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OFFICIAL REPORT
(HANSARD)

Tuesday, April 30, 2002

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Tuesday, April 30, 2002

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

•(1000)
[English]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8) I have the honour to table, in both official languages, the government's response to two petitions.

* * *

•(1005)

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS

Mr. John Williams (St. Albert, Canadian Alliance): Mr. Speaker, I have the honour to present, in both official languages, the 19th report of the Standing Committee on Public Accounts with regard to vote 20 under finance in the main estimates for the fiscal year ending March 31, 2003.

* * *

PETITIONS

BILL C-15B

Mr. Brian Pallister (Portage—Lisgar, Canadian Alliance): Mr. Speaker, I have the honour this morning to present a petition from the riding of Portage—Lisgar signed by 154 of the finest Canadians you will ever meet.

The petitioners express concern about Bill C-15B, the cruelty to animals legislation. They have concerns that the bill goes far beyond the government's stated intentions and that it may endanger farmers, ranchers and others who use animals for legitimate and lawful purposes.

The petitioners request that parliament amend the bill in support of fair and co-operative legislation that will not punish those who use livestock in sustaining the Canadian economy.

•(1010)

JUSTICE

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, this is the fifth petition from constituents and others regarding the death of Dana Fair who was beaten to death by three men with wooden boards September 1, 2001, in Lloydminster, Saskatchewan.

There were many eyewitnesses to Dana's death. Three men, Raymond Cannepotatoe, Michael Harper and Cody Littlewolf, have been charged with second degree murder. Cannepotatoe has been released on \$2,000 bail. He had offended in a serious way before.

The petitioners are asking that no bail be granted for all accused murderers caught in the act of committing their crimes and that only maximum sentences be given to those convicted.

FISHERIES

Mr. John Cummins (Delta—South Richmond, Canadian Alliance): Mr. Speaker, it is my pleasure this morning to present a petition on behalf of folks primarily from Nelson and Vancouver, British Columbia.

The petitioners note that the federal fisheries minister has a constitutional obligation to protect wild fish in their habitat and that the auditor general has issued a report stating that the minister is not fulfilling his obligation. They call upon parliament to request that the minister fulfill his obligation to protect wild fish in their habitat.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the following questions will be answered today: Nos. 125, 126, 127 and 130.

[Text]

Question No. 125—**Mr. Ted White:**

With respect to the seizure of registered retirement savings plans, RRSP, by Canada Customs and Revenue Agency as part of collections activity, could the government itemize, by province, for the years 1990-91 through 2000-01: (a) the number of RRSPs seized; (b) the dollar value of the RRSPs seized; (c) the amounts of additional taxes resulting from the collapse of RRSPs in excess of the amount required to satisfy collections requirements, and (d) the date when the first seizure of an RRSP for collections purposes took place?

Routine Proceedings

Hon. Elinor Caplan (Minister of National Revenue, Lib.): In general, on the question of seizing registered retirement savings plans, RRSPs, the policy of the Canada Customs Revenue Agency, CCRA, is that RRSPs are a collection avenue of last resort, in that actions to attempt to seize funds in a RRSP would normally only be taken when other avenues of collection have been exhausted.

The CCRA does not keep any statistics with respect to the collection activities relating to the seizing of RRSPs and is unable to provide a response to questions (a), (b), (c). As information specifically relating to RRSPs has not been kept in any form, unfortunately the CCRA is also unable to provide a response to question (d).

However, with respect to question (c), on the amount of additional taxes resulting from the collapse of RRSPs in excess of the amount required to satisfy the crown's debt, the following is offered:

The policy of the CCRA in this regard is to only attach to amounts that are equal to those that are due and payable. Unfortunately, on occasion this results in the collapse of a plan containing funds in excess of the amount owed to the crown. This, however, is as a result of the conditions contained in the covering plan and is not caused by any inappropriate actions taken by the CCRA.

In such cases, the alternative would be for the CCRA to forgo pursuing collection of the debt, which is contrary to its mandate as well as its fiduciary duty. In those situations where such action is deemed to be necessary, and which regrettably results in the collapse of a plan containing funds in excess of the amount required to satisfy the debt, there will be tax consequences on the whole amount of the funds contained in the collapsed plan.

When collapsing RRSPs, the financial institutions are required to withhold tax based on the dollar value of the RRSP that is being collapsed. Should there be any further tax consequences as a result of such collapse, there are numerous alternatives available to the tax debtor, some of which would include: holding any extra funds resulting from the collapse in order to pay off the anticipated tax debt; using those extra funds to purchase other RRSPs in order to reduce any future tax consequences; making an arrangement with the CCRA to pay installments to cover the anticipated debt; and, making arrangements with the CCRA to pay off the debt, once it has been established.

Question No. 126—Ms. Judy Wasylycia-Leis:

With regard to the reporting of adverse reactions to drugs in Canada, and for each drug that an adverse reaction has been reported, can the government indicate: (a) the date of market release in Canada; (b) the date of each subsequent adverse reaction report received; and (c) the type and date of action taken in response?

Hon. Anne McLellan (Minister of Health, Lib.): Since the beginning of the Canadian adverse drug reaction monitoring program, CADRMP, in 1965, 155,000 domestic suspected adverse reaction reports have been received and entered into one of several databases used over this period of time.

There are more than 20,000 drug products approved and marketed in Canada. Product and company information, including the date of market notification, for these drugs is contained in Health Canada's drug product database. Some of the information in the database is available through the Health Canada website.

The date of receipt of adverse reaction reports is included in the adverse reaction database maintained by Health Canada. Due to the volume of suspected adverse reaction and medication incident reports, the database does not link to actions in response to each report of suspected reaction. Moreover, actions in response to suspected adverse reaction reports usually follow detection and confirmation of a new signal or trend concerning a safety issue associated with a marketed drug or other health product as discovered by creating a series of case reports. In other words, a market intervention or action is taken once a sufficient level of scientific evidence from case reports of suspected adverse reactions or medication incidents has been received.

Adverse reaction reports to marketed health products are considered to be suspicious, as a definite causal association often cannot be determined. In some cases the reported clinical data may be incomplete, or the given reaction may be due to the underlying disease or to another coincidental factor. Signals may be identified through the systematic review of adverse reaction reports and any other additional information on product safety.

Potential signals need expert evaluation before more actions are undertaken. Actions must be based on scientific analysis of case series and this implies an evaluation of the signal and the appropriate benefit-risk review of the information available. Actions may vary depending on the nature, the seriousness and the frequency of the reaction, as well as on the intended use of the health product, the benefit obtained from its use versus the risks and the availability of alternative therapies.

Information concerning regulatory actions taken in response to submitted suspected adverse reactions and medication incidents is available on the Health Canada website. Health Canada posts advisories, Dear Health Care Professional letters, summary fact sheets and "It's Your Health" issues on the Health Canada website. Health care professionals and consumers can subscribe to the Health_Prod_Info electronic mailing list to receive timely safety information and notification of regulatory actions.

Since 1991, the Canadian adverse reaction newsletter has also summarized case reports of suspected adverse reactions and medication incidents and provides additional information regarding regulatory actions. For example, in the period from June 2001 to February 2002, 32 advisories for health professionals and consumers concerning drugs and health products have been posted on the Health Canada website.

*Routine Proceedings***Question No. 127—Ms. Judy Wasylycia-Leis:**

With regard to the first ministers' meeting in September 2000 and the federal government's funding commitments to the provincial and territorial governments: (a) can the government provide a full accounting of the spending to date in each of the following areas, namely (i) transfers to the provinces and territories for new medical equipment, (ii) the acquisition of necessary diagnostic and treatment equipment, (iii) the renewed Health Transition Fund to support innovation and reform in primary care, (iv) the investment in an independent corporation mandated to accelerate the development and adoption of modern systems of information technology; and (b) can the government indicate, for items (i) and (ii), what is the final disposition of funds by the recipient government to the full extent to which the federal government is aware?

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): I am informed by the Departments of Finance and Health as follows:

(a)(i) To support the September 2000 first ministers' agreements on health renewal and early childhood development the Government of Canada provided \$23.4 billion in transfers and targeted funding. The Canada health and social transfer, CHST, received an additional \$21.1 billion over five years, including \$2.2 billion for early childhood development initiatives.

The Government of Canada also provided \$2.3 billion in targeted support: \$1 billion to provinces and territories for the purchase of medical equipment, \$800 million for primary health care and \$500 million for information and communications technologies. CHST funding is also available to assist provinces in purchasing medical equipment and investing in new technologies as priorities outlined in the agreement on health renewal.

The fund has been available to provinces and territories since October 23, 2000, through a third party trust arrangement. All jurisdictions have now received their full allocation of the fund which expired on March 31, 2002.

(ii) In September 2000, the Government of Canada established a \$1 billion medical equipment fund to assist provinces and territories to immediately purchase and install medical equipment according to the priorities of their own health systems. Such equipment could include MRIs, CT scanners, dialysis machines, and other needed equipment, such as lifting devices, to improve the overall quality of health care and the working conditions for health care personnel.

(iii) In response to the first ministers' agreement to accelerate primary health care renewal, the Government of Canada announced the \$800 million primary health care transition fund to bring about systemic, long-term reform. It will support provinces and territories in their efforts, over the next four years, to improve the delivery of primary health care by supporting transitional costs of large scale, primary health care initiatives.

The fund has several envelopes: 70% of the funding (or \$560 million) is allocated to provinces and territories on a per capita basis to assist them in reforming their primary health care systems; 30% of the funding (or \$240 million) will support: national initiatives which support renewal efforts; initiatives to advance primary health care reform for aboriginal communities; initiatives to advance primary health care reform for official language minority communities; and multi-jurisdictional initiatives in which two or more provinces and/or territories are collaborating to advance primary health care renewal.

Primary health care renewal is a major endeavour and planning for renewal takes time. Requests for funds under the PHCTF will need to be based on jurisdictions' long term renewal plans. Accordingly, the upfront planning and preparations are important. It took several months of discussion before F/P/T governments agreed on parameters of the PHCTF that provided sufficient accountability while still offering sufficient flexibility for provincial and territorial governments to manage the system.

Provincial and territorial governments are at various stages in the planning of primary health care renewal. Many of the provinces and territories have applied for proposal development funding under the PHCTF. Full provincial and territorial proposals are expected to be submitted throughout the spring and summer of 2002. Although a final accounting of expenditures for the 2001-02 fiscal year has not yet been made, total spending is expected to be about \$1.3 million under the provincial/territorial per capita component of the PHCTF.

(iv) The Government of Canada provided \$500 million to an independent corporation, Canada Health Infoway Inc., Infoway, in March 2001 following the signing of a memorandum of understanding, MOU, between Infoway and the Minister of Health. The mandate of Infoway is to accelerate the development and adoption of modern systems of health information and communications technologies and to define and promote standards governing shared data to ensure the compatibility of health information networks. Public annual financial statements should be available in June 2002. Infoway's website at www.canadahealthinfoway.ca can be referred to for further information on the corporation and its activities.

(b) CHST cash payments are \$3.6 billion higher in 2002-03 than in 2000-01. CHST cash is now at an all time high of \$19.1 billion this year. Together with the growing tax transfer component, CHST entitlements will reach \$35.6 billion this year. Provinces can allocate CHST funding among health, post-secondary education, social assistance programs, including early childhood development, according to their priorities.

The medical equipment trust expired on March 31, 2002, and any funds remaining in the trust were dispersed accordingly to provinces and territories. Under the September 2000 agreements, premiers agreed to report to their respective populations rather than the federal government on the use of such funds. The Minister of Health is working with her provincial and territorial colleagues.

Government Orders

Question No. 130—**Mr. Gerald Keddy:**

Can the Departments of Public Works, Fisheries and Oceans, and Transport, or any other department, provide the amount of revenue the federal government receives from leases of wharves and related infrastructure to ferry service operators, including: (a) how the amount compares to amounts received in 2000, 1999, and 1998; (b) the amount of this revenue that comes from leases in Nova Scotia; and (c) the formulas on which these leases are based?

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): I am informed as follows: Fisheries and Oceans, DFO: DFO does not receive any revenue from leases of infrastructure to ferry service operators.

Although there are ferry services operating at harbours included in Schedule I of the fishing and recreational harbours regulations, all of these harbours are leased to and operated by harbour authorities. Any revenues generated through operations of these harbours are therefore retained by the harbour authorities to defray the costs of harbour operation and minor repairs.

Public Works and Government Services Canada, PWGSC: PWGSC is the custodian of 66 smaller wharves distributed throughout the country but does not lease wharves and related infrastructure to ferry service operators and, consequently, we do not have any revenues related to such actions.

Transport Canada: Transport Canada leases three ferry terminals to Bay Ferries Ltd. for the provision of ferry services. These ferry terminals are located at Yarmouth, Nova Scotia, Digby, Nova Scotia, and Saint John, New Brunswick. The federal government has leased these facilities for \$500 per annum since 1997, when the sites were leased to Bay Ferries Ltd. as part of the commercialization program carried out under the Canada Marine Act.

(a) 2001 = \$1,500

2000 = \$1,500

1999 = \$1,500

1998 = \$1,500

(b) Revenue from leases for Nova Scotia sites is \$1,000.

(c) Nominal amount as established by commercialization process.

[*English*]

Mr. Geoff Regan: Mr. Speaker, I ask that the remaining questions be allowed to stand.

The Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it agreed that the remaining questions be allowed to stand?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

EXCISE ACT, 2001

The House resumed from April 29 consideration of the motion that Bill C-47, An Act respecting the taxation of spirits, wine and tobacco and the treatment of ship's stores, be read the third time and agreed to.

Mr. Robert Lanctôt (Châteauguay, BQ): Mr. Speaker, I thank you for giving me the opportunity to speak to Bill C-47.

On the face of it, the Bloc Québécois believes that the provisions in this bill were really acceptable and even necessary. We know the government is looking at changing the Excise Act and the Excise Tax Act. I believe the time had finally come to look at this change.

There is something rather incongruous however. The government claims that this bill is replacing almost entirely a good part of the Excise Act and the Excise Tax Act. The strange thing is that all the elements already provided for in these acts are in Bill C-47, except for a very important one, that is beer.

The problem is with microbreweries. In this case, the story began during a meeting of the Standing Committee on Finance, when it was asked, following requests from the Canadian council, that a tax reduction be included, which I will explain later.

Because of this nonsense, microbreweries here in Canada are currently paying 28 cents per litre of beer in tax, while in a country such as the United States and even in Europe, the microbrewery industry is protected with a tax of 9 cents a liter.

So it is very strange to see how the government could let this bill be introduced, which says nothing about the beer produced by microbreweries. We got to the Standing Committee on Finance and, through my colleague from Saint-Hyacinthe—Bagot, we asked that this bill be complemented by an amendment to reduce the excise tax, particularly for microbreweries.

Yesterday, government members talked about various conflict of interest problems that could arise and they said that there could be no conflict of interest. Further on, I will refer to what happened with the chair of the Standing Committee on Finance, the member for London West. For the government, there is no conflict of interest because beer and microbreweries are not mentioned anywhere in the bill. There is absolutely no mention of beer whatsoever. Thus the amendment that my colleague from Saint-Hyacinthe—Bagot wanted to submit was rejected by the chair.

Clause 2 of the bill, which takes up several provisions of the Excise Act and Excise Tax Act, includes a definition of beer. However, there is no provision in the bill about beer. Is it an involuntary omission or worse, should the bill have addressed the issue of beer?

Under pressure from major breweries, they perhaps forgot to remove the definition of beer. Why would the legislator talk about something if he does not intend to go any further? Why include a definition of beer if no provision of the bill deals with beer?

