard in French in the World Trade Organization, and it will continue to be heard in French.

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[English]

HEALTH

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the Sydney tar ponds remain one of the worst environmental disasters in North America contaminated by chemicals, causing cancers, miscarriages and birth defects. Finally Health Canada recognizes that people should not be sentenced to live in these horrendous conditions or to suffer premature death.

Will the health minister today report on plans for relocating the affected families? Specifically, when, where and how will the affected people be moved?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, based upon soil tests that were made available last week, Health Canada has proposed discussions with provincial and municipal leaders so that we can put a plan in place for temporary relocation of the families in the area under discussion.

It is proposed that there be other soil tests and further studies, but we believe that working through the joint advisory group, which is in place, we can work together to relocate those families in the short term.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, these people have been living in limbo. Their lives have already been shortened by 10 years, on average. I hope the minister understands that a temporary solution is no solution. It will simply prolong the agony and drag out the suffering.

Will the minister give the assurance that these families will be relocated permanently so they can get on with their lives?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, Health Canada has been working with the hon. members for Bras d'Or—Cape Breton and Sydney—Victoria to develop plans that will deal with these health issues, but we have to work in

partnership with the provincial authorities and the people from the city.

That is what we propose. We are very much aware that this is an issue involving the health of those residents. We will move as quickly as we can in the circumstances.

* * *

● (1430)

NATIONAL DEFENCE

Mr. Greg Thompson (New Brunswick Southwest, PC): Mr. Speaker, in relation to Lancaster Aviation, by inserting clause 14, the special sales clause, the government provided the escape clause to allow the sale of DND helicopters and Challenger jets without going back to public tender.

Why was the disposal of DND helicopters and Challenger jets not specifically set out in the original request for proposals?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, for days now the hon. member keeps repeating that this contract was sole source and not competed for.

This contract was competed for in 1997 and was competed for again in the year 2000. Everything was done according to rule.

Mr. Greg Thompson (New Brunswick Southwest, PC): Mr. Speaker, maybe the minister should speak to his Florida friends. The letter from DND to public works states:

DND fully expects to monitor the activities of the contractor. DND is very conscious that its aircraft assets are disposed of with due diligence, and it will do whatever necessary to ensure this.

Why was Canadian military equipment moved out of Canada to a foreign country and allowed to be stored at a facility owned by an individual who has been indicted on fraud and money laundering charges?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, again, the contract was competed for. Everything was done according to rule. The sale of the surplus aircraft was conducted to the letter of the law and with the interest of Canadian taxpayers in mind.

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HEALTH

Mr. Preston Manning (Calgary Southwest, Canadian Alliance): Mr. Speaker, today the health minister presented the Standing Committee on Health with a draft bill on assisted human reproduction. The bill is incomplete and long overdue, but at least it is a start and the official opposition welcomes a chance to improve it.

Hon. members will know that our constitution assigns primary responsibility for health care to the provinces. Will the health

Oral Questions

minister agree to convene a federal-provincial conference on the support and regulation of reproductive technologies before the end of the year?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, may I say how much I look forward to working with the hon. member and members on all sides of the House on this issue, which is not a partisan issue and which raises questions that have a moral and an ethical as well as a legal and a scientific dimension. I enjoyed my appearance this morning before the committee and I look forward to continuing that work.

On the subject of who does what, I believe there is a role for leadership by the federal government in their consistent approaches throughout the country. We are making provision for equivalency agreements so provinces, if they want, can take an active role in equivalent regulations. I would be happy to take up with my provincial colleagues, as I already started to do, their reactions to these proposals.

Mr. Preston Manning (Calgary Southwest, Canadian Alliance): Mr. Speaker, this morning the minister told the health committee “that a higher notion than science alone should guide science”. I agree with that.

The hon. member for Nickel Belt added that because of the moral and ethical dimensions of assisted human reproduction, he as a government member would welcome a free vote on relevant and related legislation.

Will the minister assure us that when the legislation comes to the House there will be a free vote?

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the hon. member knows that what we have before us is a draft bill. We do not have a bill introduced or a bill at second reading, let alone a vote.

May I also suggest that the member and his colleagues are in a difficult position to talk about free votes and otherwise.

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[*Translation*]

SINGLE CURRENCY

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, in response to questions that I asked him during the hearings of the Standing Committee on Finance, the Governor of the Bank of Canada did not rule out the possibility of having a single currency for the three Americas, within the next 10 years.

Does the Minister of Finance agree with the Governor of the Bank of Canada and, if so, how will Canada finally get involved in that important debate?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the position of the Governor of the Bank of Canada, Mr. Dodge—which is the same as that of his predecessor, Mr. Thiessen—is that

he supports the Canadian dollar. He clearly explained why it is very important for us to keep our currency.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I was there, and it was in response to my question that the Governor of the Bank of Canada said that he could see having a single currency for the three Americas, this within 10 years.

So, my question for the Minister of Finance is: Will he open up his mind a bit? Will he open up his mind to this new idea, which is really not new, because trade integration implies monetary integration?

Instead of making stupid comments like he did about Dorval, he should deal with the real issues.

• (1435)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member should check the committee proceedings. This is not what the Governor of the Bank of Canada said. He did not advocate having a single currency within 10 years. He supported the Canadian dollar, and so does the federal government.

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[*English*]

PHARMACEUTICALS

Mr. Rob Merrifield (Yellowhead, Canadian Alliance): Mr. Speaker, brand name drug companies are routinely abusing the loopholes in the current patent legislation that allow an automatic two year extension of their market monopolies.

Everybody agrees that drug companies should have patent protection, but when patents expire generic drugs should be allowed on to the marketplace without costly court battles or needless bureaucratic delays. When will the industry minister close the loopholes that allow generic drugs to reach the market after patents have expired?

Hon. Brian Tobin (Minister of Industry, Lib.): Mr. Speaker, there is no question that the purpose of drug patent protection is there to protect intellectual property and should not be abused to expand protection beyond the period which is already prescribed.

I have said when appearing before a committee in the other place that we are quite prepared at an appropriate time to look at the regulations, the way in which they are working, to ensure that there is no abuse.

Mr. Rob Merrifield (Yellowhead, Canadian Alliance): Mr. Speaker, that is really interesting. Canadians spent \$15 billion on prescription drugs last year, the largest driver of our health care costs. Generic versions of drugs are not only safe alternatives but allow competition to set the price.

Oral Questions

Brand name drugs are taking \$186,000 per day out of the pockets of Canadians who can least afford it, the sick, seniors on fixed incomes. Will the industry minister fix this problem today? All it would take is a change in the regulation.

Hon. Brian Tobin (Minister of Industry, Lib.): Mr. Speaker, first, I am very pleased the member opposite has noted that the legislation now before the House is legislation designed to bring us in compliance with the WTO ruling. We need to have that passed by the end of this session.

Second, he has noted that if there are issues to be addressed they can be addressed by regulation. I repeat, as I said a moment ago, in testifying to this bill I indicated this was a matter we were prepared to have a good look at.

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[Translation]

ENERGY

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, yesterday the Secretary of State for Science, Research and Development publicly expressed his concerns about the energy appetite of the Americans. To quote him "This worries us. We have many misgivings about northern drilling".

Why has the Prime Minister concealed his concerns about the Americans' insatiable appetites? Why has he led us to believe that there was no problem and that his government was prepared to provide a positive response to their demand?

[English]

Hon. Ralph Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the Prime Minister has consistently said that the expansion of energy markets in North America offers tremendous opportunity for Canadians in terms of business, jobs, growth, new investment and so forth.

At the same time he has always said that our principles of sustainable development will apply and that we put a high priority upon energy efficiency, energy conservation, and the development of renewable and alternative sources of energy. Those are values that are fundamentally important to Canadians and we will pursue them.

[Translation]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, referring to Monday's announcement of the new American energy plan coupled with Tuesday's announcement of their ABM defence plan, the secretary of state commented "Two things the same week is kind of threatening to us".

Does the Prime Minister confirm the secretary of state's description of the U.S. government's announcements as threatening for the Canadian government and has he informed the president of the U.S. of our discomfort with his announcements?

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, I do not think this week held any surprises. According to the vice-president, the Americans had already indicated during the election campaign that they had a vision for energy. They explained this in their speech. We discussed the matter with the United States and Mexico in Quebec City.

Also, I do not believe there was much new in President Bush's speech. There was nothing new since the campaign.

We are therefore going to continue to consult with the Americans.

* * *

● (1440)

[English]

NATIONAL DEFENCE

Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance): Mr. Speaker, 40 years ago the Prime Minister was just a rookie, Sputnik was still circling the globe, and Canada ordered its Sea King helicopters.

Today many would argue that the time for all three has come: the Sputnik has fallen, the Prime Minister is now a senior citizen and the Sea Kings survive as aeronautical antiques.

When could our military expect delivery of the 40 year old Sea King helicopter replacements?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, we have had a letter of interest. We have had opinions and advice from the industry.

Our officials are looking at those comments and very soon will be able to make public them and ask for a formal request for proposal. Therefore, when my colleague the Minister of National Defence and I announce that we will proceed with the acquisition of the new helicopter we will be on the right course.

Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance): Mr. Speaker, the conference of defence associations says the most critical need of the military is the replacement of the Sea King helicopters.

Every time our soldiers fly, their families must cross their fingers in hope of a safe return. When will the minister end this political procurement nightmare and get the goods our military needs?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I think the only nightmare is in the Alliance Party.

Oral Questions

We have a process. We went to the industry with a letter of interest. The industry gave us advice and we are looking at that advice. We will make our final position known. We will make a formal request for proposal so that we can have a very open and very transparent competition. We hope to achieve all that in the deadline we have imposed ourselves.

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[*Translation*]

SUMMIT OF THE AMERICAS

Ms. Hélène Scherrer (Louis-Hébert, Lib.): Mr. Speaker, at the summit of the Americas, held recently in Quebec City, a number of people and businesses both inside and outside the security perimeter suffered damage and problems.

The Government of Canada has agreed to compensate the businesses within the security perimeter. Does it intend to help all those who suffered damages?

Hon. Martin Cauchon (Minister of National Revenue and Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.): Mr. Speaker, first off, allow me to thank my colleague for her excellent question.

I would also point out to this House that the summit of the Americas was, for all of Canada, a real success. Of course, during the summit, people and businesses experienced some difficulties.

We know that some claims have been submitted to the City of Quebec. A meeting has already been held with representatives of the city.

We are announcing today that the government is setting up a task force to analyze the situation, consult and see what should be done by the government to help the public.

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[*English*]

THE ECONOMY

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, my question is for the Minister of Finance. At the finance committee on Tuesday the Governor of the Bank of Canada was musing about dollarization within 10 or 20 years.

The Minister of Finance has now said he is against the idea, despite the fact that David Dodge is his central banker, was his former deputy minister and has come up with this loonie idea, this loonie proposal of dollarization with the United States.

This is not government policy. I would like to know whether or not the Minister of Finance has instructed David Dodge to stop musing about dollarization since it is not government policy.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member was at the meeting. I have read the transcript. The Governor of the Bank of Canada said that the arguments in favour of maintaining the Canadian dollar were overwhelming. That is what he said.

The newspaper report this morning also indicates that. That is the position of the governor and that is the position of the Government of Canada.

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, our dollar is a symbol of our sovereignty and our country. It is very important to Canadian people and very important to our existence as a nation. The former Governor of the Bank of Canada, Gordon Thiessen, recognized that when he said categorically that the idea of a common currency should be nipped in the bud.

The current governor is not quite as categorical when he talks about the dollar. If the minister really believes in the future of the Canadian dollar, will he take David Dodge out to the woodshed and nip this in the bud now?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there is no bud to nip.

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● (1445)

NATIONAL DEFENCE

Mr. Loyola Hearn (St. John's West, PC): Mr. Speaker, the original proposal to dispose of DND spare parts was a closed process. Only certain companies were invited to submit a proposal.

In fact DND's letters of thanks to those that lost out in the competition states "Thank you for your recent proposal to handle the disposal of aircraft spares".

Would the minister explain why the original contract was amended in June—

The Speaker: The hon. Minister of Public Works and Government Services.

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I repeat that this contract was competed for. It is normal procedure after a competition for departmental officials to send a letter to those that participated to say thanks but that this is the result of the competition.

The hon. member, by stating that, confirms this was a competitive process.

Mr. Loyola Hearn (St. John's West, PC): Mr. Speaker, the original contract to sell spares was amended to sell 40 helicopters and 10 Challenger jets.

When was the minister aware that Lancaster was closing its facility in Canada and moving some \$77 million worth of DND parts to the United States? What steps did the government take to ensure the security of our assets?

Oral Questions

What will happen to these parts in the case of a bankruptcy of Lancaster and in light of the illegal dealings of the Florida partner?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I am informed that Lancaster is using the facilities in Florida as warehousing. Therefore it still keeps control of all the assets it is supposed to sell.

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CANADIAN WHEAT BOARD

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, on Tuesday the Minister responsible for the Canadian Wheat Board stated that elected members of the board represented all western Canadian farmers. However it is clear that the Canadian Wheat Board does not represent organic farmers.

Organic growers want the right and responsibility of marketing outside the wheat board system. The minister is the only one who can give these farmers the freedom they are demanding.

When will the minister actually listen to farmers and give organic growers the ability to process and market their own grain?

Hon. Ralph Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, what I said in response to a question earlier this week was that as a result of a piece of legislation adopted in the House more than two years ago, the governance of the Canadian Wheat Board is no longer in the hands of government appointed commissioners.

That governance is in the hands of a modern, corporate style board of directors, 15 members in total, of whom two-thirds, a full 10, are directly elected by farmers. The act specifically says that all the power and all the authority of the Canadian Wheat Board are vested in the hands of those directors.

Farmers should decide, not politicians either on this side or that side.

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, obviously the minister does not understand the issue because organic farmers were not part of the process that elected the board.

Arnold Schmidt has diversified into organic wheat production. Mr. Schmidt has gone further than just being an organic producer. He has developed markets for flour milled from his own grain. Unfortunately Mr. Schmidt cannot get an export permit for his organic flour from the Canadian Wheat Board. Why does the minister insist on stifling rural entrepreneurs and value added products such as Mr. Schmidt's?

Hon. Ralph Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr.