Government Orders

More incredible still is the fact that my colleague and the Canadian Council of Regional Brewers are saying that the time has come to act. People have been asking the government to change the Excise Act and Excise Tax Act since 1997. We have been asking for this change for five years and, yesterday, we were told that results, more figures were needed before a decision could be made whether to go ahead or not. It is just unbelievable.

• (1015)

Five years ago, in 1997, there were 89 microbreweries in Canada. Over the last five years, 38 microbreweries have had to close down and many did so because of that huge excise tax. I mentioned 28¢ a litre. Foreign competitors, from the United States and Europe, pay 9¢ a litre, as I said earlier.

At last, this government has the opportunity to move instead of saying: “Yes we will review the issue; we will look at it; we are waiting for figures”. The government has been looking at those figures since 1997! Microbreweries are asking the government to include an amendment so that the Standing Committee on Finance can look at how to lower those taxes. As chance would have it we are not dealing with it. It is easy to understand now why the committee, chaired by the hon. member for London West, is not dealing with it.

That member was been appointed as chair of that committee a short time ago and we wonder why considering what happened. Her spouse, Mr. Barnes, is a member of the Brewers Association of Canada taxation committee. He is also a director of a multinational or a large national brewery.

Those large breweries say that excise taxes have to be lowered in general, but all the more so for microbreweries. However, I find it strange that the committee chair got a letter from the Brewers Association of Canada saying they do not agree, when we know that the chair's spouse not only sits on its taxation committee but is also its chairman.

The Brewers Association of Canada, of which the committee chair's spouse is a member, says it is in favour of a tax reduction, even more so in the case of microbreweries, but sends the committee chair a letter asking that beer not be included in the bill and tax reductions—indirectly—not be included either in the bill. Yet the association says it is in favour of that reduction. It is important to act immediately, but this association is now telling us not to do it.

Between you and me, when the president received such a letter, knowing that her husband is the director of a large national brewery, that he chairs the taxation committee for the Brewers Association of Canada and that she is the president of a House committee, it seems to me she should have said, and should still say, “I think there is an apparent conflict of interest, if not an actual one. I think it would be a good thing to tell each and every member of the committee that I will not be participating in any discussions on those amendments because, not only is my husband, John Barnes, a member of the association, but he is the chair of the taxation committee of that association”.

I think she should at least have told the members of the committee about that situation, but she did not. She only read the letter and

played the game of the big Canadian breweries to harm the microbreweries.

• (1020)

Motion No. 2 gives excessive authority to a committee president. We voted against this motion at the beginning of the 37th parliament. It is already being misused, as we are told that the rules on conflicts of interests apply to ministers, to the Prime Minister, to secretaries of state and parliamentary secretaries, but not to a committee president.

Just imagine, the conflict of interest rules not applying to a committee president, and her actually having more authority than a minister. A minister would not even have the power to do what she did. She took upon herself to refuse to accept the amendments. These were not only amendments from the Bloc Quebecois. We are used to our amendments being constantly rejected at committee.

They are always rejected, and we get calls at our offices from people who say they are Liberals. Here is an example. With respect to Bill C-15B, people who support the bill concerning cruelty to animals and the protection of the latter call me at my office. They are aware of the amendments that were presented. I now send my speeches to all the people who write to me. They can then read the amendments proposed by the Bloc. The people who are in favour of the protection of animals tell us that the right position was to accept the amendments to Bill C-15B proposed by the Bloc. They even say “We will change party because of that”. These are people in the animal industry.

I simply wish to send the following message: through its committees, the government rejects all amendments, not only those from the Bloc Quebecois, but also those from any opposition party. It rejects those from the Bloc in particular because they come from Quebecers and are put forward by the Bloc Quebecois. What the Liberals are doing is incredible.

But there is worse still. Coming back to Bill C-47, how can the members of this House accept such important powers that allow a person to reject amendments coming not just from a political party, but from people affected by these rules, the existing taxation rules?

I will give figures. I said earlier that in 1997, when we started to examine this aspect of the taxation and excise duties, there were 89 microbreweries. Five years later, 38 of these have closed down. There are only 46 left. This is serious. Nearly 40% of the microbreweries have closed down. This has affected the diversity, the people and the jobs that are created in the regions.

The big breweries want to see the microbreweries disappear. There are reasons for that. In 1997, the microbreweries had 5.5% of the market. Today, they have only 4% of the Canadian market. This is 1.5% less. Let us look at what this 1% drop in net profits for microbreweries—a drop caused by shutdowns and by the inability to sell the beer—means for the big breweries. It is a net amount. That is a lot of money for the shareholders.

Government Orders

As we know, one of the big breweries, Labatt, just happens to be established in the finance minister's riding of Lasalle-Émard. It is a bit odd, but this is what is happening once again. This was better, because the big breweries make donations to the Liberal Party. The big breweries, whether Molson or Labatt, give a lot of money to the Liberal Party.

• (1025)

We know why. It is even part of the riding of the Minister of Finance. It is bizarre that the Brewers Association of Canada has written us to say: "Yes, we want a tax cut, but we do not want the amendment to be presented. We do not want any reference to beer, do not want any tax reduction on beer". Nothing complicated about this; a 1% tax reduction gives them \$17 million net in their pockets. Now it is at 1.5%. If you do the calculation, you will see how much money the shareholders are making now, simply by doing away with the possibility of including beer and the tax on beer.

This is not only happening in Quebec. For this reason, when the Bloc Québécois makes its frequent representations to protect the interests of Quebecers, the interests of other breweries in Canada will also be protected.

Out of the 38 that have closed, 11 were in Quebec, 13 in Ontario and seven in B.C. As well, there were five in Alberta, one in Nova Scotia and one in Manitoba.

The government has told us already in its speeches during the debate: "Yes, they are the ones who asked us to wait before looking at the figures". Five years is not enough. They still need longer. The calculations are not that difficult. In five years, 38 of 89 breweries have disappeared. In another five years, how many microbreweries will be left? How long will it take for this government to react and protect the microbrewery industry, not just in Quebec but everywhere in Canada, in their own interests? It is in the best interest of their party.

Democracy means respecting the will of the House of Commons. What the government wants is to line its pockets in order to get re-elected. Its interest is precisely this, to protect the big national breweries at the expense of the others, because this is in their best interest financially. Not in the best interests of the public, of society, and even less so of the House of Commons. How can we accept such a situation?

I am somewhat disappointed by the Canadian Alliance's position, which accepts a bill such as this. I agree, and the Bloc Québécois agrees with what the bill contains. What is put down in black and white is good. Yes, the provisions regarding tobacco are good. We also believe that the changes are good. However, the problem that was raised is much more serious.

The member for Esquimalt—Juan de Fuca reacted last week by raising the Mace to demonstrate the government's lack of democracy in the House. He forcefully expressed to Canadians what is happening here. There is another opportunity to demonstrate what has happened, how the chair of the Standing Committee on Finance and member for London West could act in this manner.

We must stop saying that there is no conflict of interest because the word beer is not included in the bill. I already mentioned that it was supposed to be included, even in the definition. Why then is

there no provision regarding beer in this bill? This bill contains nothing on beer because of the government. It did not want to accept the amendment introduced by my Bloc Québécois colleague from Saint-Hyacinthe—Bagot. It is rhetoric to say that there is no conflict of interest simply because the word beer is not written in the bill. The government prevented it from being written and it prevented us from studying this amendment, they prevented us from lowering the tax. It is unbelievable. This is their only argument of defence, to say that there is no appearance of conflict of interest.

To close, let me say that it is time that the code of ethics that applies to ministers, to the Prime Minister and to secretaries of state should also apply to chairs of standing committees.

• (1030)

This is important for democracy and out of respect for the opinions of Canadians.

[*English*]

Mr. Larry Bagnell (Yukon, Lib.): Madam Speaker, I will begin by saying that the bill does not cover beer because it is not about beer. It is embarrassing that the legislators from one party are debating the wrong thing. They are constantly talking about something that is not even in the bill. However, if the opposition can talk about beer, I will talk about beer too, even though it is not in the bill.

Everyone in the House agrees, even though this is not in the bill that we are debating, that microbreweries need a break in excise tax. All parties are on side and working on that. The parliamentary secretary has already said there would be a solution soon. The position and tactic that the Bloc is taking by attacking everyone is actually hurting microbreweries. It is slowing down a solution to the problem. When everyone is in agreement, what good does it do to attack a solution which is on its way? Why would the Bloc attack brewing companies and brewing associations? Why would it attack members of parliament when everyone is on side? What better way to slow down a productive solution?

We have a microbrewery in Yukon and we have the same sentiments that everyone else has expressed from all parties. The president of our microbrewery, Bob Baxter, has given me a lot of details that are similar to the ones that have been presented today. The Yukon Brewing Company is a great company. As my friend from the Alliance says, we love to talk about beer. It has three great beers: Yukon Gold, Arctic Red and Chilkoot. I recommend that everyone in the House and all the distributors watching on TV try these tremendous beers made from clean Yukon water. For everyone who does drink these are tremendous beers.

The U.S. small brewers pay about 50% less in excise tax of what the big brewers pay in the United States. There are about 3,500 jobs in the small brewery sector and approximately 53 microbreweries in Canada. They only achieve \$2.1 million in profits and they pay \$19 million in excise tax. Certainly they are just on the verge of profitability and they could certainly use a break. Our particular brewery is competing with a brewery next door in Alaska that once again pays about half the amount of excise tax.

Government Orders

We are definitely on side with this. What is disappointing about the debate is so are the big brewers. The proposal that is on the table to reduce excise tax to 60% on the first 75,000 hectolitres is supported by all the brewers in Canada, the big ones as well. Why would we cast aspersions on the big brewers that have been supportive of the microbreweries? They have actually helped them out with the lack of buying power they had on bottles.

I support the position that we should have this reduction to help microbreweries in Canada. The brewing associations, the big and small brewers, and all parties in the House agree. As the parliamentary secretary has said, it is coming soon. Let us all agree, support it and get on with it in a positive environment to make this positive change. That is the reason parliament is here.

• (1035)

[*Translation*]

Ms. Pauline Picard (Drummond, BQ): Madam Speaker, I am pleased to rise again to speak to Bill C-47, which seems to be very controversial.

Yesterday and this morning, my colleagues explained the origin of the conflict that exists with regard to this bill and that puts several small breweries in jeopardy both in Quebec and elsewhere in Canada.

As regards this bill, there seems to be some kind of collusion between the government and large Canadian brewers, who negotiated and put enough pressure on the government to bring it to exclude beer in a most unacceptable way, by ignoring certain provisions of its own legislation.

Clause 2, the interpretation clause of the bill, proposes a series of definitions. A definition of beer, meaning beer or malt liquor as defined in section 4 of the Excise Act, can be found on page 2, line 14. The problem is that beer has been excluded from Bill C-47. Everybody wonders why. Why would beer be excluded from this bill when the Excise Act is a general act that covers all sorts of things? It is wide in scope and covers all the products that are included in Bill C-47, as well as beer.

In other words, the only product that was not included in Bill C-47 is beer. We talked to people who draft legislation here and elsewhere, and they find it rather strange that Bill C-47, introduced by the government to modernize the Excise Act, covers all the products that were included in the Excise Act, which it is supposed to replace, except beer.

Before this new bill, the legislation included wine, spirits, beer, tobacco and distillery products. The existing act makes reference to breweries and tobacco products. It deals with everything, every single product touched by excise. There are provisions on licensing, rights of accession, offences, collection, record, accounts, required documents, warehousing and remission of duties, or what they call drawbacks in international trade. Bill C-47, which is supposed to bring that Excise Act up to date, also deals with everything, except beer.

How do we explain the fact that beer is not included in this bill? Is it an oversight? I asked that question in committee to the hon. member for Oak Ridges, because I wanted to know what would happen if we had forgotten to include beer in the legislation. After

all, it is possible to amend a bill. I did not get any answer. Just a blunt rebuttal. We did not get any advice from the people who surround and support members of parliament in their work in committee, including the parliamentary secretary and public officials. We did not get any interesting advice. I was a little taken aback by the answers that I was given. Things did not make sense.

• (1040)

I had to come to the conclusion that something was going on. This is an act that the government has wanted to modernize since 1997 and everyone agreed—they even made promises to microbreweries—including the Minister for International Trade, the Minister of Finance, secretaries of state who have now become ministers, ministers who live in Quebec, including in Montreal, and they expressed their support to microbreweries. This is because they have one in their region.

An hon. member: It is the Minister of Justice.

Ms. Pauline Picard: I am told that it is the current Minister of Justice. So, they supported microbreweries and they generated hope by saying “Indeed, it does not make sense. You cannot be competitive under such circumstances, considering the excise tax rate imposed on you. Therefore, we promise you that we will update the legislation. You will get what you want”.

Microbreweries are currently experiencing serious problems. They are paying more excise tax than they make profits. They were given reasons to hope. This act comes from the Standing Committee on Finance. It comes from the Department of Finance and it is the Minister of Finance himself, who is currently engaged in the leadership race, who promised to change things, to modernize the act, but instead he is crushing microbreweries with this legislation.

Beer has been deliberately excluded from the bill. The law has not been modernized. Promises have not been kept. Clause 2, line 14 on page 2 of the bill—the interpretation of the Excise Tax Act—provides the following, “‘beer’ means beer or malt liquor as defined in section 4 of the Excise Act.” They hushed this up thinking that we would let it go.

Resorting to such tactics is an insult to our intelligence and an insult to small brewers who have put their skill, energy, and hard work into building up their businesses. They want to compete on the market. Here is the answer we received in committee, “Wait. Other measures are in the works”.

These promises were made in 1997. We were told, “We will see about this in five years. We must wait another five years, because the act will not be reviewed until then”. This means that in the next five years, if the act is not amended or if no other measures are taken rapidly, there will not be many microbreweries left in Quebec and in Canada.

I cannot understand why my colleagues, whether they are from Ontario or Alberta, or whether they represent constituents who, through their entrepreneurship, have built up their microbreweries in order to sell their products, quality products, would not rise in the House. These members, who were elected to represent the interests of their fellow citizens, remain seated and hang their heads at such terrible legislation for microbreweries. This is a disgrace and I am ashamed for them.

Government Orders

•(1045)

The Canadian government talks a lot about how our businesses must be competitive. We agree. There is much talk about globalization. The government uses the taxes it collects from Quebecers and Canadians to set up programs to support businesses in Quebec and in Canada. That is the right thing to do. That is what our tax money should be used for. But the thing with the microbreweries is that they are not being allowed to compete. They are being squeezed out. Right now, our taxes are being used to support the big breweries.

How is that? Because in Canada, the tax on all beer producers, large and small, is 28 ¢ a litre. In the United States and in Europe, microbreweries pay only nine cents a litre. In Canada, both large and small companies pay 28 ¢ a litre. Large companies agree with paying 28 ¢ a litre. They were also in agreement with the government lowering the excise tax for microbreweries to the same rate as in the United States and Europe so that they could be competitive.

American owners of microbreweries producing so-called regional beer who want to import their products into Canada pay only nine cents a litre. How can our breweries compete on the U.S. market when they are paying 28 cents a litre? There is a huge difference. Either the microbreweries literally get swallowed up by outside markets, such as the United States and Europe, or we allow them to try to compete elsewhere. Everyone also knows that the methods we are using here are just as good as, if not better than those being used elsewhere. Our beer market is recognized world wide. Why not allow the microbreweries access to the international market?

The truth is out. We have here a letter the chair of the Standing Committee of Finance received from the president and CEO of the Brewers Association of Canada. I find it hard to understand that it was only after we put forward our amendments in committee that we found out that the chair of the Standing Committee of Finance, for whom I have a great deal of respect, was the wife of Mr. Barnes, the very one who deals with tax issues and one of the shareholders in John Labatt Ltd., a major brewery.