Speaker, respecting the democratic governance of the Canadian Wheat Board which was put in place by parliament, I would invite the hon. gentleman or his constituent or the person to whom he just referred to have that issue put squarely before the directors of the Canadian Wheat Board.

If the hon. gentleman would provide me with the details he just referred to, I will make sure that the board of directors considers the request.

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[Translation]

LABELLING OF GENETICALLY MODIFIED FOODS

Mrs. Suzanne Tremblay (Rimouski-Neigette-et-la Mitis, BQ): Mr. Speaker, yesterday, at an international meeting on genetically modified foods, Canada backed the United States' decision to question mandatory labelling of food.

How can the minister justify this about-face when the Canadian Food Inspection Agency just recently issued a certificate to the Unibroue brewery guaranteeing that its products were "GMO-free"?

• (1450)

[English]

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, Canada has not changed its position. We have a system in place at the present time that is compulsory if the make up or the nutrition of the product has been changed or if there is an allergenic possibility from food which has been affected by genetic modification.

As I have said a number of times, and the hon. member already knows, we are working a set of criteria with the Canadian General Standards Board to put in place, if we so desire, a system of voluntary labelling.

[Translation]

Mrs. Suzanne Tremblay (Rimouski-Neigette-et-la Mitis, BQ): Mr. Speaker, will the minister admit that his delay in adopting a GMO labelling program could seriously limit the access of Quebec and Canadian producers to foreign markets, which are apparently much more cautious than Canada in this area?

[English]

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I hope the hon. member is not saying that the government should take any action before the consultation process with some 60 organizations, the Consumers' Association of Canada and many others, led by the Canadian General Standards Board, is completed and before we review the recommendations of the

royal society, as well as hear the results of the consultation with the Canadian Biotechnology Advisory Council.

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JUSTICE

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Canadian Alliance): Mr. Speaker, my question is for the Minister of Justice. We question the government's priority to protect children and to do what it can to fix the Divorce Act.

It is said to be a theoretical priority with the government, but it appears the minister has absolutely no energy to help families in trouble. Consultation appears to be the chosen method of resistance. When will we see a bill that embodies the shared parenting model that all of parliament recommended to the minister?

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, as I have said before on this issue, family law is a shared jurisdiction. We are working with the provinces. We have issued a consultation paper in partnership with the provinces and the territories.

We will be consulting province by province with thousands of Canadians on what they would like to see not only in terms of reform of the Divorce Act but in family law statutes passed by the provinces.

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Canadian Alliance): Mr. Speaker, we see a pattern. The Liberals cannot manage.

The Minister of Health had a road map eight years ago on reproductive technology and he is just getting around to doing something now. With the Minister of Justice we see the same pattern of responding to the road map which sits on her desk.

Looking at her ability to manage, it appears she will legislate for puppies and kittens before she will legislate for children. Will the minister lead the provinces and show that they can govern for the 21st century instead of the 19th century?

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, let me say again that we have always had as our guiding principle the best interest of children.

I have a document on custody, access and child support in Canada which I would happily table here this afternoon. This is the joint federal-provincial consultation document with which we are going out to Canadians.

I am again appalled that party which speaks the rhetoric of grassroots consultation does not want to hear from Canadians in relation to—

The Speaker: I would not have thought it necessary to remind hon. members against the use of props. Documents can be quoted from but not bandied about.

Oral Questions

THE ENVIRONMENT

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): Mr. Speaker, my question is for the Minister of Foreign Affairs. The minister will know that the governor of the state of Michigan is talking of issuing licences for directional drilling of oil wells under lakes Huron and Michigan.

Having regard to the risk of damage to the Great Lakes, will the minister register our concerns and objections with the Bush administration?

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, I will certainly take the concerns of the hon. member under advisement. I can assure him that if we do have concerns about the effect of drilling on the quality of water in the Great Lakes we will most certainly take them up with the relevant U.S. administration.

* * *

• (1455)

FOREIGN AFFAIRS

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, the terrible civil war in the Sudan rages on, a war that has killed more than two million people in the last 18 years. While the human rights committee will study the issue, other people will die of famine, war and starvation.

Will the minister call upon our IGAD partners to put pressure on the government of Sudan to implement the ceasefire to which it agreed?

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, we have done so and will continue to do so. I agree entirely with the hon. member that this horrendous situation is one that cries out for international concern and response.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, three million people in the southern Sudan face famine today. Up to one million people will die within the next month.

My question for the Minister of Foreign Affairs is very simple. What has he done on the part of Canada to reverse this impending catastrophe?

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, the hon. member of all members knows that this is an issue that Canada has been engaged in on a longstanding basis. We have worked with our IGAD partners. We have been involved in the region. We have established a special envoy. Members of the House have visited the region and offered advice as well.

While the question may be a simple one, unfortunately like so many of these horrible situations in the world the solutions are anything but simple.

Oral Questions

[Translation]

FOOD INSPECTION

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, the attitude of the Minister of Agriculture and Agri-Food is, to say the least, confusing.

When it comes to tracing shipments of Starlink corn, the minister tells us not to worry, that everything is under control and that the inspection system is the best in the world. When it comes to labelling products containing GMOs, the same system no longer seems as effective.

How does the minister explain that the same food inspection system can be foolproof when it comes to tracking misplaced GMOs, but not up to the task when labelling is involved?

[English]

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, we can all be proud of the food safety system in Canada.

As I reminded the House previously, before any product created with the use of advanced technology such as biotechnology is registered in Canada, it must be reviewed for its safety to humans, the environment and livestock by the Ministry of Health and the Canadian Food Inspection Agency.

When and if we are informed that a unsafe product has entered Canada or the system, we seek it and we recall it.

* * *

[Translation]

SCIENCE AND TECHNOLOGY

Mr. Claude Drouin (Beauce, Lib.): Mr. Speaker, my question is for the Secretary of State for Science, Research and Development.

Since we are celebrating this year the 30th anniversary of our unique co-operation agreement with Germany in the area of science and technology, could the secretary of state tell us whether the government expects to renew this agreement and ensure that Canada's scientists and high tech industries can continue to have access to Germany's technology markets and sources?

Hon. Gilbert Normand (Secretary of State (Science, Research and Development), Lib.): Mr. Speaker, I would first like to thank the hon. member for his question.

Indeed, for the past 30 years, Germany and Canada have been co-operating to promote technological exchanges. During these 30 years, over 500 high tech projects were exchanged between our two countries and about 100 of them are still active in close to 14 activity sectors.

Last week, the German minister of science and myself have agreed to continue this co-operation between our two countries and celebrate its 30th anniversary in the fall.

The German minister will also be visiting Canada at the beginning of June to see what is being done in our high tech sector. The co-operation between our two countries is excellent.

* * *

[English]

HUMAN RIGHTS

Mr. Deepak Obhrai (Calgary East, Canadian Alliance): Mr. Speaker, the people of Zimbabwe are living in fear of a president who will stop at nothing to hold power. President Mugabe and his government must be sanctioned for their actions.

Will the foreign affairs minister lead the charge against human rights abuses and, I ask again, cut international assistance to Zimbabwe?

[Translation]

Mr. Eugène Bellemare (Parliamentary Secretary to Minister for International Cooperation, Lib.): Mr. Speaker, I am sure that the hon. member wants us to help the poorest of the poor and the sickest of the sick.

That is what CIDA is doing. We will not support terrorists or governments that terrorize people. We are dealing with human poverty.

* * *

● (1500)

[English]

VETERANS AFFAIRS

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, pretty soon in Halifax, military men, women and veterans will be honouring the dead of the Battle of the Atlantic. Many merchant mariners will be there as well.

My question is for the Minister of Veterans Affairs. The merchant mariners have waited a long time for their second compensation payment. The minister has reviewed this file over and over again. Could he please tell the House, the remaining merchant mariners and their families when they can expect to see their final compensation payment?

Hon. Ronald Duhamel (Minister of Veterans Affairs and Secretary of State (Western Economic Diversification) (Franco-phonie), Lib.): Mr. Speaker, as my colleagues know, I have worked very hard on this file in the past and continue to do so with my colleagues, including the Prime Minister and the Minister of

Business of the House

Finance. I hope to have a solution very soon. The moment I do, I will be delighted to share it with all my colleagues, and I will do so.

* * *

NATIONAL DEFENCE

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, Lancaster Aviation was awarded a contract to sell aerospace parts on June 13, 1997. It was amended on May 15, 1998 to include 40 CH-135 helicopters and 10 DND Challenger jets.

Could the minister of public works tell us why this significant change in terms and conditions and who is looking out for the estimated \$50 million of Canadian assets currently in the control of an indicted felon living in the United States?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I repeat, Lancaster Aviation is using those warehouses for warehousing services and Canadian assets are not in danger. This contract was put out for competition again in June 2000. Three firms competed and Lancaster Aviation was again the winner.

Everything in this matter has been done according to the rules and the law.

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of the hon. members to the presence in the gallery of the Honourable Dubem Onyia, Minister of State for Foreign Affairs of Nigeria.

Some hon. members: Hear, hear.

[*Translation*]

The Speaker: During oral question period, the hon. member for Saint-Hyacinthe—Bagot used certain words I would hope he would withdraw immediately.

Mr. Yvan Loubier: I do, Mr. Speaker.

The Speaker: I have heard the hon. member's answer.

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, may we have an outline of the business for the rest of the day, for Friday and for next week?

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I would like to thank my opposition counterpart for this excellent question.

This afternoon we will continue with Bill C-6, the water export bill. If this business is finished earlier than the end of the day, which I understand it might be, I would then propose to call Bill C-15, the criminal code amendment. If that is the case, I would ask for the minister and the official opposition to speak. After that, I would adjourn the debate and we would not proceed further.

I want to take this opportunity to indicate that it had been my original intention to call this bill last Monday. However I was informed that the text I had and the text that was provided to other hon. members was not the same. I apologize for the differences that appeared in the texts. It is my intention to at least start Bill C-15 this afternoon. I will get back to the next time we will consider Bill C-15 in a moment.

Tomorrow there has been an all party agreement to consider Bill S-5, the legislation regarding the Blue Water Bridge, at all stages.

● (1505)

We would then deal with Bill S-2 respecting marine liability. That would probably be the end of the consideration of legislation for tomorrow. As a matter of fact I do not propose calling anything else given the progress today.

There has also been similar all party agreement to consider Bill S-4 regarding civil harmonization of civil law at all stages on Monday. We would do second reading stage and by unanimous consent the bill would go to committee of the whole and subsequently third reading all in the same day. This would be followed by Bill C-15, which we will start later this afternoon pursuant to the remarks I just made.

After question period on Monday, regardless of the progress, I would propose to call Bill S-17, the patent legislation. Tuesday shall be an opposition day.

Next Wednesday and Thursday we will be looking at cleaning up any leftover legislation that I have just described and also adding: Bill C-17, the innovation foundation bill; Bill S-11, the business corporation bill; Bill S-16, respecting money laundering; and Bill C-14, the shipping act amendments to the list of matters that may come up.

I will also be speaking to other House leaders about arranging early consideration, and hopefully we can do that now, about Bill C-7, the youth justice bill, given that the committee has now concluded its consideration of this bill.

This is the program I offer to the House for the upcoming week. I thank hon. members on all sides of the House for their usual co-operation.

Government Orders

[Translation]

POINTS OF ORDER

TABLING OF DOCUMENTS

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Mr. Speaker, yesterday, the government House leader corrected me by saying that the Deputy Prime Minister had never specifically asked me to table the lease between the Auberge Grand-Mère and the Grand-Mère golf club, but rather that the Deputy Prime Minister had asked that the evidence I had in my possession be made public.

But what better place to table the lease than this House, which supposedly epitomizes democracy in Canada?

Again, for the fifth time, I ask for the unanimous consent of the House to table this document.

The Speaker: Is there unanimous consent of the House?

Some hon. members: Agreed.

Some hon. members: No.

GOVERNMENT ORDERS

[English]

INTERNATIONAL BOUNDARY WATERS TREATY ACT

The House resumed consideration of the motion that Bill C-6, an act to amend the International Boundary Waters Treaty Act, be read the second time and referred to a committee.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, I will be splitting my time with the hon. member for Lethbridge.

Canada has the extraordinary responsibility of having 9% of the freshwater in the world. This bill will go a long way in dealing with the important issue of regulating freshwater within Canada and excluding it from NAFTA, which the public wants to see happen.

It is easy to get misty eyed over water and to think of it as something akin to the Holy Grail, something beyond reproach and discussion. I am very glad we are having this discussion on whether

or not we should export bulk water. This debate is in its infancy in Canada. It is important for us to deal with the facts.

The bill will prohibit the removal of water from the basins in which it is located, specifically in those areas that are in the boundary between the United States and Canada. It will require a licence from the Minister of Foreign Affairs for any activity of boundary or transboundary waters which would have the effect of altering the natural level or ebb and flow of freshwater.

- (1510)

As a party we are absolutely adamant that we ensure Canada has control over our important water resources. We support exempting water from NAFTA.

It is a renewable resource resting within science. Therefore, whatever decisions we make on this particular subject must be rooted not in emotion but in science and fact.

Interestingly, a Pandora's box has been opened. Right now six sites in our country are selling bulk water. One of those particular sites is called Waterbank. I encourage people to take a look at it. It demonstrates that the cat is out of the bag and that private landowners are selling water over the Internet.

We need to address this issue but it is not being addressed in this particular bill. Why do we have to address it? Because water flows through a hydrological cycle. That hydrological cycle is interconnected between private and public lands. There is no way to differentiate or separate that because water flows in that cycle regardless of what we do. It is also affected by what we do, such as the building of dams. At the end of the day, that hydrological cycle will let us know what will or will not be allowed in terms of bulk export of water.

We are going to support this bill. It is a very important first step, not only for public debate but also as to what we should do in the future. I certainly hope the minister responsible will find the best scientists in and outside our country and use the best scientific research when determining the pros and cons with respect to bulk water sales. On one hand, it can be an enormous renewable resource for Canadians who desperately require it. On the other hand, it can be a source of jobs and job creation, particularly in areas such as Newfoundland and my province of British Columbia.

In British Columbia, water actually evaporates from our oceans, falls onto the land as freshwater, runs through the cycle, through the rivers and then goes back into the ocean. It is possible that there is a resource there. However, if we extract anything, it must be done on the basis of good solid science.