It seems to me that something here is not entirely transparent. Could there be the appearance of a conflict of interests. Ethically, someone who chairs a committee should act like a judge and remain neutral.

•(1050)

Such a person should not take sides but make decisions based on the rules and authority given to the committee by parliament. We have here a situation where our judgment can be skewed, as an opposition party has moved amendments that would include the beer industry in Bill C-47, a situation that makes no sense, according to some legislators. When we modernize an act, we have to modernize it completely. Why deliberately exclude beer?

This was done deliberately. The committee chair received a letter from the Brewers Association of Canada, which states:

—we fully support a reduction in the excise tax for small brewers... we strongly support a reduction of the excise tax for small breweries... We will support any measure aimed at attaining this objective, but in light of our prior agreement with the government—

I am thinking of Quebecers and Canadians who are listening today. When we hear “we fully support a reduction in the excise tax for small brewers, but in light of our prior agreement with the government”, could this actually mean that a very powerful lobby is saying to legislators “We do not willingly accept a reduction of the excise tax on beer because each time we gain a 1% share of the market, it is \$17 million more in our pockets”? This is why beer and microbreweries are excluded from the bill.

At this point, I wish to show what is actually happening in the microbreweries sector. The big brewers like John Labatt and Molson currently control 90% of the market. As I pointed out earlier, each time the big brewers get 1% of the market, they make \$17 million in net profits. It is easy to understand why the big brewers are so interested in seeing microbreweries disappear.

This is all fine and well. The big brewers say, “We support you”, and then they stab you in the back, saying, “We do not support you”. Each time they take over 90% of the market, they in fact grab 91% of the market, that is, \$17 million more. They support the microbreweries, because it makes them look good, then they lobby the government saying, “No, not yet, we are not ready. We may need 98% of the market. There will perhaps remain a couple of microbreweries in Quebec and in Canada. This will please us”. This does not make any sense whatsoever.

My time is up but I would like to move an amendment to the motion at third reading stage of Bill C-47. I move:

That the motion be amended by deleting all the words after the word “That” and substituting the following:

“Bill C-47, An Act respecting the taxation of spirits, wine and tobacco and the treatment of ships' stores, be not now read a third time but that it be read a third time this day six months hence.”

•(1055)

The Acting Speaker (Ms. Bakopanos): The amendment is in order.

The hon. member for Joliette.

Mr. Pierre Paquette (Joliette, BQ): Madam Speaker, first, I would like to congratulate my hon. colleague from Drummond for her excellent speech.

Does she have an explanation as to why beer is defined in the bill but no mention is made of the beer industry or the excise tax for microbreweries?

Ms. Pauline Picard: Mr. Speaker, nobody knows why. We asked that same question in committee. The secretary of state and his handlers who are supposed to support him and provide him with answers were unable to come up with a satisfactory answer. Why? Because there is no answer.

The only answer we can think of is that the very powerful lobbyists for the big breweries put pressure on the government to ensure that beer would not be included in the bill.

Government Orders

How can we explain that? It does not make any sense. Why has the government suddenly decided to exclude beer from a bill dealing with the more global issue of excise tax, which applies to all these products? How can it be explained beside the fact that lobbyists must have said, "No, do not touch that. We want the microbreweries to stay the way they are. Some could even close their doors. If only one or two of them remain, we do not care. For every share of the market we get—and we already control 90% of the market—it brings in \$17 million more."

I cannot see anything else but power and money in this situation. What I find most unfortunate is that the government had promised good things to these microbreweries and their managers who, through their energy and their leadership, wanted to put a quality product on the market, but the government now wants to crush them. The Minister of International Trade, the Minister of Finance and the current Minister of Justice had made promises to them, such as the ones that are made during election campaigns. These promises were selling all kinds of things. However, once the government is in office, it reneges on its promises.

This is a serious situation. Many breweries have disappeared. There were 13 in Ontario. Five are left. Where are all the government members who were elected in Ontario, in ridings where there are small breweries belonging to brave men and women who get up every morning to make a quality product and who dream of being competitive on the international market? With globalization—there is talk about it every day—our businesses must be competitive. Today, these members, these yes men, stay in their seats in support of their government, which is helping the big breweries.

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Madam Speaker, I wish to congratulate the hon. member for Drummond on her fine and interesting speech.

Since the beginning of the 1960s, there has been no substantive reform of the Canadian tax system. Does the hon. member think that, instead of a piecemeal approach to fiscal issues like we had with Bill C-28 and now with Bill C-47, it would be important to have substantial changes to the Canadian tax system?

Ms. Pauline Picard: Madam Speaker, I thank my hon. colleague for his interesting question. I am in total agreement with him. Ever since our election, in 1993, we have asked the Minister of Finance to modernize and review substantially the tax system.

•(1100)

Our requests have been in vain. Like my colleague just said, they have always been met with half measures. We have been waiting since 1997 for changes to the Excise Tax Act, and we have now before us a bill in which something very important has been left out.

As I said earlier, this is a comprehensive bill. The excise tax applies to all products made in Quebec and Canada, like tobacco products, spirits, wine, and beer. These are products made in Canada on which the excise tax is levied.

Now, why should beer be excluded from the bill? We have been told that there will be further studies and other bills will be coming forward. We will have to wait another five years.

A moment ago, I was quoting a few figures. In Ontario, 13 microbreweries went under in the last five years. Over the same

period, 11 went out of business in Quebec, two of them in Saint-Hyacinthe. We also had microbrewery closures in Saint-Eustache, Baie-Saint-Paul, Amos, Montreal and Cap-Chat. In British Columbia, seven had to close down. Where are the British Columbia members, when microbreweries need their support?

I am very surprised that my colleagues from the Canadian Alliance would support this bill and not defend entrepreneurship in their communities. It is our products that make us competitive. Again, nobody is doing anything to defend microbreweries. Five microbreweries had to shut down in Alberta, one in Manitoba and another one in Nova Scotia. Why are the members not defending microbreweries and the entrepreneurship of people in their communities? It is difficult to understand.

I would remind members that, in the finance minister's riding, the Brasal microbrewery had to shut down. Why? Because, in Lasalle—Émard, the finance minister's riding, that microbrewery had to compete with the powerful John Labatt company.

I fail to understand why the Minister of Finance himself was unable to defend these entrepreneurs in his own riding against a large brewery. I have nothing against large breweries. I think that they make enough profits to be able to support microbreweries and to be willing to do so. Microbreweries will never be a threat to large breweries such as John Labatt or Molson. But they should be given some room to breathe. That is what is important. We should be supporting them in their originality instead of crushing them.

We can imagine what happened when the Brasal microbrewery had to shut down. Can we not suppose that someone from John Labatt, a large brewery, went to the Minister of Finance and asked him—I prefer not to go too far on this subject—to exclude beer from the new excise tax bill?

•(1105)

[English]

The Acting Speaker (Ms. Bakopanos): Just to remind hon. members, we are now debating the amendment proposed by the member for Drummond.

Mr. Inky Mark (Dauphin—Swan River, Ind. Cons.): Madam Speaker, I am pleased to rise in debate at third reading of Bill C-47, an act respecting the taxation of spirits, wine and tobacco and the treatment of ships' stores.

Let me begin by saying that Canada continues to lead the G-8 when it comes to taxing its citizens. In fact, has the Liberal government ever seen a tax that it did not like? Canadians are very concerned about the high rate of tax they pay. Certainly working Canadians are concerned about the high rate of tax they pay: All they need to do is look at their pay slips.

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The bill would further increase the taxes on tobacco sold in Canada, which would include tobacco sold in Canadian duty free stores. However, because of the special status of duty free stores this legislation will have a disproportionate effect on them. Canada probably would be the first country to impose a tax on products sold in duty free stores, thereby undermining their reason for existence. It does not make any sense that we would tax duty free stores on the spirits and tobacco they sell when in effect their reason for being is to avoid having customers pay tax.

This new tax undermines the fundamental principle on which duty free shops were established in Canada, namely, that customers could shop there free of taxes and customs duties. Once customers' perceptions change, traffic patterns are affected. All provinces have duty free stores for Canadians who leave this country to visit other countries. Sales of all other products would be hurt as a result as a result of this tax, which would undermine the viability of the outlets and their key role in the local economies.

The federal government created and promoted the duty free industry to support small business, job creation and the sale of Canadian made goods. The outlets also provide an essential service for travellers, making vacations in Canada more attractive. The duty free industry has been profitable, allowing it to generate local economic benefits like jobs, purchases from suppliers and rents in commercial buildings and at airports. Most people who leave and return to the country by air shop in these duty free stores.

However, the imposition of a new tax on tobacco products threatens to undermine these economic spinoffs. Imposing this tax on duty free outlets in order to benefit health is symbolic. Duty free stores account for only a very small portion of tobacco sales in Canada. Moreover, applying this tax to duty free tobacco outlets would more than likely shift sales to another retailer rather than stop sales outright, thus the disadvantages of the bill far outweigh the benefits.

I will speak briefly about the business tax policy. Increasing taxes is a Liberal habit that is as harmful to the economy as smoking is to someone's lungs. Business taxes in Canada need to be reduced to the average rate of the OECD countries so that Canadian businesses can be competitive. This would mean a combined provincial and federal tax rate of about 35%. Allowing for various provincial rates of taxation, this means that the federal portion would need to decline to a little over 20%.

We should also target capital taxes, high sales taxes on business inputs and high personal taxes on business owners and their workers. A more progressive step would be for the government to shift from investment and savings taxes to consumption based taxes. This would only be fair to all wage earners in this country. In other words, one's taxes would be based on how one spends.

• (1110)

Canada could adopt a personal expenditure tax and more taxes based on the user pay principle. This would reform business taxes by reducing rates and eliminating distortions that impede the business sector from taking full advantage of the best economic opportunities.

The PC Party is the only party that advocates the complete elimination of the capital gains tax, not only because its elimination

would free up capital for investment and make a difference in our actual economic performance but also because it would be a bold and symbolic act that would capture the attention of and send a message to the people around the world who invest. As we know, our country depends on overseas investment.

The bottom line is that there is strong evidence that lower capital gains tax rates induce higher revenues in the longer run, largely as a result of increased economic growth and subsequent payment of more personal and corporate income taxes. A study in the United States demonstrated that completely eliminating the capital gains tax in that country would lead to a \$300 billion increase in national output. That amounts to nearly one million new jobs and an addition \$46 billion in tax revenue due to economic growth. In other words, the more money the government leaves in the wage earner's pocket, the further it will go. We all know that money needs to go around in cycles in order to make the economy grow.

The United Kingdom, Germany, Norway and Sweden have all adopted more aggressive tax cutting strategies than Canada has. Germany reduced its capital gains tax by 50% and Great Britain by 75%. Norway completely eliminated all forms of double taxation of capital income.

President John F. Kennedy spoke disparagingly about the capital gains tax as early as 1963. That is a long time ago. He stated:

The tax on capital gains directly affects investment decisions, the mobility and the flow of risk capital...the ease or difficulty experienced by new ventures in obtaining capital—

Capital gains tax also creates economic inefficiencies because it encourages a locking in effect, whereby owners of capital hold on to their investments and miss more profitable investment opportunities. The United States has a very accommodating capital gains rate of approximately 20%. Last year Canada reduced the capital gains inclusion rate to 50%, putting us closer to the United States levels, but that parity is fleeting. We will soon be lagging behind again.

A deeper look reveals that even after our tax cuts, the U.S. tax on costs for industries is about 14.2 percentage points below the Canadian tax regime. This means that rather than making us a haven for jobs and investment, we are still at a competitive disadvantage when compared to the United States. The United States is Canada's only significant competitor for investment capital and it is beating the pants off Canada. Despite admittedly impressive growth in venture capital in Canada, the United States enjoyed a 170% increase in 1998-99, from \$32 billion to \$87 billion. In the first half of 2000, Canadian venture capital was \$2.3 billion compared to \$80 billion in the United States. That is quite a disparity.

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Let us look at that statistic in a different way. New United States venture capital disbursements were 19 times larger than those in Canada in 1998 and 32 times larger in 1999. Although this gap is now starting to reduce, more needs to be done.

• (1115)

In the old economy the purpose of taxes was to redistribute income. In the new economy high taxes redistribute people. Over the last few years we have heard of people moving to the United States to work because the American rate of income tax is lower. When Canada's tax policy dictates that workers earning \$100,000 must pay 52% of their income in taxes those highly valued workers will look elsewhere. We know of people who have looked elsewhere and moved elsewhere. This is particularly risky for Canada in the digital economy where valuable intellectual property assets, expertise and energy depart with every professional who crosses the border.

In the United States the highest rate of taxation does not apply until income reaches \$400,000. An American earning \$100,000 pays a rate of only 26%. That is quite a difference from the Canadian rate of 52%. It takes a considerable act of patriotism to choose Canada. The people who are tempted to leave are those with fewer roots in the country and fewer attachments to our lifestyle advantages like health care. They are often young people the country needs to grow and prosper.

Taxing income discourages people from earning, saving and investing, all of which are crucial to economic growth. If the government took 52% of every dollar people earned many would ask why they should earn any more. According to Jack Mintz, a professor of taxation at the University of Toronto's J.L. Rotman School of Management, the costs in terms of lost output are \$15 billion to \$140 billion a year, or from \$500 to \$4,500 per person per year. Replacing income taxes with sales taxes would be a drastic but beneficial move.

As I have illustrated, taxation has many negative effects on the economy, investment and job creation. It would certainly have a negative effect on microbreweries and tax free shopping. There is no doubt the microbrewery in Winnipeg would be negatively impacted by Bill C-47. Besides the fact that it would attack the tobacco industry by increasing taxes, Bill C-47 is another example of the distortionary and harmful effects of myopic Liberal tax policies.

Has the Liberal government ever seen a tax it did not like?

• (1120)

Mrs. Karen Redman (Parliamentary Secretary to the Minister of the Environment, Lib.): Madam Speaker, I listened with great interest to my hon. colleague across the floor. What he left out of his remarks are the benefits we get from taxation.

In my community there is a world class high tech firm called Research in Motion. It has been highly successful. One of the principals of Research in Motion was asked if he would ever consider moving elsewhere. He responded that he, his family and his employees enjoyed living in Canada and enjoyed the quality of life in the Waterloo region. He said the taxes they pay go toward public health, police services and the many benefits enjoyed throughout the community.

When we look at people who choose to move elsewhere in the world to work we must also look at the people who choose Canada as a place of employment. Has my hon. colleague has ever taken into consideration what we do with taxes and the fact that there is a quality of life in Canada that people enjoy?

Mr. Inky Mark: Madam Speaker, I thank the hon. member for her question.

Our tax rate for a person earning \$100,000 is double what it is in the United States. Even on the public side with regard to health which is of crucial importance to Canadians, the American public health system spends more per capita than the Canadian health system.

I had a chance to meet an entrepreneur from Boston on an Air Canada flight to Toronto. He indicated to me that one of the advantages of doing business in the Ottawa high tech sector was the value of the Canadian dollar. It was not taxation on his employees. It was the dollar rate. The dollar rate gave him the advantage of doing business at a lower cost.

On the tax side, some people do not have attachments to Canada and do not have the same social attitude about what the government should or should not do for us as individuals. If such people gain 50% on their taxation rate, especially if they earn a six figure salary, they will seek employment outside the country.

[Translation]

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Madam Speaker, I would like to use the questions and comments period to ask the hon. member what he thinks of the motion brought forward by my hon. colleague from Drummond, that this bill be not now read a third time but that it be read a third time this day six months hence.

I believe the member is from Manitoba where a lot of microbreweries had to close down. I would like to hear what he has to say about what happened. We have been asking for a review of the excise tax legislation since 1997 in order to include beer. I know that microbreweries in Manitoba had to close their doors due to unfair competition from the larger beer companies like Labatt and Molson. I would like to hear what he has to say about this irritant and what has been left out of the bill.