There are other aspects with respect to water that are not touched on in this bill but should be. One is the issue of water quality. We saw the Walkerton tragedy. We know from our communities that many of them are suffering the ravages of water which has been

abused. Pesticides and fertilizers in particular are acidifying our groundwater. Water tables are eroding. As a result of that communities are finding it very difficult to find the freshwater they require. I know that some communities in and around my area of Victoria have had some very difficult times with respect to access to water. We have been on water emergencies and water has been rationed as a result of that.

The extent of the pollution has been largely ignored. I know I mentioned examples in this House before of how badly our water tables are and how our water has been eroded with respect to poisons.

For example, if we were to test the flesh taken from a Beluga whale found in the St. Lawrence Seaway we would find it polluted with cancer causing and taratogenic agents. It would be considered a toxic substance. Imagine, we have large mammals in the Gulf of St. Lawrence that are considered toxic waste. The only reason those mammals would be considered as such is we have poisoned our water. Those chemicals, which flow through our ecosystem, are being bioaccumulated in the mammals that live in our water systems.

As we go from smaller to larger species, the bioaccumulation of these carcinogenic and taratogenic substances are magnified. Therefore, in the top line predators there are considerable amounts of these toxic substances, to say the least. This should act as a bellwether for us, the ultimate predator within our ecosystems, because we eat some of these fish.

● (1515)

One of the great gaps in the government's analysis of these issues is environmental assessment. The government has been told time and again that environmental assessments are required not at the end of a project or after a project but at the beginning of a project.

The public would find it shocking that environment assessments on 40% of all development projects take place near the end or after the project is complete. It is an utterly useless exercise. If development is to be done with environmental protection in mind, those assessments must take place at the beginning. I encourage the relevant ministers to review this practice which simply must end.

Wars in the future will be fought over water. Access to potable water in other countries is often a serious problem. Here are a few facts. Chronic water scarcity now impacts 10% of the world's population. Eighty countries, imagine, 80 countries, with 40% of the world's population already experience critical water shortages.

I need only draw attention to the Middle East, to Jordan and Israel, and to what could become a Palestinian state. These areas have an absolutely critical water shortage. While people there are fighting over other issues, what may ultimately determine their actions and who can live in the area is not the gun but the amount of potable water.

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One-quarter of the world's population is expected to face severe water shortages in the next 25 years. To show how bad it is, much of the world's population lives on eight litres of water a day. That may seem like a lot, but each person in Canada uses 325 litres of water per day. That is extraordinary. Canada possesses 9% of the world's freshwater, the lion's share.

Ultimately other countries will look at our water supply with a great deal of envy and some of them may at times need urgent access to it. It is up to us to protect the resource, be good stewards and implement solutions that will affect the resource in a positive way.

More than five million people die each year from illnesses related to unsafe drinking water. Thirty thousand children die each day from water related diseases. Having worked in Africa I know, as many people here know, that children are dying of dysentery. It is a very serious problem in many developing countries.

In closing, I encourage the Government of Canada to work with other parties here today to put forth a bill that will protect our resources. We must ultimately be stewards not only in what we do with our water but in how we protect it to ensure the potable water we have today will not be polluted.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I listened very intently to the member for Esquimalt—Juan de Fuca. He said we had an obligation to enter into trade in the area of freshwater. He talked about people who are unable to get the water they need.

The people who are looking to buy our water are in fact not the people who cannot afford it. The people who want to buy it are our cousins south of the border. The hon. member also said we had poisoned the water in the St. Lawrence River and that we had whales that were proof of this.

● (1520)

I am trying to reconcile those two points of view. Do we have the right to sell something we have proven ourselves incompetent to look after? At the same time can we talk about selling it to other people who, due to their own incompetence, have ruined their own water supplies?

Mr. Keith Martin: Mr. Speaker, I thank my colleague for the question. The issue is how to manage our water resources responsibly. I do not for a moment suggest that we sell any water. I am saying that the cat is out of the bag. There are Internet sites right now where private individuals with private land have offered to sell bulk water from their land. That is not being addressed in the bill and it should be addressed.

The hydrological cycle, as I mentioned in my speech, is an interconnected one. Water does not know the difference between public and private land. All water flows together. What a person

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does on private land can have a dramatic impact on what happens on public land. We must build that into the system.

On the issue of pollution, it behoves the hon. member to ask the Minister of the Environment why we have been such appalling stewardship of our water and why we have not implemented environmental laws to prevent rampant pollution from taking place.

Why are we not taking a critical look at the impact of fertilizer on the pH levels of water? Fertilizers have a dramatic impact and cause algal blooms that kill off vast swaths of fish. We need agriculture. We need to develop the best practices to ensure that our agricultural products are safe and that we maximize productivity from our land. However we must also respect our water resources. Our future depends on it.

Mr. Rick Casson (Lethbridge, Canadian Alliance): Mr. Speaker, it is a pleasure to speak to the bill today. I come from a riding in southern Alberta where one river, the Milk River, flows south and ends up in the Gulf of Mexico, while another river, the Oldman River, flows into the south Saskatchewan river system and ends up in Hudson Bay. My riding is unique in that way. In my riding water is an absolutely precious commodity. If we did not properly manage and protect the water in the area we would be in serious trouble.

We are in the throes now of a drought that has seen in some places a 30% snowpack in the mountains, 70% below normal. Our runoff this spring will be very low. One of our irrigation districts has already told its producers they will be rationed. Those producers will receive half the water through the irrigation system that they would receive in a normal year.

In the irrigated area of southern Alberta 4% of the land produces 20% of the crops. This shows that if water is added to an area that gets as much sunshine as we do then the area can produce almost anything. We grow all the pulse crops. We grow beans, peas, sunflowers, sugar beets, all kinds of crops that demand high heat units. We grow all these things, yet in that part of the Palliser triangle we would not have anything without proper water management.

The irrigation districts in our area take great pride in the fact that they are good managers of our water. There is a gentleman in southern Alberta who has been a friend of mine for a long time. He often comes to speak to me about water issues such as NAFTA, protecting our waters from trade, and interbasin transfers. My riding is one area where it would be possible to take water out of a river basin and put it into another and send it in a different direction.

It is important that we are dealing with this issue. The gentleman's name is Tracy Anderson. I must mention him when I talk about water because to me he is Mr. Water. He has spent his entire life dealing with water management. He knows full well how precious a resource it is. Former Premier Lougheed of Alberta said

that by the year 2000 water would be more valuable than oil. He had the foresight to know that in time good, clean pure water such as we have in Canada would become a commodity more precious than oil.

• (1525)

It is interesting that we are proposing amendments to the treaty signed in 1909 between Canada and the U.S. The government is doing so because it failed to exempt water from NAFTA, something it promised Canadians it would do in 1993 but never did.

If water is ever traded as a commodity among Canadians then our NAFTA partners will have a right to the commodity as outlined in the agreement. We cannot say yes to each other without also saying yes to the rest of North America. There are situations in Canada where we could help each other. In drought situations landowners could give up their share of water to a neighbour. However if we start trading water as a commodity it opens up a whole new area of concern.

The International Boundary Waters Treaty Act would do three things. First, it would prohibit interbasin transfers, the removal of waters from the basin in which they are located. Second, it would require a licence from the Minister of Foreign Affairs for any activity in boundary or transboundary waters that would alter the natural level or flow of waters on the U.S. side. The Americans would do the same. Third, it would provide clear sanctions and penalties for violation.

We need such penalties. As the previous hon. member for Esquimalt—Juan de Fuca said, there are Internet sites in Canada offering to sell Canadian water. We must be very careful how we handle this.

We realize the provinces have jurisdiction over water. However the federal government must work in conjunction with the provinces to structure legislation so that there is shared responsibility.

Canadians are becoming more concerned about the control of freshwater. We notice this every time there is a proposal to sell our freshwater to another country because many Canadians come forward.

We have 9% of the world's renewable freshwater supply. That is a huge amount for the size of our country. We need to realize that it is absolutely the most precious resource we have. Without good clean water nothing else can happen.

An outright ban on exports would run contrary to NAFTA because water was not exempted. These amendments are a way around that. Water should be exempted from NAFTA but it was not. We therefore must deal with the issue in a different way.

Let us talk about our neighbour to the south. What will happen if the U.S. has a crisis situation where it runs out of water? If we get to that stage our neighbour will put forward a hard case to come and get our water. We must promote conservation the best we can. We have the water supply. Some of the things done on the other

side of the border should perhaps not be done because water there is not as abundant as it is here. Weather and climate permitting, these functions should take place here. If there is a process where water is needed to a great degree, it should also take place here. Water should be treated as a raw material. I suppose any time it can be valued added to, it should be. It should be turned into crops, into vegetables and into food for the world.

• (1530)

We see that in the riding. I was actually raised on five acres of what was called an irrigation camp. My dad worked with the irrigation district. I learned to appreciate at an early age the value of water and what it meant to our neighbours and the farming community in the area.

It is important that we protect our water for future generations and that we ensure it stays under the sovereignty control of Canada. The bill would go a long way in doing that, and we will be supporting it.

I do not think that we can ever forget that water as a tradable good should be exempt under NAFTA. That is something that should be addressed by this government or maybe by a future government. Canadians should be able to help each other in need of water without putting it into the world market.

I will conclude by saying that we will support the bill. It is an important aspect of our environment and of our laws. It does not go far enough, but what it does do we will support.

[*Translation*]

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, it is a pleasure to rise today to speak to Bill C-6.

This bill to amend the International Boundary Waters Treaty Act is only seven pages long and contains only 26 clauses. Yet it is a very important bill because the length of a bill is no indication of its significance.

Why is the bill so crucial for Quebec? For various reasons. First, it has to be recalled that in Quebec in the fall of 1997 a large symposium on water was held, bringing together several stakeholders, from the private sector as well as the community, institutional and municipal sectors, to develop a policy on water management not only at the international level but also within our borders.

At that symposium, the participants agreed to give the BAPE, the Bureau d'audiences publiques sur l'environnement, a clear mandate. They came up with a fairly eloquent report which reflected their desire to have their own water policy within a reasonable timeframe. The report was published in May 2000 and included many recommendations.

Recommendation No. 4 essentially stated that:

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The Quebec government should make the Water Resources Preservation Act, which bans bulk exports of groundwater and surface water, permanent legislation.

The Commission is of the opinion that bulk exports need to be forbidden by law and no chances taken, with the uncertainties of international trade agreements, such as NAFTA, WTO and the like.

I recall the BAPE recommendations because they establish the framework in which Quebecers wish this resource essential for Quebec be exploited.

• (1535)

On one side, well before May 2000, there was a symposium on water. On the other side, the BAPE report in May 2000, established the framework within which we wanted the Quebec government and the federal government to act.

Following the consensus reached by the BAPE, the government is now introducing a bill—the act is already in force in Quebec, it was passed on November 24, 1999—aimed at preserving water resources.

I mention this because that bill said very clearly that the transfer of Quebec ground and surface waters outside Quebec was prohibited. That bill was passed unanimously by the national assembly in November 1999 and became law.

That new act said we did not want to see a natural resource such as water being transferred outside Quebec. It also said clearly that not only the Quebec government but also the national assembly—its institution—wanted to prohibit the export of water since the bill was passed unanimously.

If we look at the federal strategy, which has three elements, we see the government clearly wants a Canada-wide accord to prohibit bulkwater removal out of Canada's five major water basins.

We must remember that the provinces gave this agreement a rather chilly reception at the time. Why? Not because the provinces reacted on a whim but, quite the contrary, because there already was in some provinces, namely Alberta, British Columbia and even more in Quebec, a moratorium. Why? Because we had passed unanimously, on November 24, 1999, an act for the preservation of water, which is a natural resource. This is the reason why this bill got a chilly reception.

What was Quebec asking for? It was asking for two things, even before signing the agreement. First, we wished to wait for the report of the International Joint Commission on Canada's referral concerning water exports. Second, there is the water management policy issue, which is a current issue, since it is still being debated. I am deeply convinced that the government of Quebec will announce, in the months to come, a real water management policy. We were asking that the joint commission be given the time to render a decision on the referral and that Quebec be given the time to develop a water management policy, table that policy and adopt it.

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It has to be recognized that the bill does not take into account even one of Quebec's demands. Water management policy is not a trivial issue but a fundamental one since it inevitably interferes with Quebec's laws. With the bill, the federal government will not allow Quebec partners—not only the government, but also its partners—to establish this policy.

Another clear demand made by Quebec, and not only Quebec but also by BAPE partners, regarding the export of water was that the federal government take its responsibilities and have this issue excluded from trade agreements.

• (1540)

I recall the evidence and documents the group Au Secours gave to the Bureau d'audiences publiques sur l'environnement. I also recall the evidence, documents and briefs the Centre du droit de l'environnement du Québec gave to that same agency. These people had only one wish, which is that the Quebec government would show leadership and call to task the federal government and the minister in charge of the negotiations to ensure that water export will not be included in international agreements.

In the aftermath of the summit of the Americas in Quebec city, we would have liked our government and the Minister for International Trade to show this kind of leadership.

The 35 states that took part in the negotiations met in Montreal two weeks before the summit of the Americas. The 35 environment ministers who met to discuss this issue did not indicate clearly the principles that should be included in the free trade area of the Americas agreement concerning this issue. The government should have taken its responsibilities.

Another important point is the whole concept of watershed. The bill does not give a definition. Regulations will take care of that. In Quebec, our great fear is that the federal government will once again use this new power to interfere in provincial jurisdictions.

The environment ministers held a conference on Monday in Winnipeg. The federal minister and the ministers of all provinces and territories were present. The Quebec minister of the environment took that opportunity to express his concerns regarding the bill before us. It was not one of the main topics, but the environment ministers discussed it.

Again, the Quebec minister of the environment clearly stated that in his opinion Bill C-6 interfered with Quebec's jurisdiction over the St. Lawrence River and its tributaries and duplicated the

Water Resources Preservation Act, which was passed unanimously by the Quebec national assembly on November 24, 1999.

The minister also indicated that the government of Quebec clearly responded to the wishes expressed by Quebecers. It has already banned bulk exports of groundwater and surface water from Quebec.