• (1125)

[English]

Mr. Inky Mark: Madam Speaker, I thank the hon. Bloc member for her question.

I support the amendment. Any time we have legislation which would increase taxation on Canadians and have a negative impact on entrepreneurs, travellers and even beer drinkers it is not a good thing. It does not make any sense to support Bill C-47.

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I support the amendment to defer the bill until the government takes a close look at the impact it would have. I raised the point during debate that taxing duty free stores make absolutely no sense at all. If they are to be taxed the name will have to be changed. They could no longer be called duty free stores if the government started taxing them. I therefore support the amendment to the bill.

Mr. Shawn Murphy (Hillsborough, Lib.): Mr. Speaker, like the other speakers I greatly appreciate the opportunity to speak to third reading of Bill C-47 which would introduce a modern legislative and administrative framework for the taxation of spirits, wine and tobacco products under the new excise act.

As a member of the finance committee I have followed Bill C-47 closely. It has gone through considerable review at committee. We have heard from witnesses. It is good legislation and should be adopted by the House. I urge all members on both sides to support it.

Bill C-47 deals with commodity taxes. As all speakers have indicated today, commodity taxes are an important and vital part of the Canadian taxation system. In the year 2000-01 duties and taxes on alcohol and tobacco products raised approximately \$3.4 billion in federal revenues.

The Excise Tax Act is an antiquated piece of legislation. Many of its provisions date back to the 1800s. It cries out for reform. It is cumbersome and burdensome for manufacturers and wholesalers to fill out the forms and all the duplication that is required. That is the basis on which Bill C-47 came forward to the House.

Intertwined with this legislation we have had two wars going on at the same time. First, we have had the ongoing war on tobacco which is not only a federal issue. All provincial governments are engaged in it. A growing number of municipalities across the country including the city of Ottawa have come forward with strict regulations and bylaws on the sale, consumption and use of tobacco. I believe all members are in favour of this.

Second, there is the issue of the illegal importation, sale and distribution of spirits to avoid the Excise Tax Act. This issue is covered to a certain extent in Bill C-47.

Bill C-47 is an example of legislation that did not go through the House quickly. The discussion paper has a five year history in the House. There has been a lot of stakeholder consultation. Because of that the final product is good legislation. As other speakers have alluded to, the bill started with a draft discussion paper circulated by the Department of Finance in 1997. This was followed by draft legislation which was circulated in 1999 and followed by extensive public consultations mainly with the major stakeholders.

Bill C-47 proposes a modern, legislative and administrative framework which would generate stable and secure revenues while at the same time addressing contraband pressures. An important component of the bill is that it could be implemented without imposing unrealistic and unnecessary costs and administrative burdens on the industry.

There has been an issue at the finance committee and in the House with respect to microbreweries. Bill C-47 is not the legislation to deal with that issue. Having said that, I have heard a lot of arguments from members of the House about the excise tax paid by

microbreweries. I agree with the arguments. The excise tax ought to be reduced.

• (1130)

The microbrewery industry throughout Canada is under stress and the excise tax should be reduced so that these breweries can become more competitive. It is interesting that the Brewers Association of Canada supports this and has indicated that in writing to the finance committee. I support it but this legislation is not the place to bring forward this initiative.

We have received assurances that the Department of Finance will study the issue, and I hope it will follow through with this. I hope the study is done sooner rather than later and that the Department of Finance will see the competitive pressures that the microbrewery industry is under. I hope the government will see fit to lower the excise tax on beer brewed by microbreweries.

It is interesting that the Brewers Association of Canada, which I assume is controlled to a certain extent by the major brewers, supports the reduction of the excise tax for microbreweries. At the same time, it clearly has indicated to the finance committee, the government and the House that the act is not the place in which to deal with the issue.

The act also deals with the issue of penalties for persons and companies convicted of illegally importing, possessing, distributing and selling spirits which is an important part of the act and which should be dealt with sooner rather than later.

Under the new excise framework, the current excise duty and tax on tobacco products, other than cigars, will be merged into one production levy. According to my reading of the act and to the evidence I heard, this will be very beneficial from the industry point of view because it will reduce compliance costs for the industry.

This is an important part of the whole government strategy on tobacco use. It levels the tax right across Canada. This is not the answer to the problem but it is one additional issue that has to be dealt with and it will help in our ongoing war against tobacco use.

Yesterday I heard the excellent speech on this whole issue by the member for Esquimalt—Juan de Fuca, a medical doctor. He concentrated his talk on the legislation to deal with the whole issue of tobacco use. It was an excellent presentation, and I agree wholeheartedly with what he said.

The act introduces modern collection tools and helps address the government's ongoing concern about the smuggling and possession of alcohol and tobacco use.

I will summarize the benefits. First, it provides a simpler and more certain taxation structure. Second, it provides equal treatment for all parties. Third, it improves and lowers the administrative costs for industry. Fourth, it provides business greater flexibility and enhances the protection of excise revenues. Those are some of the benefits in addition to the whole issue of illegal contraband spirits and the ongoing war on tobacco.

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I urge everyone on both sides of the House to give full support to the bill. The new excise tax act introduces a modern administrative framework for the taxation of spirits, wine and tobacco products and addresses a longstanding need of both the industry and the government.

• (1135)

[*Translation*]

The Acting Speaker (Ms. Bakopanos): Before going to questions and comments, I want to clear up any possible misunderstanding. The debate is on the amendment which means, of course, that members have 10 minutes for their speeches. The previous speaker had some time left on the main motion and he used his 10 minutes on the amendment.

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Madam Speaker, I rise to speak on Bill C-47 with some degree of regret and bitterness.

Why so? Because the bill deals with excise tax, which by its very definition, gives the full significance of beer, what a beer is, what a brewery is, what a microbrewery is. Whether unwittingly or otherwise, the people over there have neglected to legislate on beer. This is a major omission, particularly where the microbreweries are concerned, when these are virtually all in the process of having to shut down.

I would like to draw my colleagues' attention to a very important point, the taxation of the small breweries, the tiny ones, commonly called microbreweries. When the representatives of the Brewers Association of Canada came before the Standing Committee on Finance last October, they told us about the difficult situation the microbrewery sector is currently going through. They presented solid arguments for the reduction of excise tax for the microbreweries.

In the context of globalization, these small companies have to compete with foreign companies that are less heavily taxed than in Canada. In a market that is becoming increasingly open, the competition does not necessarily come from within the country, but rather from other countries. The foreign competition often benefits from beneficial tax treatment, which allows them to provide a product at a price that is more than competitive. The Canadian parliament must not ignore this situation when passing legislation.

At present, Madam Speaker, France, Germany, Belgium and, most particularly, our U.S. neighbour to the south charge their microbreweries less excise tax. Canada is the only industrialized country that has refused to grant its microbreweries this privilege, or equity, or parity, as far as excise taxes go.

Take, for example, the case of a microbrewery from my region, Les Brasseurs du Nord, which brews the wonderful Boréale, naturally, and its competitor in the United States. Here a brewery producing 6.5 million litres pays a federal excise tax of 28 cents per litre, which comes to \$1.8 million.

In the United States, in Boston—and speaking of Boston, I would like to take a moment to congratulate our glorious Canadiens for their win against Boston—the same business would pay \$585,000, or 9 cents a litre. The figures speak for themselves. For the same production, there is a \$1.2 million difference in taxes.

This is why the Brewers Association of Canada is calling upon the Government of Canada to reduce the excise tax by 60% on the first 75,000 hectolitres produced by Canadian breweries that produce a maximum of 300,000 hectolitres annually. This proposal has received support from the four largest Canadian breweries belonging to the association.

• (1140)

It should be noted that between them, the 53 breweries that pay excise taxes shell out \$19 million a year. A 1995 study of Ontario breweries showed that the excise tax is nine times greater than profits in the sector, which are estimated to be \$2.1 million.

Microbreweries can be found in just about every region. They are small businesses set up in small communities, which contribute a great deal to their development. They are tourist attractions, which generates employment, and consequently, more financial resources. Unfortunately, this unfair and untenable situation that the industry is up against constitutes a very real threat.

Only three months ago, there were 19 craft style breweries in Quebec. Now there are six, including one in my riding, Broue-Monde in Saint-Eustache, which has disappeared.

The situation demands to be rectified. The government must now make decisions that will help these small entrepreneurs. The question is: given the current state of affairs, why should microbrewers continue to invest in Canada, when there are incredible benefits to setting up shop in the United States? The excise tax represents a very heavy burden for these small Canadian businesses. It is therefore urgent that the excise tax program be amended.

In other sectors of activity, small businesses investing \$1 million in land, equipment and facilities are successful. They hire fifteen or so people and have sales of \$1.5 million to \$2 million. They make a profit and shareholders take a profit. They are successful.

However, for microbreweries, it is a completely different scenario. With sales of \$1.5 million to \$2 million, they barely break even; no clear profit, but a requirement to pay a little over \$200,000 in excise taxes to the federal government. The excise taxes are unrelenting. Let us be clear: in the case of microbreweries, excise taxes are higher than labour costs.

The government must recognize that small breweries are distinct and should be taxed accordingly. Unfortunately, it is the only party that still does not recognize this.

The amendment being requested is minimal compared to the revenues generated by the general tax. The proposed tax break would represent only 2% of what the government collects in excise taxes. Let us be clear that this concerns a small sector which is highly labour-intensive, manufacturing-intensive, requiring major investment, a sector that plays a vital role in small communities in their provinces.

The current taxation system will have to undergo a comprehensive review, something which has not been done since 1964, with the Carter commission.

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• (1145)

[English]

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Madam Speaker, I want to say a few words on the bill before the House today as well. Bill C-47 is basically a technical bill that applies to duties regarding wine, spirits and tobacco products.

It is a bill we support. It is not a bill of great significance in terms of a lot of change. We support the amendments from the finance committee regarding microbreweries. My friend from the Bloc Québécois just mentioned the problems of microbreweries and I agree with him wholeheartedly as well.

While we are talking about this important tax bill I want to say that we need a debate about a fair taxation policy that would be fair and just for the ordinary citizens of Canada. It has been a while since we have had that kind of debate. The last time we talked about taxation was during the 2000 election campaign when the Liberal Party made a commitment to a \$100 billion tax cut over five years. We had that debate during the campaign but there has been very little in parliament itself in terms of a debate about a taxation policy that might be of benefit to Canadians.

When I think of the bill before us and our taxation system we must look at two or three different changes. I remember talking to people in my riding on the weekend in Indian Head, Saskatchewan. People were talking about three priorities: the need for more investment in the public health care system, the need for greater investment in public education, and the need for an investment to deal with the farm crisis that is extremely dire now right across the prairies and indeed right across the country.

Not many people realize this but according to statistics, 2001 was the driest year in the history of the province of Saskatchewan. The 1930s were very dry years. In particular 1936 and 1937 were extremely dry years. They were the years of the great drought and the great depression across the prairies. However last year was the driest year in recorded history.

These are the priorities of the government. We must talk about a taxation system that is fair enough to meet the public's agenda and priorities and do what is best for the common good. In addition to this we have concerns about the lack of infrastructure in the big cities including rural Canada, the national highways policy, environmental cleanup and ensuring that we have a safe water supply.

These are all issues that require a great deal of public investment, which in the last number of years has been curtailed radically by the federal government. We have to talk about a taxation system that is both fair and provides enough money to ensure we have public investment for the good of all Canadians.

When we look at these we think of the projections the Minister of Finance has made time and time again. Every year he has made projections and underestimated the revenue available to the Government of Canada. We now have surpluses that go strictly into the national debt.

Last year, at the end of the year, the federal government had a surplus of \$17 billion. That was applied to the national debt automatically, except for the \$101 million the Prime Minister

decided to spend on Challenger airplanes on the last day of the fiscal year. The money went entirely to the national debt.

I am suggesting we give ourselves as parliamentarians some flexibility to decide where we spend these unexpected, non-anticipated surpluses that are not budgeted for. In Saskatchewan, and in some other provinces, we have a fiscal stabilization fund. It is a fund that governments pay into during good times and draw money out of in difficult times to balance the budget, to meet public expenditures, public expectations, and to meet a crisis like the farm crisis and so on.

If we were to have a fiscal stabilization fund that the \$17 billion would have gone into instead of being applied automatically to the national debt, this parliament could have had a debate as to what to do with the \$17 billion surplus. We may have decided to spend it in four or five different ways. Perhaps some of that surplus would have been spent on paying down the national debt.

• (1150)

I am sure in all likelihood the majority of that surplus would have gone into investment, public health care, public education, environmental cleanup, infrastructure, housing and the farm crisis, and other issues that are facing Canadians. After all every parliamentarian that goes back to his or her riding gets people lobbying on behalf of those very important causes. However, today, because we do not have a fiscal stabilization fund, parliament is not just handcuffed it is absolutely impotent in terms of deciding where to spend this unexpected, non-anticipated service.

I appeal to the House that we look at ways and means that will allow parliament to make the decision over the expenditure of taxpayers' money after debate in the House of Commons instead of allowing all of that money to go to the national debt by default. That is what has happened and it will happen again.

[Translation]

Two months ago, the Minister of Finance projected in his budget a \$1.5 billion surplus for the fiscal year 2001-2002.

More recent projections by the finance department put the surplus at somewhere between \$7 billion and \$10 billion. Many members, including Bloc Québécois members, have said in the House that, if a bill is not passed, all of the surplus will be used to pay down the national debt.

[English]

We are not against paying down debts. In fact, the debt to GDP ratio in Canada was much too high in the mid-1990s when the debt represented 70% of our GDP. We were the second highest indebted country in the G-7 next to Italy. Now the debt to GDP ratio is down to about 50%. That is considerable progress. We are roughly in the middle now of the G-7 nations.

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Instead of automatically applying all of that money year after year of unexpected surpluses to the national debt, let us set up a mechanism in the House where we can have a debate in parliament to decide where that money will go. This is not a partisan issue as I look across at my friends on the Liberal side of the House.

What role does parliament have that is more important than scrutinizing taxpayers' money and deciding what is best to do with taxpayers' money? There are three things we can do with taxation revenue: first, is to pay down the national debt, second, is to reduce taxes in the case of a surplus, and lastly, is to put more money in terms of public expenditures on issues of concern like health and education.

What has suffered in the last few years since the 1995 budget of the Minister of Finance? Less and less money has been proportionately going toward investment into programs for people.

I have seen many frustrated Liberal backbenchers over the last few months who have expressed a concern, because of the rules of parliament, that the government is now being run by the Prime Minister's Office, a few bureaucrats across the way in the Langevin Block, and the Minister of Finance and some of his people without any input from the ordinary member of parliament. They are so right when they say that.

This is something that parties in the House should unite on and ensure we have a mechanism in parliament such as a fiscal stabilization fund. When we have that unexpected surplus the money would go into the fund and parliament would have a debate as to how the money is to be spent.

Is it a radical idea to call for a public democratic debate and call for transparency in terms of how we spend taxpayers' money? That is my plea in this debate, that we in parliament have a debate over where that surplus would be going for this fiscal year. We should have had a debate over where the surplus went in the last fiscal year when \$17 billion was applied to the national debt. These are some of the things that should be done.

[*Translation*]

During the minute I have left to conclude, I would like to talk about the report the auditor general made public three or four weeks ago.

[*English*]

The auditor general stated in her report that we have \$7.1 billion now invested in six or seven different foundations and none of them are subject to an audit by the auditor general. Once again this is an issue of accountability and transparency over how the public's money is spent. The auditor general must have the right to audit all these foundations. I hope the House will agree with me and help me make these representations to the Minister of Finance and others.

• (1155)

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Madam Speaker, I would like to comment on the amendment standing in the name of the hon. member for Drummond. It represents an adequate response to the problem the Bloc Québécois raised yesterday, actually, several weeks ago, concerning Bill C-47. This amendment is a six month

hoist. We are moving this amendment to give us the time to correct unfair provisions in Bill C-47.

The legislation on excise tax and excise is comprehensive. It deals with wine, spirits, tobacco products, and beer. What is beyond comprehension is that Bill C-47 deals with all these products, except beer. It does not deal with beer, and it does not deal with the excise tax microbreweries have to pay.

How is it that this bill, which improves a general act that dealt with beer, does not mention it now? Even according to the brewers association, the situation is urgent. As I said yesterday, the president of the Brewers Association of Canada pointed out in a letter dated April 12, 2002:

We fully support a reduction in the excise tax for small brewers. It is a priority of the BAC and we want to point out that small brewers in Canada urgently need such reduction. We will support any measure aimed at attaining this objective.

Everyone agrees that it is urgent, for the beer industry and microbreweries, to have measures that would reduce the excise tax. Strangely enough, the only sector where it is urgent to make a decision is the one that has been excluded from Bill C-47.

With the amendment, we would have the opportunity to solve this problem for good within six months. This is urgent, and if we want to have a reasonable solution, it seems to me that the deadline that has been mentioned is really a maximum. I believe this is the spirit of the amendment, that is, to solve the problem as soon as possible, within six months at the latest.

Why must it be solved? This has been said before, but I think we must remind the House because the government side does not seem to be listening. In Canada, brewers, whether they are small, medium or large, pay an excise tax of 28 cents a litre. In the United States, large breweries pay 28 cents a litre and microbreweries pay 9 cents a litre. We immediately see the difference, which is huge. The American authorities collect three times less tax.

Of course, if we add to this the fact that, in Canada, a microbrewery is defined as a brewery that produces less than 300,000 hectolitres annually, while in the United States it is one million hectolitres, we realize that there are businesses three times as large as our Canadian and Quebec microbreweries that also benefit from tax reductions that are three times as great. This explains the catastrophic situation in the microbrewery sector, 38 of which have disappeared in recent years. There are only 48 left, including 19 in Quebec.

To illustrate what the loss of these microbreweries means, it is important to name some of them. I am convinced they will remind our listeners and most members of some brands they have seen or might even have tasted.

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There is for instance Brasserie Massawipi, which was quite well known throughout Quebec, Brasserie Portneuvoise, Brasseurs Maskoutains, Beauce-Broue, Brasseurs de la Capitale, Brasse-Monde, microbreweries in the lower St. Lawrence and the Gaspé peninsula, Brasal, a German microbrewery, which was located, I believe, in the finance minister's riding, Aux-quatre-temps and Broue-Chope. These are a few of the microbreweries that have disappeared because of the government's inaction. The Brewers Association of Canada has said it, this is an urgent situation.

• (1200)

As I mentioned earlier, the only thing missing in bill C-47 is the issue of microbreweries and the whole beer industry. Why? Because the big breweries do not want to talk about it. They decided to oppose it because they want to increase their share of the market. I mentioned it earlier, some microbreweries have disappeared over the last few years, but the others have seen their market share drop by 1.5% to 2%. So the disappearance of these 38 microbreweries benefited either foreign microbreweries or traditional breweries.

But this is not all. Not only are the big breweries hoping to increase their market share, but all of them are distributors for U.S. microbreweries. So they indirectly benefit from a higher excise tax on the production of Canadian microbreweries. They are taking advantage of the disappearance of the microbreweries to take over their share of the market. As we know, things are getting much more complicated in terms of consumption. With their American products, they are taking over the microbreweries' share of the market at the expense of our Canadian and Quebec products.

Despite what the letter sent by the president of the Brewers Association of Canada says, it is not in the interests of the major breweries to solve this problem. The government is helping the larger breweries to get rid of the smaller ones. This is unacceptable.

The microbrewery sector is extremely important in terms of regional development and cultural identity, especially in Quebec. What we drink and what we eat are part of our culture. Our microbreweries make us unique. And we are always delighted to taste products from other countries.

However, if the microbreweries were to disappear, no one would have the opportunity to taste these distinctive beers, for which we are well known all around the world. So, it is extremely important for regional development as well as cultural diversity, which is a clearly stated objective of the federal government as well as of the Government of Quebec and the Bloc Québécois. The lack of provisions in Bill C-47 to promote the development and survival of Quebec and Canadian microbreweries undermines our cultural diversity. It also goes against the positions of the Liberal government.

Microbreweries are the victims of the collusion between the Liberal government and the major brewers. How did the government manage to avoid any discussion on this matter?

First of all, Bill C-47 just pretends to ignore the problem of beer and microbreweries. It does not address it, but it includes a definition of beer. Therefore, they initially had intended to deal with the problem.

When the government rejected the amendments proposed in committee by the Bloc Québécois, and in particular by the member for Saint-Hyacinthe—Bagot, it met the expectations of the large breweries. I think many of us suspect that the government was mainly concerned with the Liberal Party fund when it made that decision. It is sad to say.

Yesterday, someone on the government side said that we were no longer interested in public funding. It is not true. The Bloc Québécois does receive contributions from private businesses, but up to a maximum of \$5,000. On the government side, it is like an open bar. In fact, the ethics counsellor had to ask the finance minister to return a \$25,000 cheque given to him for his party leadership campaign. We are not talking about funding the party's activities or its election arrangements. We are only talking about a leadership campaign. Astronomical amounts are involved here, which have nothing to do with the kind of money received by the Bloc Québécois from businesses. Unlike this government, we are truly at arm's length with the lobbies.

Discussions must resume, in the interest of the microbreweries, the regions and cultural diversity. That is why the amendment must be passed, so that the government can rectify the situation and do justice to microbreweries and the regions of Quebec.

• (1205)

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, I am pleased to speak again today on Bill C-47, more particularly on the amendment of my colleague from Drummond.

I would like to commend my colleague for her amendment. She has been insightful. Thus, she is allowing the government to get out of a mess that the committee chair put it in, and that it agreed to.

We know that, in the Standing Committee on Finance, government members suffer from the fish school syndrome. When someone on their side says something, they do not try to know what is happening; they follow, they follow the fish school approach.

I would like to read the amendment to the motion at third reading stage of Bill C-47, which my colleague from Drummond has moved:

That the motion be amended by deleting all the words after the word "That" and substituting the following:

"Bill C-47, An Act respecting the taxation of spirits, wine and tobacco and the treatment of ships' stores, be not now read a third time but that it be read a third time this day six months hence."

This is working seriously: working to solve problems that have been created since 1997. Those who acted in good faith did not expect this. As the Alliance member said earlier, the excise tax is a major source of revenue for the government. The Excise Tax Act mentions wine, spirits, tobacco, and beer as well. Since 1997, there have been talks about modernizing the excise tax. The Bloc Québécois was in favour.

My colleague from Drummond said that in clause 2, on line 15 of page 2, beer is mentioned. However, we realized during the debate in committee that beer was not mentioned anywhere else in Bill C-47.

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Yesterday, the Parliamentary Secretary to the Minister of Finance told me that this would be discussed later on, that it was not necessary to discuss it now. When a bill deals with a particular issue, we must talk about it. Why take a small part of an act and put it elsewhere saying that it is going to be discussed later? We never know what later means. To reassure everyone, we must do a complete study of everything that is included in a particular piece of legislation.

That is not what the Liberal Party is doing, nor is it what the finance committee and its chair did. As my colleague from Joliette, whom I congratulate on his remarks, was saying earlier, the issue of microbreweries is a regional concern.

In my region—I said it yesterday and I will say it again today because it is very important—we have a microbrewery called Brasserie de l'Anse, which is located in the small community of Anse-Saint-Jean. This small community needs small businesses to survive and to retain its identity. The Brasserie de l'Anse enables that community to do that. It is located in the riding of the member for Chicoutimi.

He rose in the House yesterday. I said to myself “He is finally going to say something to defend the interests of his constituents”. But I was very disappointed. He talked about public funding, about members of the Bloc Québécois who are lingering in Ottawa and who are not doing anything. I never thought that I was not doing anything here. If he is only a liaison officer for the Liberal Party, then it is not surprising that he should behave this way.

I can say that we are here and that we are working very hard to defend the interests of our constituents. As a member of the Bloc Québécois from the Saguenay—Lac-Saint-Jean region and as chair of the caucus of Bloc Québécois members, I look after the riding of Chicoutimi—Le Fjord.

● (1210)

I am very pleased to support the brewers in L'Anse-Saint-Jean, and I take their interests to heart. That is why I support the amendment moved by my colleague. The government should pause and reflect. It has left out of this bill an important part, and it affects the interests of workers and communities as a whole in the regions. It should do its homework once again, and undertake a new examination of this bill.

We are not asking for anything special. We are not asking for something that did not exist before. We simply want to abide by the Excise Tax Act. That is all.

I am very happy that my colleague moved this amendment. If the government is serious, it will rise to the occasion, and we will have a real debate on the microbreweries issue.

Microbreweries are found not only in Quebec, but throughout Canada. Our communities are proud of them. As my colleague from Joliette said earlier, I am very proud of my sense of belonging, and I am very proud of my own identity inside Quebec. I am very proud to say I am from the Saguenay region. A microbrewery is in touch with the identity that has developed within a specific area.

Mr. Speaker, you come from another region. You have another sense of belonging and other tastes, and you are proud to express

them. Microbreweries are small or medium size businesses that represent a region and they also play that role.

I want them to keep on doing that. I want the government to remove its blinkers and say “Yes, we will look at the bill again. We will look into this excise tax business, which concerns everything we wanted to deal with at the beginning”. The government should review the matter seriously.

As we were saying, we agreed with Bill C-47 before our colleague from Saint-Hyacinthe—Bagot realized what had happened. We could not let this go through as it stands; it was too important. The Bloc Québécois members are here to defend their respective communities. This affects my province and other communities throughout Canada.

I am a sovereignist from Quebec, but I have always respected everybody else's sovereignty and identity. We want each and every element to have its proper place in this bill. We want to ensure that each person and each company concerned, whether by the beer or by the tobacco issue, and each association be taken into consideration. We want a serious review of this bill.

Let the government members remove their blinkers, recognize reality and say “Yes, we will do our homework”. The Excise Tax Act has not been reviewed for a long time. Let us update it. There will not be another review for a long time. We have to do our homework carefully. It is true that this is an important source of financing for the government. It is also true that small communities and the microbreweries, which are important in their area, need some help.

The ball is in the government's camp. It is up to the government to do something. I hope that all the members will support the amendment moved by my colleague from Drummond.

● (1215)

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, I thank my hon. colleague for practically turning the floor over to me in this debate. It is with great pleasure that I speak to, among other topics, the amendment put forward by the member for Drummond concerning Bill C-47, which reads as follows:

That the motion be amended by deleting all the words after the word “That” and substituting the following:

“Bill C-47, An Act respecting the taxation of spirits, wine and tobacco and the treatment of ships' stores, be not now read a third time but that it be read a third time this day six months hence.”

The reason I am speaking to the bill today is that, in my opinion, it is seriously detrimental to businesses in Quebec, which have always done very well economically and which offer Quebecers a product which meets their expectations and which, to a certain degree, deserves the full attention of this government, with a view to providing the necessary tax incentives to enable Canada's and Quebec's microbreweries to continue to market their products.

Generally speaking, Bill C-47 amends and, of course, introduces a number of technical improvements to the Excise Act. Here is a sampling:

the continued imposition of a production levy on spirits, tobacco products and raw leaf tobacco and the replacement of the existing excise levy on sales of wine with a production levy at an equivalent rate;

the replacement of the excise duty and excise tax on tobacco products other than cigars with a single excise duty;

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more comprehensive licensing requirements and new registration requirements for persons carrying on activities in relation to goods subject to duty;

explicit recognition of limited exemptions for certain goods produced by individuals for their personal use;

tight new controls on the possession and distribution of goods on which duty has not been paid;

updated administrative provisions, including new remittance, assessment and appeal provisions that are similar to those under the Goods and Services Tax/ Harmonized Sales Tax legislation;

updated enforcement provisions, including new offence, penalty and collection provisions;

Basically, we find it regrettable that the bill contains no provisions to reduce the excise tax on beer and microbreweries. We thought that the bill should naturally include beer and reflect the situation in which the microbrewers of Quebec and Canada find themselves.

I would remind the House that a number of Quebec and Canadian microbreweries are in dire straits. I would also remind the House that several of them have gone bankrupt and have had to close down because in Canada there is a preferential tax rate, clearly enshrined in the legislation, favouring the big breweries. Finally, I will remind the House that 38 out of the 86 microbreweries in Canada have had to close down. These small businesses do not represent a significant part of the Canadian beer market—only 4% to 5%—while the big breweries account for 90% of the market.

It is a growing industry. These dynamic small businesses are offering a product that meets consumers' expectations. It also meets the expectations of people in the regions.

Such a small sector as that of the microbreweries, which accounts for only 4% of the market and is steadily growing, should not be faced with tax measures or a tax system that puts them at disadvantage compared to the big breweries, which already have a huge share of the market.

● (1220)

I say it quite frankly because when we look at the situation in the United States, we realize that the American tax system is quite different from the one we have here in Canada. For instance, 28 cents a litre is levied on Canadian products while only 9 ¢ a litre is levied on microbrewery products in the United States. Thus, in the United States, the government is collecting 9 cents a litre for beer produced by a microbrewery as compared to 28 cents a litre in Canada on beer produced here.

There is also the whole issue of the definition of microbreweries. In the United States, a microbrewery is a brewery producing less than 1 million hectolitres per year. In Canada, a microbrewery is defined as a brewery producing 300,000 hectolitres of beer. Therefore, in the United States a brewery producing less than 1 million hectolitres is by definition a microbrewery and, as such, is entitled to a more preferential tax rate, 9 cents, whereas in Canada, the threshold and the definition are, to a certain extent, a disadvantage for microbreweries.

Let me give the House a very real example: for every 24 bottle case of microbrewery beer produced in Canada, the federal government gets \$4.09 when this beer is sold at a grocery store and \$6.12 when it is sold in a bar. In the U.S., the tax on 24 bottles of microbrewery beer produced in the States is \$1.12.

What does this all mean? It gives a clear competitive and tax advantage to microbrewery beer produced in the U.S. and sold in Canada, which, in turn, has led to the demise these last few years of a number of microbreweries; 38 out of 86 microbreweries had to close their doors, including seven in British Columbia. That expertise was developed not only in Quebec, but also in British Columbia. Thirteen microbreweries went out of business in Ontario, 11 in Quebec. In regions like Saint-Hyacinthe, Amos, Saint-Eustache, Baie-Saint-Paul, Montreal and Cap-Chat, small local businesses had to close down. Microbrewers themselves blame the tax system for placing them at a severe competitive disadvantage compared to the major brewers.

If the government opposite wants to make regional development one of its priorities, it should realize that its current tax policies have hurt smaller businesses that only have a 4% share of the market. Since the government keeps picking on small businesses, it is not surprising that jobs are being lost and that some of the businesses that had become a symbol for a whole region are no longer able to provide Quebecers and Canadians with top quality beer and even cottage brewery beer.

● (1225)

[English]

Mr. Joe Jordan (Parliamentary Secretary to the Prime Minister, Lib.): Mr. Speaker, in an attempt to ward off a firestorm I want to say that I have three cases of beer in my basement so I may be accused of being in a conflict of interest with the bill. Last time I checked, they were worth more than my Nortel stock.