On Monday, the Quebec minister of the environment, who was at that meeting in Winnipeg, took that opportunity to reiterate the fact that through this bill the federal government clearly showed its will to interfere directly in areas under provincial jurisdiction.

Another aspect relates to section 13 in Bill C-6, which deals with water removal. It is rather clear that the provision prohibiting water removal could be interpreted as applying to waters other than boundary waters and to water basins within Quebec's territory.

We believe that such a disposition would go beyond the requirements of the 1909 treaty, to the point of encroaching upon Quebec's jurisdiction over water resource management within its territory.

I remind members that Minister Bégin wrote to the federal Minister of the Environment on November 29, 1999.

• (1545)

He indicated to his federal counterpart that he would never tolerate federal interference in these areas of jurisdiction through this bill.

The other aspect concerns the powers that the minister tries to give to himself through this bill, powers that we on our side of the House, at least we in the Bloc Québécois, consider substantial.

The Minister of Foreign Affairs and the federal government both use Bill C-6 to blow their powers up like a big balloon. We will not accept that.

Need I recall that the minister is assuming all the powers. In the area of licensing, he assumes all the powers for the selection of the eligible projects.

I will remind the Minister of Foreign Affairs and the Minister of the Environment that, whether we pass Bill C-6 soon or not, the International Joint Commission already has these powers.

Even if we were not to adopt the bill, there is still a process or mechanism under the 1909 treaty and agreement providing that a country or a province cannot make a unilateral decision as far as the analysis is concerned.

The International Joint Commission is playing an important role. This bill will not change the mechanisms used by the International Joint Commission.

Section 14 deals with general provisions whereas sections 11 to 13 "are binding on Her Majesty in right of Canada or a province", and

the Canadian Constitution is clear on this. Section 109 of the Canadian constitution grants the provinces clear title.

Whether the government passes the bill in the House or expands its powers through the bill, it will not be able to override the constitution since section 109 grants the right of ownership to the provinces.

Sections 92.5, 92.13 and 92A of the constitution clearly grant the provinces broad powers in the areas of land use, land management and the development of natural resources. Moreover, jurisprudence has established that the term “lands”, as used in the bill and in section 92.5 of the constitution, extends to waters and mines. Section 92.5 of the constitution is clear: the term “lands” also covers waters and mines.

How can the minister, the government, have put before us today a bill which obviously encroaches on stated, recognized provincial jurisdictions?

In a letter dated November 29, 1999, the then Quebec environment minister, Paul Bégin, warned his federal counterpart, the Minister of the Environment, that Quebec would not accept this encroachment on its constitutional jurisdiction. In his January 18, 2000 reply, the minister was pretty clear when he said:

With regard to the prohibition clause, the use of the terms “water basin” in the proposed amendments in no way broadens the area of federal jurisdiction. The prohibition will apply to boundary waters.

• (1550)

That is what the Minister of the Environment of Canada said. That is what he wrote in a letter, and I quote:

—since they are defined in the International Boundary Waters Treaty, which prohibits bulk removal of boundary waters from the water basins in which they are located... it will not apply to the removal of other non-boundary waters inside the water basin over which the provinces have full responsibility.

Must I recall that, in spite of the minister’s letters, all the documents from the federal Department of Foreign Affairs say exactly the opposite. It is hard to make any sense out of this. Between what the minister says, what his department believes and what for us is undeniable, which is that where there are projects the International Joint Commission is always involved. What we are asking is that the federal government recognize the consultation process put in place in Quebec following the symposium on water, through the Bureau d’audiences publiques en environnement, which made public its report in May 2000, and to respect the Quebec water preservation act.

This would ensure that the consensus reached in Quebec on the exportation of water is respected and that in future accords such as the FTAA, the government include the fundamental issue of water not being treated as a commodity.

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Finally, we wish that the federal government would start respecting more generally Quebec’s areas of jurisdiction. That is what we are asking today, that is what we will be asking tomorrow and that is the reason we oppose Bill C-6.

Ms. Francine Lalonde (Mercier, BQ): Yes, Mr. Speaker, we are vehemently and firmly opposed to Bill C-6.

Yet, we support the objective of preventing bulk removals or diversions, which would not be advisable. However, we say the bill will not achieve this objective. This is all the more serious because the federal government is taking advantage of an amendment to an international treaty implementation act to give itself more powers than those provided for in the treaty.

I will try to develop these last elements. The first one concerns water and its importance. The BAPE just reminded us in a great way by proposing an admirable policy for Quebec. The international joint commission, which was created under the boundary waters treaty, has produced a report containing recommendations, which both the environment minister and the foreign affairs minister said they drew on to propose the bill.

I will read an excerpt from Minister Anderson’s speech concerning the bill—

Some hon. members: Oh, oh.

The Deputy Speaker: Order, please.

Ms. Francine Lalonde: I meant to say the Minister of the Environment.

The Deputy Speaker: That is fine. I appreciate the member’s co-operation.

Ms. Francine Lalonde: Mr. Speaker, I make honourable amends, even though I am not honourable. I was a minister but at other level of government. What the Minister of the Environment said was:

The International Joint Commission concluded that the Great Lakes require protection, given all of the present and future stresses and uncertainties.

He forgot to say that the main stress and uncertainty are related to the trade agreements. Who is negotiating the trade agreements, if it is not the same government?

• (1555)

He adds:

Recommendations for action were made to all levels of government in Canada and the U.S.

All the international joint commission’s recommendations dealing with the measures to be taken regarding removal, consumptive use and conservation concern the provinces and northern states of

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the U.S., which, since 1985, are signatories to a non-binding charter that promotes co-ordination under which provinces and states are obliged to carry out general consultations on issues stipulated in the charter, especially the issues addressed here.

The International Joint Commission set up under the treaty whose implementation act the government wants to amend makes recommendations to the provinces and the states. Let me quote some of these recommendations. First, on the issue of removals.

Without prejudice to the authority of the federal governments of the United States and Canada, the governments of the Great Lakes states and Ontario and Quebec should not permit any proposal for removal of water from the Great Lakes Basin to proceed unless the proponent can demonstrate that the removal would not endanger the integrity of the ecosystem of the Great Lakes Basin and—

This is followed by a series of conditions. It goes on:

States and provinces shall ensure that the quality of all water returned meets the objectives of the Great Lakes Water Quality Agreement.

Recommendation II reads as follows:

Recommendation II. Major New or Increased Consumptive Uses

To avoid endangering the integrity of the ecosystem of the Great Lakes Basin, and without prejudice to the authority of the federal governments of the United States and Canada, the governments of the Great Lakes states and Ontario and Quebec should not permit any proposal for major new or increased consumptive use of water from the Great Lakes Basin to proceed unless—

This is also followed by a series of conditions. Recommendation III, under the heading “Conservation” reads “In order to avoid endangering the integrity” and so on.

Recommendation IV states:

Provinces and states should set standards—

Then follows a series of recommendations involving the federal governments:

—federal, state, and provincial governments should move quickly to remedy water use data deficiencies.

The Canadian and American federal governments are involved in research. The same thing applies to underground water. The federal government is involved.

Let me go back to existing institutions and mechanisms. What does the International Joint Commission, established by the boundary waters treaty between the United States and Canada, have to say? This is what it says:

To help ensure the effective, cooperative, and timely implementation of programs for the sustainable use of the water resources of the Great Lakes Basin, governments should use and build on existing institutions to implement the recommendations of this report. In this regard, the governments of the states and the provinces should take action, with respect to the implementation of the Great Lakes Charter—

Let me go back to the statement by the Minister of the Environment. I will not make the mistake of naming him. His statement shed a different light on the recommendations. Nowhere does the International Joint Commission recommend that the federal governments change the dynamics of existing relations and enact legislation.

• (1600)

We cannot help but ask ourselves why the federal government is so keen on trying to pass legislation that is, and I repeat it because it is important, an amendment, not to the treaty—because this would be done between the two countries—that was signed by Great Britain and the United States in 1909 and implemented by an act but to the act.

Is it normal that an amendment to a treaty implementation act should change the conditions under which the treaty is implemented, but above all that it should increase the federal government’s powers by trickery? One can understand that the government would go this way if what it wanted was to increase its powers.

Constitutionally, the powers—as read, for example, by the NAFTA commission for environmental co-operation with regard to the Canadian legal framework on the environment—are as follows:

In Canada, the implementation of an international treaty is usually effected by the initial ratification of that treaty by the federal government and the adoption, where necessary, of appropriate statutes as part of the internal law of the country—

In Canada, the Canadian Constitution is silent as to the power of any level of government to make treaties.

Section 132 of the Canadian Constitution refers only to the treaty-implementing power of Canada as a part of the British Empire.

Canada has since become an independent member of the international community and, as such, has the authority to enter into international agreements.

However, the federal government does not appear to have the authority to bind any of the provinces. Unless the courts were to hold otherwise in the future, nothing can force a province to perform, through legislation, the obligations set by a treaty signed by the federal government.

Therefore, the obligations given to the provinces by the treaty were implemented through the Great Lakes charter. I stress the fact that the federal government is using an excuse to extend its powers.

This approach is all the more intriguing, troublesome, because the Minister of Environment, in recalling that the international joint commission said, following its study, that the Great Lakes basin must be protected because there is only 1% of this enormous expanse of freshwater that is renewable—the rest is not renewable, being what was left behind after the glaciers melted—says that it is the greatest freshwater basin in the world.

He also said:

If the international joint commission considers caution is the watchword for the management of water in the Great Lakes basin, is it not equally so for the smaller bodies of water or ecosystems across Canada, wherever they are located?

He will deal with Newfoundland. He adds:

I would also like to take this opportunity to address the trade implications of Canada's policy approach. A number of persons and groups have called on the federal government to use an export ban.

He says the main problem is this:

—Canadian governments have full sovereignty over the management of water in its natural state, and in exercising this sovereignty are not constrained by trade agreements.

He says Canadian governments when he should have said the provinces. He goes on:

Canada's views on this matter has been supported by a wide range of expert opinion. The international joint commission came to similar conclusions in its final report.

• (1605)

He also forgot to mention that the international joint commission believes it is likely that freshwater before removal will not be part of trade deals but that, given the rulings made by the WTO—and to put it more simply, given the fact that its regulations ensure that the Tower of Pisa keeps leaning the same way—there is no absolute guarantee that freshwater before removal will be excluded from future trade agreements.

We have before the House a bill that is supposed to protect our water resources from the threat of trade deals. Who negotiates trade agreements for Canada if it is not the same government that is refusing to let the provinces take part in the negotiating process? Is that government not a bit schizophrenic? It is using the potential consequences of any future trade deal to warn us that we need an act prohibiting bulk water exports, removals and diversions.

With the bill, the government is grabbing some new powers. Pursuant to the bill, the government will now have the authority to make regulations defining what a water basin is. It will be able to determine through regulation what river or affluent is part of the basin when it is clear, as my colleague pointed out earlier, that the treaty does not deal with this issue. With the bill, the government is going further than the treaty and is ensuring that it can act through regulations.

In reality, this seemingly technical bill boils down to the fact that the Canadian government, instead of relying on the process that has been in place since 1985 and that can respond quickly to the International Joint Commission's recommendations, wants to have its own infrastructure.

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From now on, a federal licence will be required to build a dam on a river which is not necessarily part of the water basin but which would be defined as being part of it under the regulations. For example, if Quebec decides to build a dam, the federal government will have the authority to prevent it from doing so.

Members know that Quebec is the largest consumer of hydro-electricity. In environmental terms, this means that Canada's output of pollutants is lesser than if Canada did not include Quebec. Quebec has definitely chosen hydroelectricity over nuclear energy. Of course, it had mighty rivers to harness and it did it even though it had to correct a few things here and there.

In closing, I would like to read the BAPE conclusion, which is not about Bill C-6. This conclusion explains why we will strongly oppose Bill C-6 and why we will speak out against the illegitimacy of the bill.

• (1610)

It concludes:

As was mentioned over and over at the hearing—

This is the BAPE speaking.

—water is an element essential to life, an element for which there is no substitute. The policy's first priority should be the health of aquatic systems, a prerequisite for human health. Because it is associated with the rights to life, access to water in Quebec must be considered a right. Access to waterways and bodies of water in a manner yet to be undefined. Access to quality drinking water, and free and universal access for the needs inherent in human life. How rates are set must not interfere with this essential right to water of anyone living in Quebec.

The constant and driving search for quality is the common vision, the overriding focus and the ethical foundation for the management of water and aquatic environments.

This is what the joint commission is saying. The BAPE goes on:

This is why the principle of precaution must guide decisions which ultimately affect biodiversity and life on earth. The field of action is broad, and is founded on respect for common values. The management of river basins is a force of peace, security, development and harmony in its natural sphere of influence.

With 3% of the planet's freshwater reserves, Quebec holds in its hands a part of humanity's common heritage. It must manage this heritage responsibly. We hope that our report will make a useful contribution towards this goal.

As ecologist Pierre Dansereau said at the age of 89, "If we do not have optimistic plans, there is no hope. Dreamers and utopia are needed to pave the way for the future".

For that, Quebec must be able to have a comprehensive water policy. We will not sit quietly by while the federal government attempts to erode our jurisdiction and impose a logic completely at odds with Quebec's objectives.

*Government Orders**[English]*

Mr. John Duncan (Vancouver Island North, Canadian Alliance): Mr. Speaker, it seems to me that the essential ingredient that we should all be talking about is sovereignty over water.

I understand the previous speaker's concerns in this regard because sovereignty can relate to Quebec, the provinces and to the federal government. There are a lot of concerns when we get into federal and provincial areas, such as in this bill. We have other examples.

In my province of British Columbia we have some major concerns about a bill dealing with marine conservation being put forward by the Minister of Canadian Heritage. We are very concerned that any initiatives we may want to take dealing with west coast oil and gas, which is a provincial initiative albeit usually with a provincial-federal syndicate, could easily be pre-empted by the actions of the Minister of Canadian Heritage with a totally different agenda.

I would like the member to elaborate a little more on the subject. It is my view that federal short term initiatives or thinking can be a real detriment to regional or provincial initiatives and can circumvent what is for the greater good in the long term. That is a real concern with some of the legislation that has emanated from this place recently.