I will do something a little different, and that is I will talk about the bill. I listened to the hon. member's speech. I am not saying that the microbrewing industry is not an important sector in Canada. He talked about using the microbrewery taxation process as an instrument for regional development. I would certainly suggest to him that the brewing industry has been used in the past for regional development. Coors brewery in Golden, Colorado can produce enough beer in one week, independent of taste, to satisfy the Canadian consumption for a year. Our country has regional breweries which have been very successful. The microbrewing industry is coming into vogue. Independent of all that, that is not what the bill deals with.

We referred this legislation to the committee at second reading, which meant that the House gave agreement in principle to the contents of the bill. To somehow suggest that we could add to the scope and scale of the bill something that was not in it intentionally is a clear violation of the House.

If the Bloc has an issue, it is a procedural one. I do not think it will get far with it. If it is really concerned about the country's microbrewing industry, I do not think this particular strategy will be very successful. Members of the Bloc may want to pick up the phone and talk to the microbreweries because I do not think they would find support even in the sector. It is an interesting strategy that is unfolding but it is not particularly helpful on any front that I can see.

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I want to talk about the bill and specifically about the taxation on cigarettes. Mr. Speaker, you would be as interested in this as I am because you are close to the issue as an MP in a border community.

I can remember years ago when the smuggling of cigarettes was an epidemic. It was not only the issue of smuggling but it was a lot of the actions that surround the smuggling. It was an extremely lucrative business. There are a number of actions which seem to surround illegal businesses that are lucrative. Certainly in my area the St. Lawrence was a very dangerous place for a boater to be.

I can remember previous debates on this bill. The member for Elk Island tried to paint the picture that the government did not know what it was doing on cigarette taxes; that it put them up, put them down and put them up again. If he were to examine the situation we were faced with, he would have seen that New York, Michigan and other border states did not tax cigarettes to the same level we did.

The other thing we have to concern ourselves with is that taxation on cigarettes is not solely federal jurisdiction. The federal government cannot act unilaterally. We have to act in concert and in agreement with the provinces. We are balancing a number of interests here.

At the time, with the Canadian dollar where it was and the level of taxation on Canadian cigarettes when they were exported to New York, Vermont and Michigan, the government wanted to do the prudent thing. We had two choices. We could drastically increase expenditures into policing the activity or attack it at the source, which is the economics, and reduce the economic incentive to smuggle cigarettes. That involved a reduction in the taxation. We said at the time that it was a temporary measure.

We now have a situation where the Canadian dollar does not lend itself to getting involved in smuggling cigarettes. Also in some cases the tobacco taxes in New York, Michigan and Vermont are higher than they are in Canada. I think that issue has been put to bed temporarily.

The other advantage to cigarette taxation is an attempt to put in place a disincentive for young people to buy cigarettes. The more expensive cigarettes are, the harder it is for someone to smoke that first cigarette or begin to smoke cigarettes. There is a lot of competition for young people's dollars these days. If we can take cigarettes off the table and not get people started smoking, we are doing society a great benefit.

● (1230)

We cannot simply rely on the economics alone. If we look at research into youth smoking we see a number of reasons that young people take up the habit. One group of young people smoke because they are trying to look adult. Another group smoke because they want to give the image that they are rebelling. Another group is simply highly susceptible to peer pressure. The fourth group, which is quite disturbing, consists of young women who are under the impression that tobacco is an appetite suppressant. Faced with a bombardment of media that tries to portray a certain body type, they take up smoking in an attempt to control their weight.

Government has to realize that we cannot send the same message to all four groups. We cannot come out with an advertising strategy that says smoking is bad because that is exactly why the group doing

it to rebel takes up smoking. We are reinforcing the wrong behaviours.

We must take a step back. We have moved on the cost of cigarettes, and that is a positive step. We must also move on very targeted campaigns aimed at the specific reasons that young people smoke. We must put the dollars on the table, which the government is certainly committed to doing, to undertake campaigns that will back up and support the tax policy, which is clearly designed as a disincentive, with positive marketing that addresses the root causes of young people taking up smoking. It will pay dividends down the road in decreased health costs.

With the Romanow commission in full flight, we are certainly looking at the sustainability and the costs of the health care system. Anything we can do to prevent rising health costs down the road is something we need to take a very serious look at.

I think the bill has wide support, including from the brewing industry. It seems to be a bit of a tempest in a teapot to focus on that industry. I think this is a very logical framework for the taxation of these controlled substances in the country. I will have absolutely no problem supporting the government on the legislation. It is a good step forward.

[*Translation*]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, first of all I would like to address what my colleague, the Parliamentary Secretary to the Prime Minister, just said. I would also like to congratulate my colleague, the member for Saint-Hyacinthe—Bagot, for his good work.

I have no doubt that the microbreweries in Quebec and elsewhere support the present position of the Bloc Québécois. The proof is that, last week during question period, my colleague was accompanied here by many microbrewery representatives from Quebec. What we are trying to explain to people is that there is no difference between the microbreweries of Quebec, those of British Columbia and those of Ontario. They are all in agreement with the position adopted by the Bloc Québécois. It is easy enough to understand.

I think that large breweries have found a Machiavellian scheme to put an end to all microbrewery activities not only in Quebec, but also in Ontario, in British Columbia and everywhere else. Here is how this will happen.

We are not against the idea of bringing the Excise Tax Act up to date. We think it is important. This legislation has an impact on various industries. At first, the breweries had said, "If there is a reform of the excise tax and we can pay less, we want to be part of that". However, the large breweries, John Labatt and Molson among others, realized that each time the microbreweries lost 1% of the market, they had a return of \$17 million in dividends. That is probably much more profitable than a reduction of the excise tax.

Government Orders

So the large breweries cooked up a scheme that can only be described as diabolical. It is very simple. At this time, microbreweries and large breweries both pay 28 ¢ a litre in excise tax. They know that in Europe and in the United States, the amount is much less. That means the American and European microbreweries can offer their products on the Quebec and Canadian markets at a much lower price than our own microbreweries. Naturally that puts pressure on our own microbreweries. So the American microbreweries are gradually taking over the market. This has caused the shutdown or the bankruptcy of 38 microbreweries out of 86 in Canada.

On that subject, I must say that, unlike the Liberal Party, the Bloc Québécois does not defend large businesses only. We believe that there must be equity within the Canadian, Quebec and North American economy. When inequity becomes a means for large businesses to increase their profits, I am tempted to use the expression used by my colleague from Saint-Hyacinthe—Bagot, who calls this economic predation. That is just what it is.

The large breweries said “We have always wanted to support that because we wanted to benefit from a reduction in the excise tax. Now we realize that it could be more profitable to exclude the whole brewery and microbrewery sector from the process. By having the whole sector excluded from the process and asking the government to do that, we realize that our profits will increase by \$17 million for every 1% of the market lost by microbreweries”.

Microbreweries had up to 5.5% of the market at one point. It has now gone down to 4%. This means that Canadian breweries have probably seen their annual dividends increase by \$28 million so far.

The rationale was very simple. These large breweries thought that, if they asked the government to exclude them, microbreweries would also be excluded, which means that they would also have to continue to pay 28 ¢ per litre in excise tax. Knowing that microbreweries are unable to pay such a tax in the long term because of the strong competition on the Quebec and Canadian market, large breweries will end up with the whole market share that microbreweries had, because they will all have shut down. It is absolutely shameful, and we have the figures to support what we are saying.

At present, for a case of 24 sold in a store, microbreweries pay \$4.09 in excise tax, and it goes up to \$6.10 if it is sold in a bar.

• (1235)

In the U.S., the tax on a case of 24 is \$1.12. It is readily understood that we are not able to withstand the unfair competition by the American microbreweries. This is, of course, a government decision in favour of the large breweries.

It is disconcerting to see how this has happened. Very disconcerting. Perhaps we are sorry to have to come back to it, but this must be said: when the major breweries saw it coming, they said “We will create a taxation committee”. The husband of the hon. member for London West just happens to be a member of that committee. Not only does the hon. member for London West share her life with the chair of the major breweries' committee on taxation, but she also shares his philosophy about the big breweries. It is totally deplorable in a democracy for a member of parliament to

totally adopt the position of her spouse because he works for the large breweries.

At the very least, people can see that this is a problem of conflict of interest. It gives a very bad impression. It is not unlike other situations. Even the Prime Minister is concerned that MPs and politicians in general rank lowest in public popularity and confidence. This is not unfounded. People have examples such as these in front of them.

As for the 2,000 remaining microbrewery employees, they are wondering “Why do people want to see us disappear?” They read the same reports the rest of us do. They conclude “There seems to be some degree of collusion here”. I would be curious to know how much of the Liberal Party's funding comes from Labatt and Molson as compared to what comes from the microbreweries. And what about conflict of interest, not just in connection with the member for London West, but the candidates for the leadership? I would be curious as to how much Labatt and Molson have contributed to that. Whom can they count on?

This may be evident from a reading of the letter from Mr. Morrison, CEO of John Labatt. There are numerous passages in that letter that refer to how urgent it is to be able to benefit from the new excise tax structure. He says, however, that no decision has been made and it would be preferable to wait. They want to be left out.

It is peppered with contradictions. It is urgent, it is important, but we must not do anything right away. This letter also refers to an agreement that exists with the government. “We met with your government. We met with the Minister of Finance. We met with his officials”. What is the nature of this agreement? They are asking to be excluded and to simply let the microbreweries go belly up. We will lose another 2,000 jobs in addition to the 1,500 jobs that have already been lost. The large breweries will take over this market and their shareholders will be very happy.

This is the philosophy of this Liberal government. Give it all to the biggest fish. For those who get in the way, do what we can to get them out of there. This is what is happening right now with microbreweries. This is but one sector. This does not include the many other sectors. The real issue is often election coffers, Liberal party coffers. This is what often happens.

We find this deplorable. This is not the position of the Bloc Québécois. The Bloc Québécois believes that it is important to distribute to some extent the wealth of the economy. This does not violate the rules of the WTO. Even the United States, the mecca of capitalism, believes that it is important to provide some respite for microbreweries, because they realize that they are not able to compete against the large breweries.

It is deplorable that in this House, we are witnessing the Liberal party engage in conflicts of interest and defending big business and big money, at the expense of the little guy. This gets us nowhere. In fact, this also demonstrates that it is small and medium-size businesses that create jobs and that are the most productive for society. It is not by starving them and allowing others to rake in even greater profits through economies of scale that we can create a fair and just society.

This is why the Bloc Québécois introduced amendments and why we are opposed to this bill. Beer must now be included with the other sectors in the excise tax reforms. Both breweries and microbreweries must be included.

• (1240)

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I thank my colleagues for their tireless support, especially on an issue which is not one of the easiest ones we have had to deal with since our arrival in the House of Commons.

It is always troubling that Liberal members confuse human feeling and sexism with cases of corruption and utter dishonesty. We have demonstrated this over the past few days. One cannot be both judge and jury in a position as important as that of committee chair.

Had the member for London West been a man, this would have changed nothing. We would still have tried to get to the bottom of the process whereby a bill such as Bill C-47 gets passed.

The amendment we put forward earlier allows us to voice our criticism of the unfairness and irregular proceedings in the Standing Committee on Finance and in the Department of Finance since this review of the Excise Act first began.

We are moving that adoption of this bill at third reading be postponed for six months so that we can get to the bottom of this process, which is unworthy of an institution such as the House of Commons, unworthy of us as MPs and, a fortiori, of anyone holding the position of committee chair.

This is not how Bill C-47 now before us should have looked. Why? Because Bill C-47 amends the Excise Act, a comprehensive measure. We have been studying the Excise Act since 1997. Since becoming a member of the Standing Committee on Finance in 1994 I have followed all the committee's deliberations, despite what a Liberal member may have said earlier. We have been looking at this review since 1997. We cannot have a general excise tax whose provisions cover a range of products including wine, spirits and tobacco, and leave out one of these products without something looking suspicious.

In the case of Bill C-47, that is what has been done. The government has introduced a review of the Excise Tax provisions for all products except beer. Why? Because an amendment to the Excise Act was in order with respect to beer and the way microbreweries were dealt with.

Earlier, I was listening to the parliamentary secretary to the Prime Minister. He does not know a thing about this issue. The only problem that confronts microbreweries is an excise tax that is too high compared to what their American and European competitors have to pay. That is the only problem. Eliminate this problem, ensure adequate, proper and fair competition—does the notion of fairness exist in the heads of Liberal members opposite?—and microbreweries no longer have a problem. From then on, the competition would be based on the quality of the products. Quebec and Canada are not afraid to see the various products of their microbreweries compete with beers from all over the world, because we have good products, good brewers and good workers in that industry. However, the government must provide a level playing field to ensure fair competition.

Government Orders

This is what we are asking of the Canadian government. This is what was supposed to be included in the new bill and in the proposed amendment to the Excise Act. But we are dealing with hypocrites in the brewery sector. Officials from John Labatt and Molson, who are members of the Brewers Association of Canada and who have been saying since 1997 that they want to help microbreweries correct this injustice, shot them in the back and stabbed them during the legislative process. This is what has happened since 1997.

Recently, we learned that there has been an agreement since 1997 between large Canadian breweries, namely John Labatt and Molson, and the Department of Finance not to include beer in the review of the Excise Act. The only product that is not included and that John Labatt and Molson asked not to be included is beer produced by microbreweries. The president of the Brewers Association of Canada, Mr. Morrison, sent a seemingly innocuous letter in which he tells the Chair of the Standing Committee on Finance that reducing the excise tax must be a priority, that it is a matter of survival for Canadian microbreweries.

• (1245)

It is urgent, but at the same time they do not want the excise tax to go down. What a brilliant lobbyist this president of the Brewers Association of Canada is. That was the wake-up call for microbrewers. And the secretary of state had the gall to argue that we do not have the support of microbreweries. I have to be careful here and not use unparliamentary terms.

There is now an association representing Canadian microbreweries on this issue. It is the only one. It is called the Canadian Council of Regional Brewers. We have the support of this organization, since it asked us to move, before the finance committee, the amendments that were rejected for some frivolous reasons by the member for London West, whose husband is one of the seven directors of Labatt Breweries and also the chair of the taxation committee of the Brewers Association of Canada, which urged us not to reduce the excise tax. The president of the council is Bob King, who also happens to be the CEO of a microbrewery in Alberta.

I just have one little message for my Alliance colleagues who supported our amendments on the first day but later changed their minds. They should realize that we are standing up for their own constituents. If the pressure from Labatt and Molson is getting too much, they should transfer their calls to us. We are not afraid to talk to the directors of Labatt and Molson. We were also subjected to pressure from Labatt, but we held firm. They should do the same to defend their own people. When Bob King has to write to us to extend his support, it means that he does not have the support of the Alliance, and that is too bad.

Government Orders

Stop being being pressured by John Labatt, join with us and stand up for your constituents who work in microbreweries, especially as the president of the brewers association is a fellow from Alberta. Bob King is from Alberta. He is not from Quebec, he is not a separatist. However, he has a social conscience. He knows that if there is no microbrewery left in Canada, the big breweries will take over their share of the market and it will result in a smaller number of products, which will be to the detriment of consumers and industry workers.

Why jeopardize the future of breweries in Quebec and Canada by maintaining an unfair tax treatment as compared to the competition? Because of a big brewery, John Labatt, which is lobbying, acting like a cowboy thinking this is the Far West and it can whip us into submission.

We will stand up to John Labatt and Molson and stand up for our own people. We will stand up for microbreweries. I am asking Alliance members to do the same and to stop acting as John Labatt's lap dogs.

Earlier, in his wisdom, the secretary of state said—I hope the Prime Minister will replace him because he is pitiful—“Listen, we cannot help microbreweries through taxation. It is not good. This is not good regional development policy”. But he knows nothing about this issue.