[Translation]

Ms. Francine Lalonde (Mercier, BQ): Mr. Speaker, I wish to thank my colleague for his question and for his understanding of the underlying intent of the bill, which he too describes as another short term initiative.

Since he has provided me with the opportunity, I will remind hon. senators of the serious problems that arose when the federal government decided it was the best one to manage the fisheries.

• (1615)

The main thrust of my speech centres on the fact that the bill does not allow the institutions in place, which are essentially composed of the American states in co-operation, and the Canadian provinces in co-operation, to function as they have since 1985, in keeping with the recommendations of the international joint commission. The federal government wants to inaugurate a whole new infrastructure instead.

My colleague will certainly understand that deciding whether or not a permit for water diversion should be issued requires more than three public servants and four computers. The bill has a distinct air of improvisation about it, as well as an air of lack of confidence in the provincial governments.

The reason I have stressed the joint commission recommendations so much is that it strikes me as extraordinarily important that the IJC, as a body created under the international treaty, be able to recommend the use of existing institutions in order to get important recommendations into prompt, concrete and co-ordinated application. Neither of the ministers has given any explanation in this connection.

They say that their bill is not a contradiction. Their position is more defensive than confidence inspiring. I would even say that it does not show respect for the competency, intelligence and democratic sense of responsible populations.

This is no surprise but I must say that my astonishment is constantly renewed by the federal government's imagination in taking over others' areas of jurisdiction when it has trouble looking after its own.

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

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

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

The Deputy Speaker: Call in the members.

And the bells having rung:

The Deputy Speaker: The division is deferred until Monday, May 7, at the expiry of the time provided for government orders.

[English]

Ms. Marlene Catterall: Mr. Speaker, I rise on a point of order. Discussions have taken place between all parties and I think you would find unanimous consent, pursuant to Standing Order 45(7), that the recorded division on second reading of Bill C-6 be further deferred until the end of government orders on Tuesday, May 8.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

• (1620)

[*Translation*]

CRIMINAL LAW AMENDMENT ACT, 2001

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.) moved that Bill C-15, an act to amend the Criminal Code and to amend other acts, be read the second time and referred to a committee.

She said: Mr. Speaker, I am pleased to begin second reading debate on Bill C-15, an act to amend the Criminal Code and to amend other acts.

[*English*]

As omnibus bills before it, Bill C-15 has a number of diverse elements. Most recently we have seen examples of omnibus bills: Bill C-51 in 1999, Bill C-17 in 1996 and Bill C-42 in 1994. These examples demonstrate that the practice of introducing criminal amendments through an omnibus bill is a longstanding practice and one that has served the criminal justice system well.

The amendments proposed in the criminal law amendment act, 2001 respond to serious crimes against children and other vulnerable members of society, provide additional safeguards for the law enforcement community, strengthen our laws concerning cruelty to animals, make administrative and procedural improvements to the justice system, and make administrative amendments to the Firearms Act.

First I will deal with the proposed amendments to better protect our children. The provisions that deal with protecting children respond to the government's commitment in the Speech from the Throne to safeguard children from criminals on the Internet and to ensure that children are protected from those who would prey upon their vulnerability. They also respond to a consensus of ministers responsible for justice at the last FPT meeting to create an offence of Internet luring.

The Internet is a new technology that can be used to stimulate the communication of ideas and facilitate research, but, as with any instrument, when placed in the wrong hands it can be used for ill and to cause harm. Canadians will not tolerate a situation where individuals, from the safety and secrecy of their house, use the anonymity of the Internet to lure children into situations where they can be exploited sexually.

The new offence seeks to address what has been reported as a growing phenomenon not only in our country but globally. It criminalizes communicating through a computer system for the purpose of facilitating the commission of a sexual offence against a child or the abduction of a child.

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[*Translation*]

We also want to ensure that those who view, or transmit child pornography to others, will not escape criminal liability by using new technologies.

We will extend the scope of current child pornography offences to make it clearer that actions that constitute an offence when committed with traditional means remain an offence when committed with electronic means.

[*English*]

Bill C-15 seeks to create four new offences: an offence of transmitting child pornography to cover one to one distribution, such as e-mail sent to one person only; an offence of making child pornography available to cover those who post child pornography on a publicly accessible website but take no other steps to distribute it; an offence of exporting child pornography to meet our international obligation; and an offence of accessing child pornography to capture those who intentionally view child pornography on the net but where the legal notion of possession may be problematic. The offence is defined to ensure that inadvertent viewing would not be caught under this offence.

I will now turn to three other proposed measures to better protect vulnerable Canadians. The first measure I wish to mention is the offence of criminal harassment, or stalking as it is sometimes referred to. This is a serious offence that can have a devastating effect upon the emotional and physical well-being of the victim.

[*Translation*]

In Bill C-15, this government is taking strong measures to ensure that the criminal justice system treats criminal harassment as the serious offence that we know it to be.

• (1625)

[*English*]

The government's response to this issue is twofold: first, to strengthen the existing legislation; and, second, to strengthen enforcement of the law through comprehensive guidelines for criminal justice personnel on criminal harassment.

Bill C-15 responds to our first commitment by proposing to increase the maximum penalty for criminal harassment when prosecuted on indictment from five to ten years. This sends a strong signal to would-be stalkers. Criminal harassment is a serious offence and its sentence would now better reflect this serious nature.

With respect to our second commitment relating to enhancing the enforcement of the criminal harassment provisions, I am pleased to note that together with our federal, provincial and

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territorial counterparts a handbook for police and crown prosecutors on criminal harassment was developed and released in December 1999. The handbook provides a practical set of guidelines for criminal justice personnel on all aspects of a criminal harassment case, including victim safety.

I now wish to address the difficult issue of home invasions, one that has been raised by a number of my colleagues on all sides of the House. The term home invasion is generally used to describe a robbery or break and enter of a private residence when the perpetrator forces entry while the occupants are at home, and this is key, and the perpetrator threatens to use or does use violence against the occupants.

The proposed amendment to the criminal code would indicate that where the offender's conduct was in the nature of a home invasion the court must consider this to be an aggravating factor when determining the sentence to be imposed. Such an amendment would provide clear direction to the courts and would express parliament's view that home invasion is a grave form of criminal conduct which must be dealt with appropriately during the sentencing process.

Another important measure proposed in Bill C-15 is the new offence of disarming or attempting to disarm a peace officer. This new offence would apply to anyone who tries to take away an officer's weapon when the officer is acting in the course of his or her duties. It is proposed that this new offence carry a maximum penalty of five years to reflect the seriousness of the offence and to send a clear message that taking or attempting to take a police officer's weapon would not be tolerated. The safety of police officers is a priority for the government.

The criminal law amendment act, 2001, would revive amendments introduced in the last parliament dealing with cruelty to animals. The proposed reforms have two primary objectives: to simplify and better organize the existing laws and to enhance the penalties for animal cruelty.

In particular we are increasing the penalties for animal cruelty offences with the highest penalty being five years in prison, up from the current maximum of six months. We would eliminate the current limit of two years maximum duration for an order prohibiting the offender from possessing animals and would include a new power for the court to order as part of a sentence that the offender repay to a humane society the reasonable costs associated with the care of the animal.

I would like to make clear this afternoon that these changes do not in any way negatively affect the many legitimate activities that involve animals, such as hunting, farming, or medical and scientific research. These are regulated activities subject to specific technical rules and regulations and codes of practice. The criminal law is not being used to establish or modify industry standards but rather to prohibit conduct that is grossly unacceptable. Simply put, what is lawful today in the course of legitimate activities would be lawful when the bill receives royal assent.

The law already requires that we treat animals humanely and with respect. These amendments would ensure that the law can adequately deal with those who would wilfully abuse animals. I believe that all members of the House can support this principle. There is no subject on which I receive more mail from Canadians on a weekly basis than on the question of modernizing our laws in relation to cruelty to animals.

• (1630)

I would like to speak now in relation to the proposed amendments concerning firearms. The Canadian firearms program is an example of the preventive approach our government takes to public safety. Moreover, the program is already achieving higher levels of public safety for all Canadians and the facts demonstrate it.

Since December 1, 1998, more than 3,000 licences have been refused or revoked by public safety authorities. The number of revocations is 26 times higher than the total of the five previous years. Overall the licensing compliance rate in Canada is now over 90%.

However, we have learned from the licensing experience. We have also listened to the concerns of gun owners and other Canadians about program efficiency and client service. We are proposing administrative changes to facilitate the registration process and to continue to ensure a high level of service to clients. These administrative changes do not affect the deadline of January 1, 2003, for registration of all firearms nor the government's commitment to public safety.

We are responding to the needs and wishes of Canadians and firearms owners by proposing changes that will make the program more user friendly, more cost efficient and client oriented. We will design a more streamlined system by simplifying the licence renewal process, by redesigning the registration process and by making better use of new and emerging Internet technology, for example, by allowing for registration of firearms online. We also intend to improve efficiency and reduce costs, for example, by staggering firearms licence renewals to avoid a surge of applications in five year cycles.

With these amendments, we will reach a balance between the interests of responsible firearms owners and our shared objective of public safety.

The efficiency of any criminal justice system depends upon its ability to protect the innocent while bringing those who are guilty of crime to justice. Despite all the precautions that our justice system takes to avoid the conviction of an innocent person, no system is infallible. Wrongful convictions can occur and regrettably have occurred in the past. The names Donald Marshall, David Milgaard and Guy Paul Morin make my point.

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In such cases our entire justice system finds itself in disrepute. That is why Bill C-15 includes important improvements to section 690 of the criminal code, the conviction review process. It is a final safety net for those who are the victims of wrongful conviction.

In October 1998 we released a public consultation paper seeking submissions on how our conviction review process could be improved. The consultations informed the measures now found in Bill C-15.

The ultimate decision making authority in criminal conviction reviews will remain with the federal Minister of Justice, who is accountable to parliament and to the people of Canada. The Minister of Justice can recognize and maintain the traditional jurisdiction of the courts while providing a fair and just remedy in those exceptional cases that have somehow fallen through the cracks of the conventional justice system.

However, maintaining the status quo is not an acceptable option. Therefore the amendments to section 690 will provide investigative powers to those investigating cases on behalf of the Minister of Justice. This will allow investigators to compel witnesses to testify and documents to be produced.

In order to make the conviction review process more open and accountable, ministers of justice will now be required to provide an annual report to parliament and a website will be created to give applicants information on the process.

I believe that these amendments are the most efficient and effective way to improve the post-appellant extrajudicial conviction review process in Canada.

Let me turn briefly to the area of criminal procedure reform. The Department of Justice has been working closely with the provinces and territories on criminal procedure reform for some years. This work is now in its third phase.

The objectives of phase three are to simplify trial procedure, modernize the criminal justice system and enhance its efficiency through the increased use of technology, better protect victims and witnesses in criminal trials, and provide speedy trials in accordance with charter requirements.

• (1635)

We are trying to bring criminal procedure into the 21st century. This phase reflects our efforts to modernize our procedure without in any way reducing the measure of justice provided by the system.

[*Translation*]

As I said at the outset, the provinces and territories support these reforms. As they are responsible for the administration of justice, I believe that we should do our best to give them the tools they need to ensure the efficient and effective operation of the criminal justice system.

[*English*]

In conclusion, I am sure the standing committee will give Bill C-15 its usual thorough review and examination. I believe it contains a number of important improvements to the criminal justice system and measures that will contribute to the protection and safety of all Canadians. I call on all members of the House to support the bill.

With consent, I would move that the debate on Bill C-15 do now adjourn.

The Deputy Speaker: Let me deal with a matter that I must proceed with before 5 p.m.

It is my duty pursuant to Standing Order 38 to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Burnaby—Douglas, Human Rights; the hon. member for Cumberland—Colchester, Natural Resources.

The Chair had been given notice by the member for Surrey North of a point of order as a brief intervention. I will hear very briefly what it is and I will immediately return to the Minister of Justice.

Mr. Chuck Cadman: Mr. Speaker, I rise on a point of order. I thank the minister for introducing this bill in light of the fact that last Friday when I asked her a question about it, it was suggested that I had my research all wrong and that it would be introduced on Monday. I was vilified by the government benches for having lousy research—

The Deputy Speaker: I know the hon. member is always very interested in justice issues, but the Chair rules that he does not have a point of order and is clearly engaging in debate.

Returning to the Minister of Justice, I will hear her point of order. She has completed her remarks.

Hon. Anne McLellan: Mr. Speaker, I understand that the government House leader has consulted with the House leaders of other parties. I would move, with consent:

That the debate be now adjourned.

The Deputy Speaker: Does the hon. Minister of Justice have the consent of the House to move the motion?

Some hon. members: Agreed.

The Deputy Speaker: The House has heard the terms of the motion. Does the House give its consent to the motion proposed by the Minister of Justice?

Some hon. members: Agreed.

(Motion agreed to)

Private Members' Business

Ms. Marlene Catterall: Mr. Speaker, I rise on a point of order. I move that we now see the clock as 5.30 p.m. and proceed to the consideration of private members' business.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

PRIVATE MEMBERS' BUSINESS

[English]

CRIMINAL CODE

Mr. Chuck Cadman (Surrey North, Canadian Alliance) moved that Bill C-250, an act to amend the Criminal Code (theft of a motor vehicle), be read the second time and referred to a committee.

He said: Mr. Speaker, it is a pleasure to again rise to speak about one of my private member's initiatives. Once again the Liberal majority on the subcommittee of the Standing Committee on Procedure and House Affairs has decided, for whatever reason, to make this initiative a non-votable matter.

I will not go into a rant about that, but suffice it to say I have to wonder why a select few members of this place are able to control all private members' business to the extent that they and only they decide which issues have even a modicum of opportunity to become law within the country.

It is no secret that many members from all sides of the House have become frustrated and disenchanted with the present scheme, but it will never change unless the government backbenchers forget about the carrots at the end of the stick the Prime Minister continues to hold out for them. Members of this place should be doing what is right for the country. I said I would not get into a rant, so I will move on to Bill C-250.

Bill C-250 is a relatively simple bill. Its purpose is to ensure that a person who is convicted of more than one theft of a motor vehicle receives a minimum of four years' imprisonment for every conviction following the first conviction.

• (1640)

The bill is aimed at the repeat car thief. Before those on the other side and perhaps the member for Saint-Bruno—Saint-Hubert attack me once again for being too tough on our poor misguided criminal offenders, I will point out that I am specifically aiming the legislation at the professional car thief.

As most of us know, professional car thievery is more and more attributable to organized crime. I will illustrate the affiliation between repeat car thieves and organized crime in a few moments.

It would not be entirely correct to claim that this proposal is only aimed at organized criminals in the normal definition of that term. We have a number of criminal organizations that have developed a specialty of stealing motor vehicles just as a form of illegal activity. They might just be a couple of individuals who want to supplement their annual income or they may in fact live for the benefits of their illegal enterprise.

In any case, auto theft is and should be of great concern to the Canadian public. We are all well aware of our increased auto insurance rates due to the escalation in motor theft. From 1986 to 1997, auto thefts in Canada increased by 94%. In 1997, 187,500 vehicles were reported stolen. The problem costs the insurance industry approximately \$600 million annually. It only stands to reason that most if not all of that \$600 million cost of motor vehicle theft is passed on from insurance companies to those of us who have to insure our vehicles.

Why has motor vehicle theft become such a growth industry? There are a number of factors.

First, with the sophistication of these professional offenders, there is relatively low risk. Most of us have to leave our vehicles outside at some point during the day: when we go shopping, when we drive them to work, when we leave them at the local transit parking lot, or even overnight while we are sleeping. Motor vehicles are often left unattended for minutes or hours at a time and are so common that thieves can approach them with little fear of attracting attention.

Second, there is a high return. With motor vehicle prices rising toward a common value of \$30,000 and beyond, it becomes very profitable for crooks to specialize in auto theft.

Third, there is an avoidance of income taxes. Regardless of what the Minister of Finance says, income taxes are particularly burdensome to most of our citizens. One of the exceptions to the cumbersome weight of taxes is the criminal element. Auto thieves avoid paying high taxes or any taxes at all by chopping or disassembling motor vehicles and selling the parts to the parts industry. They also obtain vehicle identification numbers from wrecks, reattach those numbers to stolen vehicles and essentially put a new and improved auto back onto the streets.

I will divert myself for just a moment to give the House just one example of how devastating this practice of switching vehicle identification numbers, or VINs, can be to the unsuspecting buyer. Just last week it was reported how Tammy Mulvey of Ottawa was victimized by this scheme. She is a 22 year old who works for a mobile canteen company. I can just imagine how proud she was when she purchased her first car for \$8,000, a 1993 Honda Civic. I do not know that I can imagine how she felt when the police helped a tow truck driver take it away. It was stolen.

Tammy had little protection. She bought the vehicle with a VIN that was free and clear from problems or legal claims. Unfortunately,

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ly, that VIN did not belong to the car she bought. It was identified by the police as part of a \$10 million international motor vehicle theft ring. Tammy was the loser, a victim because that car actually belonged to someone else. A loss of \$8,000 at the age of 22 is a nasty life experience for someone just starting out.

What are some of the other factors that ensure that motor vehicle theft is a growth industry? As the example illustrates, organized crime finds it quite profitable. Organized crime also finds many other uses for its ill-gotten gains. Police are convinced that many, if not most, of the biker gangs drive stolen vehicles and motorcycles. With motorcycles it is relatively easy to have three or four individuals pick up a Harley off the street and throw it into the back of a pickup.

We have all heard stories about how criminals use stolen vehicles to commit crimes, crimes like drug trafficking and armed robbery just to mention a couple. A car is stolen. It is used in the offence and is then dumped through various means.

Stolen vehicles with fraudulent paperwork can become a currency within organized crime activity. These vehicles are traded for other items of value. Stolen vehicles have been bartered for drugs from foreign countries. Apparently it is quite simple to ship motor vehicles in those sealed international shipping containers we have all seen travelling across the world on ships, trains and trucks. Many North American vehicles are worth double their value in many foreign countries.

• (1645)

It has become very profitable for organized criminals to steal a luxury vehicle, put it in a shipping container, put it on a ship and sell it to a wealthy buyer, with no questions asked and no international vehicle tracking system in place. We should recognize that many countries have few car dealerships and high tariffs on imported vehicles. These criminals are filling a void that cries out for this form of activity.

The last thing I will discuss about the causes of auto theft as a growth industry has to do with the little risk of jail time for the offence. We have enough difficulty convincing the Liberal government to impose jail time for violent offences. Auto theft is not a violent offence. Our courts often look at auto theft as being protected by car insurance. We all lose a bit but no one suffers a great deal. That is absolutely wrong headed.

Why should we be sponsoring criminals who refuse to abide by the norms of society and who sponge on all law-abiding citizens? Why should we be permitting organized criminals to expand their enterprises, to expand their influence and to increase the threat to society when it is so easy to address just one aspect of their operations? The bill would impose a mandatory minimum sentence of four years on professional vehicle thieves.

I will now provide some anecdotal support for what I have been saying. An RCMP intelligence report dealing with a multimillion dollar organized crime ring whereby luxury cars were stolen and shipped overseas stated:

These groups, motivated by the low risk, huge profits and light penalties associated with auto theft, are operating virtual stolen-car pipelines.

The ring then funnelled hundreds of thousands of dollars to a terrorist organization, according to the RCMP report. We can see how profits from the theft of motor vehicles generates far more serious and dangerous criminal activities. The director of RCMP criminal intelligence said:

There has also been increasing use of violence, including car-jackings and home invasions, to obtain cars.

The president of the Canadian Police Association listed auto theft as one of the major activities of organized crime. Constable Jim Messner of the RCMP auto theft squad in Calgary says that his city has become a shipping hub for stolen high priced vehicles for organized crime rings. He said:

There is no doubt in my mind that the majority of unrecovered stolen vehicles is a result of organized crime. We know organized crime groups have stolen vehicles for a number of things, including transporting contraband.

In one weekend last year, 31 vehicles were stolen in Burnaby, B.C. I do not have the figure for how many were stolen that particular weekend for Vancouver, Surrey, New Westminster or North Vancouver, but 31 vehicles for the Burnaby portion of the lower mainland is a symptom of a major problem. In one seven day period last year, 128 vehicles were reported stolen from the streets of Ottawa. According to Statistics Canada about 450 vehicles are stolen every day in Canada.

All these statistics are in spite of car owners having to ensure their vehicles are locked each and every time they are left alone, and in spite of anti-theft devices and car alarms. Motor vehicle theft is a matter of significant public interest. Unfortunately it does not seem to be of any significant government interest as it has decided not to make the bill votable.

In a recent operation against organized crime police from Canada and the United States were able to lay 270 charges and recover close to \$10 million in stolen vehicles. Some 193 vehicles were recovered from as diverse a distribution as Ottawa, Toronto, Waterloo, Texas, Florida and Panama.

For any of those listening who do the math most of the vehicles recovered were from the high end of the motor vehicle industry. Lincoln Navigators, Volvos and Mercedes were particularly attractive to these individuals. Twenty-five people were arrested and at that time the police had warrants for twenty-four others.

It is most unfortunate that many will get a slap on the wrist for stealing vehicles. The authorities will only be able to guess how many vehicles passed through this organization successfully while

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our police were forced to expend scarce resources on their enterprise. More than 150 officers were involved in this takedown.

It is obviously time to change the law. It is not right that we merely warehouse these individuals for a few months. For them it is merely an opportunity to rest up before returning to our communities to pick up where they left off. For them these lenient sentences are nothing more than a cost of doing business. We must show that as parliamentarians we are very serious about addressing this form of crime.

• (1650)

Mr. John Maloney (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I am pleased to speak today to Bill C-250 which would amend part 9 of the criminal code dealing with offences against property. The proposal calls for the creation of a new offence: theft of a motor vehicle with a value of more than \$5,000. It then provides for a minimum sentence of four years if convicted a second time for theft of a vehicle over \$5,000.

I assume that the purpose of the legislation is to combat the very serious problem of car theft. Unfortunately the bill ignores two basic realities. First, all theft over \$5,000 is already an indictable offence under section 322 and 334 of the criminal code. It is already effectively dealt with under the existing sentencing provisions of the code. More important, the legislation would do little to combat the problem of auto theft, a problem that the government is fighting on many fronts in partnership with Canadians from every province and territory.

The proposed amendment to the criminal code sweeps aside the fundamental principles of sentencing currently in place and establishes a very specific regime for an individual facing a second or subsequent auto theft. The theory is that if we catch all the repeat offenders and throw away the key for four years the war against auto theft would be won. I recognize that some convicted criminals reoffend, but imposing a mandatory four year sentence for a second offence does not make sense in light of all that we know about this offence.

Here is what we do know. The vast majority of car thefts are joyriders or individuals who use the stolen vehicle in the commission of another offence. We know this because according to the Insurance Council of Canada the rate of recovery of stolen vehicles is very high, about 70% to 80% in recent years. Further, young offenders commit almost half the reported auto thefts. How does the proposal address these aspects of the problem? We know that hard time in a penitentiary itself does little to rehabilitate offenders, so how do we address this serious problem?

That brings me to the second reality the proposed legislation fails to recognize. While auto theft has been and continues to be a serious problem, it is actively and aggressively being addressed.

The problem is being attacked not only by the sanctions available in the criminal code but by every level of government, policing agency, private company, association and by individual Canadians. The existing sanctions within the criminal code and case law effectively achieve the objectives of criminal sentencing for both first time and repeat offenders.

Auto theft falls under the class of offences in the criminal code relating to thefts of property. Section 334 of the criminal code provides that the theft of property exceeding \$5,000 is an indictable offence for which the individual is liable to imprisonment for up to 10 years. This provision reflects parliament's recognition that theft over \$5,000 is a serious offence and it includes auto theft.

Further, joyriding is a specific offence under the criminal code to take into account the very unique nature of this crime. In addition, if an offender has prior convictions the sentencing judge, under current procedures, is bound to treat this as an aggravating factor that would result in a harsher sentence than would otherwise be imposed. A sentencing court does not stop there, however, nor should it.

The principles of sentencing in Canada require a judge to look at all the circumstances of the crime, including those of the offender and of the victim, the good and the bad, the mitigating and the aggravating. Those circumstances must be weighed in light of the fundamental principles of sentencing. The first and paramount principle of sentencing is that the sentence must be in proportion to the crime or crimes committed, and to the degree of responsibility of the offender.

Put simply, shoplifting by an 18 year old teenager versus the robbing of a convenience store by a professional criminal may both be prosecuted as theft under section 334 of the criminal code. However, to sentence both to six months in jail would not make any sense. The entire sentencing structure of the criminal justice system is built around this basic principle of proportionality. That is why, for example, there is no minimum mandatory sentence for a section 334.

The sentencing court must also consider the remaining well established objectives of sentencing: the protection of society; reparations to and acknowledgements of victims; deterrence to others; denunciation of the crime; and the rehabilitation of the offender. Unfortunately, Bill C-250 would, in too many cases, force the sentencing court to throw away these long established and useful sentencing principles.

The government clearly supports the notion that those who habitually re-offend ought to be punished to a greater extent than the first time offender. However, our current system, recently revamped in 1996 by Bill C-41, the Sentencing Reform Act, provides the necessary flexibility to accomplish this objective.

• (1655)

The determination of sentences therefore requires the consideration of a number of sentencing principles and objectives. In the absence of the proposal contained in Bill C-250, the existing regime enables courts to impose sentences for auto theft that are just and fair to the victim, to society and even to the offender. Many sentencing options are available which can and should be fully considered to tailor the sentence to the specific circumstances of the crime.

While the problem of motor vehicle theft is international in scope, the recent international crime victimization survey conducted in 1996 revealed that Canada's rate of vehicle theft ranked as one of the lowest among industrialized countries.

In 1995, 18 out of every 1,000 Canadian vehicle owners experienced a motor vehicle theft, compared to, for example, a rate of 33 per 1,000 owners in England, and since then we have made considerable progress. We have seen a steady decline in the rate of vehicle thefts every year to 5.3 thefts per 1,000 vehicles in 1999 according to statistics from Statistics Canada.

Recent amendments to the criminal code introduced by the Minister of Justice would make it easier to investigate and prosecute organized crime rings which would put a further dent in vehicle theft. The government is currently co-ordinating a multijurisdictional analysis of the role of organized crime in auto theft as part of our national agenda to combat organized crime.

In addition, a number of non-statutory measures have been employed over recent years to prevent motor vehicle theft in Canada, a measure that the government either initiated or partnered with other governments, agencies, organizations and individuals.

For example, we are actively involved with the provinces and numerous police agencies in the establishment of the national stolen and wrecked vehicle monitoring program designed as a comprehensive database available to the police from coast to coast. This would make it tougher to steal a car at one end of the country and sell it at the other end.

Another initiative involves car manufacturers working in conjunction with the police and insurance companies to design more effective security features for their motor vehicles. The government recently initiated the business action program on crime prevention in partnership with police and insurance companies across Canada to educate Canadians as to what they as individuals can do to fight auto theft.

All these measures are designed to reduce car theft and together with the existing criminal code provisions provide a comprehensive scheme for addressing this serious problem. While the imposition of a four year minimum sentence for a second or subsequent offence may look appealing to a few hardliners, it is simply not a

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realistic alternative to what already exists. It does not give the police, the prosecutors or the courts any additional tools to combat the problem. As a result, the Minister of Justice cannot support the bill.

Mr. Larry Spencer (Regina—Lumsden—Lake Centre, Canadian Alliance): Mr. Speaker, I wish to compliment my hon. colleague, the member for Surrey North, for his work on this non-partisan bill and for his presentation to us today. The bill is meant to add to the protection of Canadians.

As individuals, certain things that come under special categories are perhaps more personal to us than other things. If I were to start down the list, my family would be number one in importance, my home would be next and my car would follow. I am only one of many individuals who would say that we do love our cars.

I remember the first car I bought after joining the workforce and being able to spend more than a couple of hundred dollars on it. One day I came out of my house and noticed that my car had been smashed by a hit and run driver. I was thankful that it was not stolen. It was not a car in the category of cars we are talking about today, but I will never forget the agonizing feeling I had in the pit of my stomach when I saw what had happened to my car. We need to recognize that a car may be in a special category.