We are not asking to help regional development through microbreweries, they are already competitive, they put out fantastic products. All we are asking of the government is to put them on an equal footing with the foreign microbreweries that are invading our market and competing unfairly because they benefit from a preferential tax system.

We are also asking the government to open its eyes. Mr. Speaker, could you tell your Liberal colleagues to open their eyes wide open. It is not the Holy Spirit who is flooding the Canadian market with beer from U.S. microbreweries, it is the big breweries, John Labatt and Molson. They are buying exclusive distribution rights to distribute and selling beer from American and European microbreweries on the Canadian market to sink Canadian microbreweries, all the while saying that they are standing up for them.

I am asking my Liberal colleagues to stop letting people walk all over them and to open their eyes. They call themselves great Canadian nationalists. My eye! One cannot be a Canadian nationalist and work solely for big businesses at the expense of Quebecers and Canadians who want to feed their families and develop a quality product, and to do so on an equal footing with their foreign competition.

Give us the same fiscal tools. Give microbreweries the same fiscal tools and the same chances. You will see that we can beat foreign microbreweries on the Quebec and the Canadian market. Do you know why we will beat them? Because we have the best product. We have the best variety of products. We have the best tasting beers in the world. And I am not afraid to say so. We also have the best prices. However, we have to live in a fiscally competitive world and the government has to wake up and stop groveling before John Labatt, Mr. Morrison and John Barnes who, by the way, is the boss of the latest lobbyist for John Labatt who lobbied the Standing

Committee on Finance and the finance department so that the excise tax would not be reduced.

• (1250)

I did not make this up. On the Internet, under lobbyist, you can find the name Geoffrey Trussman. His reference and boss at John Labatt's is John Barnes, the spouse of the member for London West who is also chair of the Standing Committee on Finance.

• (1255)

[English]

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, representatives of the Bloc again do not seem to get it. They do not seem to understand what the bill contains. Some misrepresentations were obviously made in the House today by the hon. member. There is no question that we are talking about legislative and administrative changes to the bill.

The member opposite clearly has failed again to understand that these are legislative and administrative changes. The member again has failed to understand that beer is not part of the bill. The rationale was very clear that the issues were very different.

Bill C-47 deals with spirits, wine, tobacco and ships' stores. This has been the case from the beginning when the bill was tabled in December 2001.

The comments made by the member with regard to the chair have already been addressed. We will not go into that. It is utter nonsense and he knows it. Obviously I am not sure what the motivation is on the other side. Clearly the issue at hand is that we as a government are interested in bringing in a new excise act to deal with the taxation of spirits, wine and tobacco products.

It was clear in the 1997 report that we engaged the industry, the provinces and all stakeholders and they gave us very clear messages about moving forward. That is in fact what we have been doing. It is somewhat distressing to hear the sideshow comments which have absolutely nothing to do with the bill at hand which deflect from the fact that the member cannot talk about other aspects of the bill which he obviously must support.

There is no question that we are talking about the issue of ensuring that young people do not engage in smoking by way of increasing taxes. I do not think the member has a problem with that. Clearly, we are talking about making the regime, particularly for the vintners, more realistic in terms of the 21st century, instead of having them mired as they were in the 19th century. This makes ample sense.

It is important that we keep an eye on issues such as smuggling, the illegal production of alcohol, which again the industry asked us to respond, warehousing regimes and deferring the payment of duty. The bill deals with these issues. These are the real issues, not the nonsense that we continually hear from across the way on an issue which has no basis in fact.

Government Orders

I suggest we deal with the real issues and the content of the bill. The bill has the support, has been articulated and is now here before the House. The bill clearly addresses the kind of issues that we want to see as Canadians. Fines for alcohol related offences will be increased substantially. Serious alcohol offences will now be subject to the proceeds of crime provision. These are very important.

Therefore, I hope that a majority of members on both sides of the House will deal with the real issues. The issue of improving the administration and reducing compliance costs for the industries are very important. These are the real issues today. These are the issues we need to talk about and on which we need to focus.

I hope that when the time comes to vote on the legislation we will send a clear message of support to the industry that this needs to move forward. We need to be more effective and efficient, and that is what the bill addresses.

As members know, there are many benefits and I have outlined these in my comments before. Very quickly, a simple and more certain taxation structure, equal treatment for all parties and improved administration and lower compliance costs are important. There has to be greater flexibility for a business to organize its commercial affairs and enhanced protection for excise revenues. These are important. This will bring an act that is mired in the 19th century fully up to date.

•(1300)

We have heard comments and we have responded. Bill C-47 addresses the key issues of the day. It is a strong bill. When it comes to issues such as beer, the Department of Finance is reviewing the proposals that have been put forth and we will respond in an effective and timely manner.

However that is outside the purview of the bill. Talking about beer is like talking about jet fighters. They have about as much relevance to Bill C-47 as beer does. I challenge the hon. member on the other side to stick to the issues rather than trying to debase the House with needless comments. If the hon. member has nothing to say he should do what his mother probably told him and not say anything. In this case he would be better off to stick to the facts and the issues.

At the end of the day we seek to bring forth a modern legislative and administrative framework which would be important for the industry. It would be important for the people involved with spirits, wine and tobacco. It would be important for all concerned. It is important to stick to the issues at hand. We must make sure we address what we have heard from the provinces and the industry so we can adopt legislation that would benefit everyone concerned.

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, it seems the Bloc is the only party not supporting the legislation. It was carrying on a bit of a filibuster but now government members are getting involved in the filibuster. I think the reason has nothing to do with the bill and its content. The reason is that there are only two serious pieces of legislation before the House. First, there is Bill C-5 the species at risk bill. The government is so split over the bill that there is a huge problem in its caucus about it. It does not want to face the bill again. It put it off yesterday.

Second, Bill C-15B is the next bill scheduled to come before the House. It is both an extremely important piece of legislation and a

bad piece of legislation. It has caused an urban rural split in the government caucus with which it does not want to deal.

The government is filibustering its own legislation because there is such a split in its caucus it does not want to deal with the two important pieces of legislation before the House.

I have not seen before in the House of Commons any government with such a thin soup agenda. It has so little of substance to talk about that it is filibustering its own legislation. Government members talk about the bill because they do not want to let things die and admit they have nothing to say or offer the country when it comes to legislation. This is a surprise and it is quite shocking.

We need a government on that side that has issues of substance to deal with on behalf of Canadians. It certainly is not coming from the Liberal government.

[*Translation*]

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, I am pleased to speak to this bill, particularly because we must say at the outset that, when we talk about a problem of fairness that might affect microbreweries mainly, small breweries that are almost cottage-type, we are talking about regional economy.

As everyone knows, I come from the Saguenay—Lac-Saint-Jean region, even though I represent and live in a Quebec City area riding. Being from Saguenay—Lac-Saint-Jean, I know very well the impact of microbreweries in very small Quebec communities.

I could talk, among others, of the community of L'Anse-Saint-Jean, in the riding of Chicoutimi—Le Fjord. I am disappointed and surprised to see that the member for Chicoutimi—Le Fjord prefers to go after my colleague from Jonquière who is doing her best to defend the issue of highway 175, that he prefers to play petty politics, to use demagoguery, instead of defending the microbrewery in the small village of L'Anse-Saint-Jean.

L'Anse-Saint-Jean is located on the Saguenay, in the fjord of the Saguenay, where the view is magnificent. It attracts many tourists, mainly in the summer, although its infrastructures are quite limited. The microbrewery in L'Anse-Saint-Jean provides jobs. This is what we mean when we say that we must develop fairness between the big breweries, Molson and Labatt for instance, and microbreweries.

In this regard, certain people took exception to the fact when the Bloc Québécois pointed out the connection between the chair of the Standing Committee on Finance and her husband, Mr. Barnes, who, incidentally, is chair of the taxation committee of the Brewers Association of Canada and also a Labatt executive. This is not to say that a wife must defer to her husband or that she must parrot her husband's opinions. If the case had been exactly the opposite, the situation would not have been any more acceptable.

Government Orders

I could mention, as an example, the Minister of Transport and his wife, Penny Collette, who holds an important position at Loblaw's, a company that owns Weston and who also has a significant interest in the Quebec-based company Provigo. If the Minister of Transport used his position the same way the chair of the finance committee used hers to judge the amendments put forward by my colleagues from Saint-Hyacinthe—Bagot and from Drummond, which were aimed at ensuring a fair deal for microbreweries, it would be unacceptable. She used her position and that is why we are criticizing her.

I will go on with my example. The Minister of Transport, whose wife, Mrs. Penny Collette, holds an important position at Loblaw's, cannot make decisions favouring that particular company knowing that he has privileged information regarding that company. It is also a matter of apparent conflict of interest.

We have here a letter dated April 12 addressed to the chair of the House of Commons Standing Committee on Finance and signed by Mr. Sandy Morrison, Chairman and Chief Executive Officer of the Brewers Association of Canada. Incidentally, Mr. Morrison is a former Air Canada executive, which I know for having met him when he was with that company.

• (1305)

I think it would be relevant to read one particular paragraph from the letter sent by Mr. Morrison to the chair of the finance committee:

Our position remains unchanged: we fully support a reduction in the excise tax for small brewers.

This is what is called wishful thinking. Nobody is against virtue. It is just great. If the letter ended there, we could say that small brewers would have nothing to worry about.

So the Brewers Association of Canada, a large association, says this:

Our position remains unchanged: we fully support a reduction in the excise tax for small brewers. It is a priority of the BAC and we want to point out that small brewers in Canada urgently need such a reduction.

Even though the Brewers Association of Canada recognizes that fact, the government refuses to recognize it. What is happening with regard to the relationship between the chair of the finance committee and the senior officer of the Brewers Association of Canada?

The paragraph does not end there. Here is what the Brewers Association of Canada goes on to say:

We will support any measure aimed at attaining this objective, but in light of our prior agreement with the government, we cannot support amendments which would include beer in Bill C-47.

What does that mean, "in light of our prior agreement with the government"? We can imagine the collusion, secrecy, dealings, secret agreements and sweet deals behind closed doors. We are left to wonder what the real motives of the government are.

We could dig out some information on the contributions of Labatt and Molson to the Liberal election fund, and we would have a nice illustration of what returning a favour means. You scratch my back, and I will scratch yours.

The goal of the Brewers Association of Canada is to eliminate the microbreweries. Microbreweries have taken a fair share of the

market. Given the beer consumption in Canada, which is measured in hectolitres, I believe, a tiny 1% increase in the market share represents profits of \$17 million.

Even if the word beer is defined in Bill C-47, the government suggests that our amendment to include beer in the bill is out of order. They refuse to accept the amendment moved by the Bloc Québécois. Our learned colleagues opposite remark that there is nothing in the bill about beer. If that is true, why is the word beer included in the definitions in Bill C-47?

We could go on and on, but I want the Liberal Party to know that the Bloc Québécois will keep fighting. I hope that those in Quebec who believe in the development and the future of microbreweries will remember where the Liberal government stood on this issue.

• (1310)

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, I want to thank you for the opportunity to speak to this bill.

This bill may seem to have little to do with the issue I usually deal with, which is justice. However, when we look at what happened to Bill C-47 in committee and the impact it can have in our respective ridings, we come to realize that everyone in this House should take a particular interest in this bill because of its economic impact and because of the way the opposition, which was calling for changes, was handled or gagged.

The Bloc Québécois is a sovereignist party, and we do engage in politics. However, when a good bill is before the House, we very often support the government.

At first glance, Bill C-47 seemed like a piece of legislation that we could support. In fact, our finance critic, the member for Saint-Hyacinthe—Bagot, and our assistant critic, the member for Drummond, worked with the government to improve the bill and correct some oversights. We wanted to improve upon it. The negotiations went very well. We even supported the government at second reading. It was at committee that things turned ugly.

One of the roles of the opposition, whether it is the official opposition or a third party like the Bloc Québécois, which represents a large number of Quebecers, is to voice their concerns, and that is what the Bloc members have done. We stood up for a very important industry in Quebec, the microbrewery industry, which could expand even more if it could be heard.

It was at committee that things turned ugly, when the Bloc Québécois members wanted to point out a flaw in the bill, because the government forgot—at the beginning we believed it was an oversight—to include beer in the bill on excise tax. We realized that it was no oversight, given the appearance of conflict of interest that everyone is aware of, involving the committee chair and a lobbyist, a very important person who works for the big beer company, Labatt. Because of the links that existed, we realized that it was not an oversight.

This all started—and this comes from the microbreweries—because initially even the big breweries said they supported the microbreweries and lowering the tax. When compared to the U.S. tax, the Canadian excise tax is very high. In the end, we realized that the big breweries were not defending the microbreweries.

Government Orders

For this reason, the Bloc Québécois tried to have beer included in the bill on excise, so that microbreweries would be treated fairly.

The bill contains just about everything. Nothing is left out. It contains provisions on spirits, wine, cigarettes, everything that can be purchased in Canada, with the exception of beer. This alone raises questions.

I do not understand why the Liberal members are not raising questions. Why are we treating microbreweries differently? Why should beer be different from any other product? I understand that they may presume to be acting in good faith, but once the issue is raised, the members of the government who represent their constituents in their ridings, which probably have microbreweries in them, these members must stand up and tell the government, the Minister of Finance, the Minister of Revenue and those who are responsible for this issues, that they are on the wrong track.

How ironic that only the Bloc Québécois would stand up to denounce the government's ways. At first, the Canadian Alliance appeared to waiver, but in the end, they will likely support the bill.

Mr. Yvan Loubier: They do not support the microbreweries anymore either.

Mr. Michel Bellehumeur: They do not support the microbreweries anymore either.

• (1315)

The government and the official opposition have, in a way, abandoned the microbreweries. Not us. We intend to battle this out, because it is important.

From 1993 to 1997 in Berthier—Montcalm—my riding had a name change along the way—the entire Maskinongé area was part of my riding. There are major buckwheat producers in that area. We wondered how we could promote buckwheat. I will in passing greet “Mr. Buckwheat, le père Sarrasin”, who will know whom I mean. We went off to Belgium to promote the region and the Louiseville buckwheat flat cake festival. Afterward, Belgian businessmen came to Louiseville. They had a technology for brewing beer from a cereal much like buckwheat. Today in Saint-Paulin, there is a microbrewery that produces three buckwheat beers. These are very different, really excellent, and are exported.

However, with a bill like the one now before us, its exports will certainly be limited. It cannot be competitive. Even the U.S. has a tax of about 9 cents per hectolitre, while ours is 28 cents. This favours the big breweries at the expense of the microbreweries. This microbrewery, with its three beers—the Belgians apparently are crazy about them—could step up its production and increase job creation in the region. Saint-Paulin is not a major centre. So, this would be very important for the region. This technology did not exist in the Maskinongé area prior to 1997 or 1998.

Saint-Paulin is, if I am not mistaken, now in the riding of the Prime Minister. What is the Prime Minister doing to defend the microbrewery properly? I am certain that it is in the PM's riding. The people around me seem to be questioning that, but I am sure it is. He is doing nothing, whereas he should be standing up in defence of his constituents.

In the region of Lanaudière, more specifically in Joliette, Broue-Pub L'Alchimiste also produces five or six beers. This microbrewery is also affected by the excise tax, by the bill that the government introduced, and particularly by the favoritism shown to major breweries. This is in the region of Lanaudière. My riding is close to two regions where microbreweries are found. If we look around, we realize that there are such microbreweries everywhere in Quebec.

But there are some in Ontario as well. I do not understand why members from Ontario—perhaps it is because they take Ontario for granted—are not doing anything and are letting their constituents down when it comes to microbreweries by not protecting them properly.