• (1700)

I realize minimum sentences are something that we have been reluctant to put into Canadian law in many cases. However there are quite a number of cases where there are minimum sentences. I do not think this is something that would be put forward only by hardliners or those who would be considered extremists in one way or another.

Canadians want protection from crime and from risk of injury, especially protection from fear associated with the different crimes committed in Canadian cities. Canadians expect and desire this from their government. Therefore, many of my constituents seem to be quite prepared to be a little more tough on crime, if that is what this would be, especially on theft.

There are a number of instances where minimum sentencing is used, for instance in the firearms, bookmaking, living on the avails of a person, wounding with intent and some impaired driving conditions.

I also want to again reiterate that the Canadian Police Association has listed car theft as one of the main avails of organized crime. I also read the comments of the RCMP member from Calgary. He stated that that place was perhaps a hub for organized crime and car theft. He agreed that many other police groups across the country would see this as a very important problem which needs to be addressed.

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The costs associated with auto theft are staggering and rising. It is a waste of our personal resources. We have a major problem that is simply not going to go away, as just business as usual. Without penalties that would increase enough to exceed the benefits of crime, it is hard for us to think about deterring it.

My city of Regina is notorious for auto theft and vandalism. This again is a little different category. Just this week my executive assistant was shot at in Regina. We are becoming famous for shootings in Regina. A couple of weeks ago several vehicles were shot at. We were lucky that my assistant's car was not hit with a real bullet. It was a paint gun.

The problem illustrated here is the fact that there is such little respect for personal property belonging to others. This causes fear, loss of work, police costs associated with this, the removal of the paint from the car and all the effort and energy that went into dealing with this sort of misdemeanour.

This kind of disrespect springs out of the lack of accountability in so many areas of those who would be involved in the life of crime. Auto theft in Canada is in the hundreds of millions of dollars and is rising. I would ask at what point would we as parliamentarians be prepared to act.

Province-wide, Saskatchewan shows that the number of claims have moved from 2,700 in 1999, at a cost of \$8.7 million to 2,944 in the year 2000, at a cost of \$9.3 million. By March 1 we had 563 claims at a cost of \$1.9 million. Breaking that down to the city of Regina, in 1999 there were 1,437 claims costing \$3.9 million. In the year 2000 there were 1,574 claims costing \$4.4 million. This year's bill to March 1 is already up to \$900,000.

It is important to note that these costs do not even include the articles taken from vehicles. They do not include the damage to vehicles that were eventually recovered and then repaired at cost less than the \$700 or so deductible that we have in our insurance plan in the province of Saskatchewan.

● (1705)

Police costs also must figure into the cost of car thefts. One of our goals should be to curb auto theft to the point that perhaps we could divert some of those police funds and associated costs to crime prevention of other types.

Cost of courts is also an ingredient. Auto thefts place a burden on our court system and they will be a demand for more judges and court officials to deal with an ever increasing crime load in this area, if something is not done.

Then of course there are always rehabilitation and detention costs for those who have offended and those who are apprehended.

Canadians are tired of having to pay for all of this over and over. They expect that we would be sensitive enough to adjust the penalties imposed in order to be a little stronger deterrent to crime, especially as it relates to organized crime.

Insurance costs to individuals are something that we need to really remember. Insurance rates rise. When we consider the \$600 million that auto theft costs the country each year, it costs us as individuals even more than that because our rates rise. We also have to pay the deductibles and those kinds of things. It becomes very important economically. It is the inconvenience of it as well.

In Saskatchewan, if we do not lock our cars when we are out, even if we hop out for a moment for a cup of coffee at Robin's, then there is a question as to whether or not the insurance will even cover that. There are all kinds of minor inconveniences from security at home to security when we are on the road or whatever that must be taken into account simply because we do not get serious enough with those who would steal our vehicles.

The council also reported that there were 165,000 vehicles stolen across Canada in 1999. It is unacceptable to have 450 vehicles stolen each day in Canada.

The bill is targeted at organized crime and does not increase the punishment for a young offender who steals the vehicle for a joyride. That is another important issue which needs to be dealt with. I am glad the hon. parliamentary secretary pointed out that the bill does not address the crimes committed, the joy rides, by young offenders. May I add, unfortunately neither does the new young offenders bill. The new youth criminal justice act also fails to address this problem. I am glad the parliamentary secretary noted that. It would be wonderful if we could make some changes in the young offenders bill perhaps to address that.

However this bill targets a certain level of car theft, that which would be carried out by organized crime, so we need not cross the two.

The bill seeks to increase the penalties and drive back organized crime related to auto thefts to make it more of an infraction, to give a little encouragement to the courts to be stronger when these offences are repeated and repeated. There is no issue respecting judicial discretion, but parliament must determine the penalties and the judiciary must honour and respect the wishes of parliament. If not, who speaks for Canadians?

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, I compliment my colleague from Surrey North for putting Bill C-250 forward. Ever since he arrived here in 1997, he has repeatedly put forth eloquent and constructive suggestions to the government on a wide variety of issues, in

particular the Young Offenders Act. I hope the government has seen the wisdom of what he has been saying and implements many of the suggestions that he has put forth.

Today's bill, Bill C-250, strikes a balance and deals with the issue of theft of cars in a very reasonable way. The scope of the problem cannot be under estimated. More than \$1 billion worth of cars are stolen every single year.

• (1710)

In addition about a quarter of a billion dollars worth of damage is done to those cars. It costs taxpayers about a half a billion dollars per year. The rate of increase in car theft is extraordinary. Between 1982 and 1994 the rate doubled and there is no end in sight.

We heard about the various motivations for stealing cars, which I will not reiterate. One of the major reasons is linked to organized crime. The government has put forth a bill that we will support. It is a good start in dealing with organized crime, but there is much more that can and should be done.

RICO like amendments, which were brought in the United States, should be implemented in Canada. That will enable our police forces and courts, in particular, to go after the proceeds from crime. Police forces say that to deal with organized crime we have to go after its money. The courts must go after their money, then we might have a chance to decrease the number of organized crime gangs in Canada. It also involves pushing the limits of our charter. I will encourage the government to do just that.

We have to fight fire with fire. A lot of these organized crime groups hide behind the law when it is convenient for them and abuse it when it is convenient for them.

The extent of the problem, and it is perhaps related to the degree of organized crime, can be seen in the numbers and the demographics of theft. My province of British Columbia, as well as Manitoba, have the highest rates of car theft. Many of these cars are going to chop shops where they are pulled apart. The parts are then sold illegally or sent to other countries.

A way to deal with this, which is quite innovative and used in the United States, is to attach transmitters to the cars. The transmitters cost about \$600. The United States found that the rate at which cars with transmitters were stolen was 25% less than the risk to other cars. The savings were massive.

We know the cost to us as individuals is huge. Also the cost to insurance companies is large. I believe in Canada in 1996, which is the last year for which I found statistics, it cost insurance companies \$600 million in insurance costs. That is huge. We need to somehow decrease those costs because they are ultimately passed on to the consumer.

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If we had transmitters on cars then the rate of theft would go down and the cost to insurance companies would go down. We would then have a net saving to both the consumer and the insurance company.

Perhaps the insurance companies could decrease the comprehensive insurance costs for car owners who attached transmitters to their cars. This is something that is imminently doable and should be implemented as quickly as possible. I would encourage the Insurance Corporation of British Columbia to do that.

We should also look at the issue of drug abuse. Many thefts that take place in our society are attached to drug abuse. Addicts yearning for that next hit have to find the money. Some turn to prostitution but some also turn to theft. To get their fix, the drug abuser will steal something they can sell.

We have to look at a more comprehensive way of dealing with the illicit drug trade. We know if we try to block it off at source, for example Colombia in the case of cocaine and heroin, that it does not work. We have to take a new approach to drug abuse and deal with it on the demand side. We have to decrease demand. If there is no demand there is no production.

Let us flip the equation around and deal with the demand side. I was in Colombia in February and met with President Pastrana. I was very encouraged to see that he was very much in agreement with North America taking a greater role to decrease demand. At the same time Senator McCain was as were a number of other congressmen and senators from the U.S. For the first time the Americans were saying that they had to get their own house in order. As a nation we also have to do the same. How do we do it?

• (1715)

Thankfully, new medical evidence shows how the brain works with respect to addictions. There are some very exciting programs in Europe that have a 60% one year success rate for hard core narcotics abusers. These programs take a different approach. Not only do they deal with the issues of treatment and counselling, they also involve work and training skills. These programs also get people out of their drug environments for an extended period of time. As we know, that is critically important, because an individual who has a substance abuse problem and is living in an environment where drug abuse is taking place has a very difficult time breaking the habit. These models in Europe, while a bit expensive at the front end, work very well in the long term for decreasing the incidence of drug abuse in society.

Prevention works too and Canada has some exciting models. The Minister of Labour has been a champion of prevention through her head start program in Moncton. There are head start programs around the world that also work very well.

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By working with the provinces and using the best of all the models available we will be able to develop a national program for early intervention. We could do this by using existing resources.

However, prevention has to start early, particularly at the prenatal stage because at that time parents can learn how to be good parents. The issue of fetal alcohol syndrome can also be addressed. As members know, fetal alcohol syndrome has been devastating in our society.

By taking the best models from around the world and focusing on strengthening the parent-child bond using existing resources, that kind of head start model would have a dramatic impact on drug use. There is a profound decrease in drug use among children, youth and adults who go through an appropriate head start program.

As I have done in the past, I encourage the Minister of Justice to work with her counterpart, the Minister of Health, and work with the provinces. I urge them to call together the first ministers to implement a head start program using existing resources. This program should not be some huge, dramatic, expensive, bureaucratically bound national program but one that works at the basics of strengthening the parent-child bond.

I want to thank my colleague from Surrey North for putting this bill forward. It focuses on mandatory sentencing and separates auto theft from other thefts. His bill gets to the heart of a significant theft problem in Canada. This bill also implements tough solutions to deal with those individuals who have repeatedly and wilfully demonstrated an abuse of public trust and an abuse of other Canadians. I hope that the government will see fit to implement Bill C-250 as soon as possible.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I am honoured to have the privilege of speaking to Bill C-250, the bill sponsored by my colleague from Surrey North.

He began his speech by lamenting that even though he got his bill drawn the "impartial" committee decided that it would not be voted on. I would like to say two things about that.

First, I lament with him that his bill is not a votable item. It is very unfortunate that the rules of the House permit certain members of parliament to bring forward private members' bills that lead nowhere. It is wonderful to be able to debate a bill, but we should also be able to vote on it. That would allow members of parliament to show by their votes where they stand on an issue such as this.

Second, the member has been in the House for one term less than I. I have never been picked to present a private member's bill. He is fortunate in that regard. He is ahead of me on that one.

Bill C-250 has to do with auto theft. I always take a step back when I think of this type of crime. Auto theft in Canada takes place at two levels, I think, and they are almost quantum leaps apart. At one level it is mostly youths who take vehicles for what is called joyriding.

• (1720)

Another one of our colleagues from British Columbia had a private member's bill on that particular offence, whereby young people for some reason have it in their heads that it is not wrong for them to hop into a vehicle that is not theirs, take it for a ride and abandon it somewhere else. Some of the young people are repeat offenders. They just do it for a lark and yet what they are doing is very wrong and should not be tolerated.

There is another level, if we can classify auto theft as being at different levels. Joyriding is a low level classification even though some offenders are guilty of very frequently committing the offence. The other level, of course, is the organized one, whereby people actually make a living by taking someone else's property.

It is absolutely true that when people steal vehicles we all pay for it. In regard to the total cost, I think I heard a total of \$600 million being bandied about. That is a tremendous cost because we have only 30 million Canadians and I am sure that we do not have one vehicle for every man, woman and child in the country. The amount of money is just atrocious and we all pay for it through higher premiums on our insurance.

Besides that, it is just the wrong thing to do. I really wonder why in our society we have people who actually feel that somehow they have the right to take property that is not their own. Some of them actually even get into the business of stealing vehicles, altering serial numbers and either chopping down the vehicles or putting them into containers and sending them to different parts of the world where they fetch a very good price.

We really need to do something about it. As I have said in some of my previous speeches on justice issues, it seems to me that we have to make sure we do not forget what the purpose of the law is. We cannot pass a law that will make people good and prevent them from committing crimes because it changes them on the inside. That is another function and that is something we really ought to be working on. We should be working on changing the personal convictions of people in terms of what they deem to be right and wrong. It is a big job and one that I think takes place primarily in strong families.

The second aspect of this is of course that the law must act as a deterrent, so my colleague is proposing that there be rather stiff penalties for people who engage in this over and over. It is

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significant that he does not say that the first time a kid takes a car for a ride in a joyride situation we would lock him up and throw the keys away, as some would accuse us of saying. We in fact favour methods that will retrieve and reform the young guy who starts that.

However, when it is a repeat offence, and particularly in the crime rings where they make huge amounts of money by literally ripping off Canadians, by stealing their vehicles and of course indirectly then charging the insurance companies and all of us through our premiums, those are the people who we want to stop with a law, because obviously they are not induced to stop it by themselves. The law must act as a deterrent.

It is a very honourable thing the member is proposing. He is proposing that there be a minimum four year sentence on this crime so that judges do not have the option of being lenient with repeat offenders. That is what should happen.

I know a person who has now moved into the city of Edmonton but used to live in my riding. His name is Ken Haywood. I think he would probably appreciate me saying this. For a number of years he owned a car dealership in the city of Edmonton. When he retired he sold his business and, because of this theft problem, he became interested in curbing auto thefts.

● (1725)

He been working with all levels of government, both federal and provincial. I visited with him when he was in Ottawa. He has a newsletter that he puts out and also a website. I do not know the address of the website but if people used a search engine and looked for Ken Haywood I am sure they could find it.

He is looking at technical ways of reducing auto theft. He is working with automobile manufacturers as there have been some technical innovations in the last little while. Many of the newer vehicles now have key coding, but a skilled thief can still easily dismantle the key column and drive the vehicle away. In some cases a thief will drive a truck up to the vehicle they want and drag it onto the truck. There are different technical ways that can be used to prevent someone from driving away with a vehicle, but it is pretty difficult to prevent someone from putting a hook to it and dragging it onto a truck.

Mr. Haywood is searching for different and innovative methods. He is very intrigued and interested in tracking methods, including electronic methods in order to identify vehicles making it more difficult to change serial numbers and other initiatives like that.

I want to go on record as saying that I support my hon. colleague. It makes no sense for me to ask other members to support the bill because they will not have a chance to vote on it. That is one of the changes, Mr. Speaker, that you were very interested in. We need to change that in parliament to allow all private members' business to

be votable, so that we can come to a conclusion and do something about the problems, instead of just talking about them.

Mr. Chuck Cadman (Surrey North, Canadian Alliance): Mr. Speaker, as I stated at the beginning of the debate, the standing committee in its infinite wisdom decided to deem the bill as not votable.

What we are doing today is placing the issue on the political agenda. Hopefully in some not too distant future, the government would change and realize the importance of amending the criminal code to address the shortcomings of the sentencing provisions concerning auto theft.

The Minister of Justice is on record as recognizing the issue. In 1999 she stated "The public has a very strong interest in dealing with auto theft. It is a growing crime in terms of the number of people whose property is being stolen". However, rather than deal with the criminals who are creating this strong interest and concern over property, she put some money toward educating Canadians on how not to leave their keys in the ignition. I wonder if the minister is aware of the term punched ignition switch.

It seems to be the way of the government, spend tax dollars to make it appear that something is being done. Heaven forbid that we should try to hold criminals accountable for their actions.

Earlier I deliberately avoided mentioning youth involvement in the auto theft industry. Whenever I bring up youth crime I am criticized and characterized as wanting to gang up on our youth by locking them up and throwing away the key. Those who know me know differently.

However according to police statistics, about 40% of the cars in Canada are stolen by youths between the ages of 12 and 17, and only 12% are ever caught. What does that teach impressionable youth? It teaches them that they can steal cars and get away with it. Who do organized crime recruiters seek out? I suggest that young car thieves with successful and profitable track records appear quite attractive to organized crime recruiters.

We need to address youthful criminality early. We should not and cannot wait until it is too late and they develop into more professional and experienced criminals. We are doing an injustice to those youth by allowing them to get away with the crime at an early age. We are doing an injustice to our society by permitting the initial training ground in crime to flourish and mature into more sophisticated activity.

For those who think that car theft is not really a danger to our society, I wish to relate the instance of the 13 year old driver of a stolen car who was involved in a crash that killed 16 year old Sarah Machado in Vancouver. The 13 year old driver was linked to an organized ring of juvenile thieves, many too young to drive legally. According to evidence obtained by the police the 13 year old driver

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was being followed by friends in two stolen Jeep Cherokees. As they were not involved in the crash, they escaped.

• (1730)

Let us think about that for a moment. An organized ring of offenders as young as 13 and 14 involved in stealing motor vehicles. Why? It is because it does not seem like much of a concern to the government.

If we refuse to address these crimes within Canada I ask that we think about what we are doing to foreign countries. As I have said, an increasing number of stolen vehicles are making their way into sealed shipping containers. They make their way to the docks in Vancouver, Montreal and Halifax and are shipped overseas. It has been described as our fastest growing export business. I do not think this is what the Minister for International Trade has in mind when he promotes exports. When these illegal exports reach other countries I do not think it is a legitimate businessman who takes ultimate possession of the vehicle.

We are helping corrupt those other countries by assisting their own illegal organizations and by inducing individuals to become involved in the questionable activity of buying hot motor vehicles.

Some might think I am exaggerating the problem. Nothing could be further from the truth. The Insurance Bureau of Canada estimates that the ordinary thief who steals a Jeep Grand Cherokee earns a tax free \$150 to \$500 upon delivery. The ringleader of the organized crime enterprise pays about \$2,500 for the Jeep to be packed in a container and shipped abroad. When the Jeep arrives at its destination it is sold for twice the Canadian market value, in the neighbourhood of \$100,000, a nice tidy profit to the crime boss of about \$97,000 for just one motor vehicle.

Surely we should have more serious punishment for multiple car thieves. We need to discourage the activity to a far greater degree than we are at present.

In my home town of Surrey it is said that there is a motor vehicle theft every 90 minutes. Last year Surrey RCMP had three officers in its stolen auto unit. They have little hope of keeping pace with the crime. As parliamentarians we must do our utmost to provide them with the tools to control this illegal and mushrooming activity. The bill would have been a step in the right direction.

The parliamentary secretary said the statistics are going down. A few years ago I was returning home from playing a recreational hockey game. When I rounded a corner with my wife on our final six blocks home I saw flashing red lights in the distance and knew there had been a serious car accident.

My daughter and her friend had left the arena about a half hour before us and this was directly on our way home. As hon. members can imagine, my heart went into my throat. Fortunately it was not my daughter or her friend. I found out from friends on the police force that it was a 34 year old lady who had been on her way home from a church meeting, travelling along 88th Avenue through a green light.

Another fellow going north on 144th Street, a young man with a serious lengthy record of multiple auto theft and well known to police, was driving past the police and giving them the finger, yelling at them and not paying any attention. He ran through a red light and T-boned the lady's car and killed her. He drove her right across the street, through a fence and into a yard and killed her instantly.

When dealing with these kinds of things let us forget about statistics. I do not care if the statistics are coming down. This was a person involved in multiple repeat auto thefts.

Mr. Peter MacKay: Mr. Speaker, I rise on a point of order. I have just arrived in the Chamber and was scheduled to take part in the debate on Bill C-250. Given the time remaining on the clock and given that we started this debate earlier by consent, I wonder if I might seek unanimous consent to participate in the debate for the remaining time that was originally allotted.

The Deputy Speaker: For the record, the time remaining would be approximately five minutes. At 5.40 p.m. and no later the Chair would have to intervene. First and foremost the member would require consent of the House.

Ms. Marlene Catterall: Mr. Speaker, I rise on a point of order. Yes, we will be happy on this side of the House to give our consent, provided the member agrees not to move any motions and that we recognize that the debate has concluded. There is no room for any further motions. With that proviso we are happy to give our consent.

The Deputy Speaker: The Chair can certainly be helpful also. The member has already had the floor under right of reply. It is simply a matter of being able to put on record what the member had intended to put, had the proceedings taken place at the normal hours.

• (1735)

Today, being slightly different, I think we can all understand the circumstances. Does the hon. member for Pictou-Antigonish—Guysborough have consent of the House?

Some hon. members: Agreed.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, I thank all hon. members present for their

magnanimity. To begin with, I commend the hon. member for Surrey North. I know he has been a very active member of the justice committee, a great proponent of issues that stem from our current justice system. I also know that he has a keen mind for these issues and a real pragmatic approach.

This is yet another bill coming forward from private members that would strengthen criminal code provisions. I would suggest it is very much aimed at raising the bar in terms of both general and specific deterrents.

Bill C-250 would ensure that a person convicted of more than one theft of a motor vehicle having a value in excess of \$5,000 would receive a minimum of four years of imprisonment for every conviction following the first offence.

I will not get into the graphic detail of the range of sentencing. I know other bills have been brought forward. His colleague from Calgary brought forward one dealing with home invasion and break and enters which dealt with a two year minimum sentence requirement. I would certainly in principle agree with the nature of the particular motion and the need to put forward a strong message of deterrence in our criminal code because of the elevated occurrences of these types of offences.

Bill C-250 clarifies and makes more effective subsection 334(a) of the current criminal code which talks about punishment for theft of motor vehicles, which is the focal point of the member's motion.

We did a bit of research with respect to the Insurance Board of Canada. Statistics from 1999, which are the latest available, indicate that over 160,000 incidents of motor vehicle theft were reported to the police, an average of over 450 vehicles per day in Canada. Although there is car insurance, unless it is stolen by a household member or somebody who has been given permission to drive it, insurance in many cases is under comprehensive or specified perils coverage, which does not cover the complete cost of the particular vehicle. The upshot of all this is the components estimate that the cost to Canadian policyholders is in the range of \$600 million per year in insurance premiums.

Car thefts in recent years have become far more dangerous. As the hon. member and others mentioned, high speed chases often are the result of motor vehicle thefts. Individuals who are becoming more involved in this activity are doing so in a much more brazen fashion because of the remuneration or the reward. They are doing so in broad daylight. They are doing so often while the vehicle is occupied, while the vehicle is being driven, in a form of car-jacking, which has occurred in some of our big cities in particular.

A huge element of organized crime is often involved that in many instances uses young offenders and drug addicts in the need of quick cash to perpetrate organized theft rings. The focus is usually high priced vehicles: SUVs and foreign vehicles such as the Mercedes and BMW, fan favourites of thefts. They put those vehicles into containers and they are shipped in many cases to Europe, to the Soviet Union, out of the port of Vancouver or Halifax.

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A very comprehensive problem is coming to light. It is not uncommon to hear of injuries and even fatalities resulting from car thefts, either by virtue of a motor vehicle accident or the use of violence in the perpetration of the theft.

Individuals who choose to engage in this activity have to be reminded, which is the cut and thrust of the particular bill, that there will be severe consequences and imprisonment if they choose to engage in this type of reckless activity.

As I indicated, I support in principle the hon. member's motion. The attachment of a specific sentence of four years might be deemed excessive, given the sentencing scale that exists for other types of offences.

• (1740)

The bill introduced by his colleague from Calgary is an obvious example of where the crime of home invasion while a person is at home would receive a minimum sentence of two years. On the relative scale one would have to ensure there was parity in sentencing. Judges often look for that.

The degree of violence which is involved, the theft, the recklessness and the value are all sentencing factors, but in principle this is a good bill and I hope hon. members give it due consideration.

The Deputy Speaker: The time provided for the consideration of private members' business has now expired. As the motion has not been designated as a votable item, the order is dropped from the order paper.

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

HUMAN RIGHTS

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, on February 28 of this year I raised a question with the Prime Minister concerning the upcoming summit of the Americas in Quebec City. At that time I expressed concern to the Prime Minister about the efforts in Quebec City to effectively turn the city into an armed militarized fortress during the summit. At the same time I asked the minister about the contempt for democracy involved in failing to make public the text of the agreement that was being negotiated.

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In the few minutes I have available to me this afternoon, I will follow up and voice my very serious concerns about what did take place in what I consider to be a very serious abuse of police powers in Quebec City.

Thomas Berger, a respected former judge, an outstanding civil libertarian and lawyer, wrote a book called *Fragile Freedoms*. What I think is abundantly clear is that our constitutional freedoms, the freedom of speech, the freedom of association, the freedom to peaceful and non-violent dissent, came under assault in Quebec City.

I am not in any way condoning the violent actions of a very small number of protesters who hurled paving stones and other objects at police officers. Certainly I condemn those actions unreservedly, as well as the actions of a small number of protesters who attacked and beat a police officer. That was reprehensible and unacceptable.

There were over 50,000 protesters who marched in a peaceful demonstration on Saturday, but there were also many others who peacefully and non-violently, close to the four kilometre wall of shame in Quebec City, chose to demonstrate against the profoundly undemocratic nature of the FTAA negotiations that were taking place inside the wall.

I personally witnessed attacks by the police on peaceful demonstrators, the excessive use of tear gas and the use of plastic bullets, which was absolutely reprehensible and unacceptable. Indeed independent observers, including la ligue des droits et libertés and the five observers appointed by the Quebec government, came to the conclusion that the use of plastic bullets was totally unacceptable and that there had been abusive and excessive use of tear gas on Saturday.

My colleagues and I are calling for an independent inquiry into this gross misconduct by the police force, by the Sûreté du Québec, by the RCMP and by two other police forces involved. This is not democracy. This is the antithesis of democracy.

I point out that one of the demonstrators, Éric Laferrière, had to undergo an emergency tracheotomy because he was hit in the throat by a plastic bullet. As the Speaker knows, I was struck by a plastic bullet as well. In a democracy this is an outrage.

I will as well draw to the attention of the House the appalling treatment of Jaggi Singh. Jaggi Singh was a demonstrator who was arrested in Quebec City and who remains the only demonstrator not to have been freed on bail. His offence was supposedly using a weapon, a 25 foot catapult that hurled teddy bears. In fact this was no threat to anyone.

I have to ask: Why is Jaggi Singh the only protester who was arrested during the protest who remains in jail? Why does the crown believe that he who was not convicted of any violent offence is dangerous enough to be kept in prison? This is an outrage. I would hope that the government would recognize that there must be an independent inquiry into the appalling conditions that people were held in Orsainville prison, as well as the very serious abuses by the police in firing tear gas and plastic bullets at peaceful, non-violent demonstrators.

• (1745)

Mr. Paul Szabo (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, the summit of the Americas was an essential step in promoting balance and a collaborative vision for deepening co-operation among the nations of the western hemisphere.

Certainly economic integration was on the summit agenda. However the summit was much more a vehicle than just to promote economic growth. The summit declaration and action plan supported Canada's interest in strengthening democracy and human rights, increased people's access to benefits of growth and provided opportunities for all nations in the Americas to improve the quality of life of their citizens.

The leaders and peoples of the Americas know that democracy, human rights and observance and respect for the rule of law are the best ways to ensure human security and the well-being of our citizens, both individually and collectively.

The Quebec City summit produced a clear and vigorous commitment to democracy and equity, a commitment that extends to our democratic institutions, our electoral machineries and to impartial systems of justice, as well as the protection of human rights and freedom of expression.

As the Prime Minister said, it was not responsible for an elected member of parliament representing the diverse views of his electorate to encourage civil disobedience in the context of the summit of the Americas.

With respect to the summit, the government worked closely with the province of Quebec and the municipalities involved to provide the most appropriate policing and security measures for what was the largest international summit ever held in Canada.

The Government of Canada was committed to ensuring the safety of everyone at the summit of the Americas, including community residents, protesters, observers, police officers, as well as visiting dignitaries and delegates. Security measures at the summit struck an equitable balance between protecting the rights

Adjournment Debate

of protesters to demonstrate and maintaining public safety and public order during an international event. [Translation]

Through the summit of the Americas, Canada worked to expand opportunities for more countries to participate in the benefits of globalization, including democracy, human rights and stronger economies. Through the security arrangements on site, we ensured that this dialogue and collaborative effort was supported in the most responsible and appropriate manner possible.

The Deputy Speaker: The motion to adjourn the House is deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24.

(The House adjourned at 5.47 p.m.)

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