It is the same thing in western Canada. The Canadian Alliance should rise and fight for microbreweries, but it does not. Yet, because of the policy of the government opposite, 13 Ontario microbreweries have shut down in the past five years. In Quebec, 11 have shut down for the same reasons since the Liberals came to office. There were some in Saint-Hyacinthe, Saint-Eustache, Baie-Saint-Paul, Amos, Montreal, Cap-Chat and Lanaudière. There were some everywhere. Because of the policy of the Liberal government opposite, which favours the big companies—probably because of their big contributions to the Liberal Party—microbreweries and regions were gradually affected. The Canadian Alliance is no better in this respect. The Liberals and the Canadian Alliance get along very well on issues like this one.

However, the Bloc Québécois is here for these people. We will continue to protect them. This House has not heard the last of the Bloc on this most important issue for the regions of Quebec.

• (1320)

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I am pleased to speak to this amendment. Yesterday, I spoke about this bill before the amendment was put forward. The amendment reads as follows:

That the motion be amended by deleting all the words after the word “That” and substituting the following:

“Bill C-47. An Act respecting the taxation of spirits, wine and tobacco and the treatment of ships' stores, be not now read a third time but that it be read a third time this day six months hence.”

This amendment, which was put forward by the member for Drummond, is an excellent one, because it corresponds exactly to the actual stage we are at in consideration of this bill.

We realized that the government deliberately decided to exclude from the review of the Excise Act anything to do with beer, except the definition, which was left in the bill. If the definition has been left in the bill, then somehow we should be allowed to address this issue.

When the Bloc Québécois' proposed amendments were considered in committee, the committee chair used her authority in an unorthodox way, in response to very obvious influences, and decided not to accept the amendment. It was not defeated in committee, but simply rejected.

Government Orders

Since then, all the microbrewers have come forward and said that there were agreements. For example, they had the support of the federal Minister of Justice, who had said that it was a good idea to have this amendment in the bill, so that taxes would be reduced for our microbreweries. Suddenly, they are realizing that the government has decided to abandon them.

The answer probably lies in the letter Mr. Morrison sent Sue Barnes on April 12, 2002—

The Deputy Speaker: I just want to remind my hon. colleagues that members should be referred to not by their personal names, but by their ridings or their departments.

Mr. Paul Crête: I am sorry, Mr. Speaker, for not using the name of the riding of London West. I should have done that. Again, I apologize.

Still, as chair of the finance committee, she received a letter signed by a Mr. Morrison, who is not a member of this House, so I can say his name. He is the president and CEO of the Brewers Association of Canada.

He made some very important statements in his letter. First, he said:

We will support any measure aimed at attaining this objective—

A reduction in the excise tax for small brewers.

—but in light of our prior agreement with the government—

What prior agreement with the government? Where was that decision made? Was it at a fundraiser for the Liberal Party of Canada? We do not know. He added:

—we cannot support amendments which would include beer in Bill C-47.

No substantive argument was ever made to exclude the tax on microbrewery beer from the bill. We were always told that Bill C-47 is not expected to deal with beer. However, beer is defined in the bill. So, it was supposed to be addressed somewhere.

Then we were told that we had to wait for further studies. In this regard, we have all the necessary elements to correct the situation, particularly since there is a sense of urgency. The member for Berthier—Montcalm demonstrated this earlier. Several microbreweries have disappeared in the last few years, and others will be forced to shut down if changes are not made immediately to allow these beers to have a share of the Quebec, Canadian, American and European markets.

Everywhere else, including in the United States—and we know that the U.S. is the mecca of capitalism—it was determined that there could be a different tax for microbreweries: 9 ¢ a litre for them compared to 28 ¢ a litre for large breweries. We know full well that microbreweries cannot, in terms of production costs, compete with those who are engaged in mass production, but there is room on the market for microbrewery products. It would even be very beneficial for us if we allowed them to be successful.

In my own riding, the Brugel microbrewery, which brews a most original beer, is an asset to the tourism industry in our region. People have also started to produce very original cheeses to attract tourists and encourage them to stay. This microbrewery wants to sell its

product on different markets. It is a known fact that competition for space on grocery stores shelves is fierce. Profit margins are important. Some grocers are willing to sell that particular product. However, those who buy beer may be willing to pay a bit more to get an original local product, but not as much as what would result from the position taken by the government on Bill C-47.

I know that the Secretary of State for Rural Development is currently touring the country telling people that the government is concerned about rural development. I would like the government to take real action, one single measure that would allow microbreweries to capture their market, by following up on the amendment that was proposed. There is no rush, nothing to prevent us from taking some time to examine the proposal. Nothing prevents the Standing Committee on Finance from studying this question as a priority. We could come up with a solution very quickly. We could simply lower the excise tax. A change in the excise tax would not turn the whole Excise Tax Act upside down, it would simply allow a product to be more competitive.

Of course, the status quo allows the big breweries to increase their market share. For the average person, having 96% of the market share, rather than 95% may not seem to be so important, but for shareholders and companies that want to make profits, each percentage point of the market share represents \$17 million. Yet, this same \$17 million does not create many more additional jobs. For microbreweries, however, every time a microbrewery sets up shop in a rural or small community, these one, two, three or four jobs add up to one or two more families in town. This is the type of choice we as a society have to make.

● (1325)

We do not want to prevent competition or to stop anyone from gaining access to the market. Quite the opposite. I think the government's position is similar to that of Mr. Morrison, which I find unacceptable. For a reasonably intelligent man, he is showing a total lack of respect.

On one hand, they agree that the excise tax imposed on small breweries should be lowered, but on the other hand they maintain that Bill C-47 is not the place to do it. They argue that more studies are needed and things have to be done. They believe we should wait some more. We always hear the same old song when people are against legislation. They say, "We will set up a committee". Or "We will develop a position and try to define something, and then we will decide. We will make a decision in six months, a year, two years or five years". But six months or a year down the road, another five, ten or fifteen microbreweries will have closed their doors. The big brewers will have gained another 1% or 2% of the market. And in the end, we will be very unhappy with the results.

When the Bloc Québécois stands up for these people, it does so because it feels that it is important to care about our small businesses, about these people who are earning a living in our regions and who try to compete. We try to alleviate the negative impacts of globalization.

Government Orders

The beer industry went from a highly regulated market, where each province was subjected to certain restrictions and could not easily export beer in the other provinces, to a slightly broader market. We made room for large businesses. Why not take the time now to allow microbreweries, as they did everywhere else in the world, to have their share of the market and be able to compete with other businesses?

Yesterday, I heard two Liberal members address this issue when I was here in the House. Afterwards, they came and said "You are right. We do not know why our government is not doing something, but we will still vote with it". We must make a plea to Liberal members and tell them "Check in your ridings to see whether there are microbreweries. Go and ask them if it would be worth waiting one, two, three and even up to six months to settle the issue of microbreweries, so that by the summer they would know that they will be guaranteed a share of the market and be able to compete with American and European microbreweries".

This would ensure that the bill and our review of the Excise Act are exhaustive. We will then be in a position to all vote together, after completing the work that was not done.

This is why I am urging all members to support the amendment of the hon. member for Drummond.

• (1330)

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, when it comes to an issue like the microbreweries, it is sometimes difficult for the Quebecers listening to us to understand how an industry can ask a government for tax advantages.

If I may simplify things a bit for the benefit of our audience in Quebec, one can say that of course, where globalization is concerned, and the multinationals that some major breweries are part of, the world's governments are obliged to give certain advantages to certain types of industries in order to attract them. This was the case with the microbreweries. Certain countries, including the U.S., have made it possible for their microbreweries to benefit from a reduction in their excise tax. In the case of concern to us, this means 26 cents per case of beer. This is enough to make a difference between a competitive industry and a non-competitive one.

It is never easy, of course. People wonder why certain industries and businesses ask for tax reductions. In this case, however, it is necessary because their competitors outside Canada enjoy some quite considerable tax advantages. This is a current issue.

In fact, a case in point is the softwood lumber issue, where the Americans are demanding countervailing duties of \$29. This places a whole sector of industry in a terrible situation. As can be seen from that industry, the results are job losses, plant closures, some very difficult situations. Once again, the federal government has done nothing, not one thing.

It is now taking the same approach with respect to the microbreweries. Despite the industry's demands because of the competition from foreign microbrewers, because of the lobbying by the multinationals and the big Canadian breweries, Labatt and the like, and because of the lobbying by Canada's major breweries of a

committee chaired by an MP with connections, among others, with members of the Labatt board, we have seen the government refuse to include beer in a bill which was precisely intended to re-examine the entire excise tax situation.

The government, the Liberal majority, did not heed the call of microbreweries and decided to simply remove from this bill anything that could have been beneficial to the microbrewery industry across Canada. Of course, microbrewers will pay the price but, again, this is totally in line with the Liberal government's overall policy. It is much more responsive to large multinationals than it is to small private businesses, which also employ people across Canada.

As my colleagues explained to the House, many microbreweries across the country had to shut down in the last five years. If the government persists in not helping them be more competitive and not allowing them to benefit from the same excise tax rate as microbreweries outside Canada, we will see more and more of these businesses close their doors.

However, the federal Liberal government is true to itself. It decided not to support private businesses. It is sad for Quebecers who are watching us, those who are retired and who were lucky enough to have a job, good employment income and good pension funds. This Liberal government has no intention of helping industries that are going through tough times. It did not do it for the softwood lumber industry. It did not do it for the airline industry. As transport critic, I know that businesses were left to die and that no ongoing support was provided to the airline industry. There is no such support for the softwood lumber industry, and there will not be any for microbreweries either. That is what this bill is giving us.

• (1335)

What Quebecers find hard to swallow is that they see the federal government swimming in surpluses, yet it does not transfer more money for health and education. What is it doing with its money? What is the Liberal government doing with its money?

The answer is simple, it is trying to build an international reputation. The Prime Minister appointed a Deputy Prime Minister, a right-hand man, so that he can travel around the world, make all kinds of nice announcements, give nice speeches, and grant funds in various countries. This is fine. The only problem is that we in Canada are experiencing serious problems, and the Liberal government is refusing to deal with them.

They talk, they discuss, they strike committees, they allow industry representatives to come before committee to explain what kinds of problems they are having and the solutions they would like to see, as the microbreweries did. In the end though, there are no solutions. The federal government does not intend to help any industry. It is letting free market handle things.

Government Orders

What will happen? There will be more microbrewery closings. Microbreweries are complaining about competition and unfair competition from foreign companies that do not have to pay the excise tax that Canadian microbreweries have to pay. Once again, the government has turned a deaf ear to them. Lobbyists for the big breweries, which would like to see the microbreweries go belly up, have been very busy. It is always the same old story. Labatt and the other big breweries in Canada are trying to get a stranglehold on the market. Why? To provide dividends to their shareholders every three months. This is the reality.

In the meantime, the employees who are hard at work in the microbreweries are watching their industry deteriorate, and they live in constant fear of losing their jobs, while the big breweries are paying out dividends to their shareholders. This is the harsh reality, but that is the Liberal government's philosophy.

It is letting the free market and, ultimately, multinationals seize control of the airline industry, breweries and the lumber industry. This is what is going to happen. This country will be governed by a few companies. It is probably much more easier for the Prime Minister, the Minister of Finance and the Minister of Industry to deal with only two or three businessmen who make huge contributions to the election fund of the Liberal Party. This way they will solve all the problems. Finally, when everyone is gone, this is what will happen.

However, this is not the way Quebec developed. It developed through small and medium size businesses, which allowed Quebecers to become one of the most prosperous people in the world. The people of Quebec relied on an industry of primary and secondary processing, a primary industry that developed thanks to small and medium size businesses. This is the secret behind Quebec's success.

Once again, the federal government is preventing small and medium size businesses, microbreweries, in Quebec as well as elsewhere in Canada, from continuing to exist. This is exactly what it is doing.

When a committee reviewing the excise tax refuses to discuss the problem of microbreweries; when it considers the problem of those who sell wine and spirits and refuses to take examine the problem of beer sales, it simply hinders the whole industry, those small and medium size businesses which, as we can see, have taken over a significant part of the market. The proof is that there was a demand, a need on the part of consumers. Indeed, those businesses grabbed part of the multinational brewers' share of the market, among them John Labatt Ltd. and its board of directors.

Today, we witnessed once again the pressure large companies like John Labatt have brought to bear on this issue, through their contacts with a member of parliament who happens to be the chair of the committee. They succeeded in completely excluding the problem of microbrewers from the discussions of the committee, which was responsible for reviewing the excise tax.

Once again, I thank my colleague from Drummond for having moved an amendment in the House in support of microbreweries. This amendment, which we are discussing today, is a wake up call for the federal Liberal government, which has shown absolutely no

interest in the fate of small and medium size businesses in Quebec or elsewhere in Canada.

● (1340)

Mr. Robert Lanctôt (Châteauguay, BQ): Mr. Speaker, I thank you for recognizing me once more in this debate. I will make the link between Bill C-47, microbreweries and the hon. member for Beauharnois—Salaberry.

Why? Because this is another opportunity to point out that there is a microbrewery in his riding, Brasserie Saint-Antoine-Abbé. I hope the hon. member for Beauharnois—Salaberry will stand up, just as we do to defend the people and the small businesses of Quebec, for a microbrewery that needs his help. I explained this morning why it needs help.

In the last two days, the Bloc Québécois has been demanding that the amendment moved by the hon. member for Saint-Hyacinthe—Bagot be discussed in committee. If I am singling out the hon. member for Beauharnois—Salaberry, it is because there is a microbrewery in his riding. He too is aware of the problems it is struggling with, or he should be. But I hope things are working out nonetheless.

In the last five years, 38 out of 86 microbreweries have gone under. Why did the government refuse to talk about this problem in the context of the excise legislation? It was a golden opportunity to do so. In the last five years, people have been working hard to find a solution. The government said it needed some data to determine whether the taxation should be reduced.

The Brewers Association of Canada mentioned, in a letter to the chair of the Standing Committee on Finance, that it supported a tax reduction, but that this reduction should not be included in the bill.

How can the member for Beauharnois—Salaberry that his government should behave in this way? This is a fine mess. Last week, in my riding of Châteauguay, this same member declared that the Bloc Québécois was against Bill C-47, while he was talking about highway 30. Imagine how well he knows this issue. Today is the day we are debating Bill C-47.

The member actually wanted to explain why we voted against Bill C-49. He made the headlines, saying that the Bloc Québécois is opposed to highway 30 and to the Canadian strategic infrastructure fund. How demagogic can one get? The member did not even refer to the right bill, and then he wondered why the Bloc Québécois voted against Bill C-49, not Bill C-47.

Many reasons justified our position. It was not only the establishment of the fund. There was also the whole issue of the employment insurance fund, all the money not available or not transferred for health. There were also airfares in the regions. So, there were many reasons for the Bloc Québécois' opposition to Bill C-49.

Government Orders

However, the member would rather keep saying that the Bloc Québécois is against legislation. I would like him to count the number of times when I, as member for Châteauguay, and the Bloc Québécois have talked about highway 30, have asked that the project be made a reality and that the necessary amounts be invested in the Canadian strategic infrastructure fund. Then I would like him to count the number of times when he, the member for Beauharnois—Salaberry, dared to ask the House to invest those funds. The result of those calculations will indicate who wants highway 30 the most, the member for Châteauguay or the member for Beauharnois—Salaberry. The answer is obvious.

Once again, I am calling on the member to stand up, but this time I am talking about Bill C-47. The newspapers are talking today about Bill C-47, not Bill C-49. I hope the member will meet the management of the microbrewery in his riding and ask those people “Is it true there are taxation problems?”

I hope he will get some information and find out that, currently, in Quebec and in Canada, microbreweries have to pay a 28 ¢ tax on each litre of beer whereas their foreign competitors, the microbreweries of Europe and the United States, pay a 9 ¢ tax.

• (1345)

Worse still, large Canadian breweries have dared to sign distribution contracts with foreign microbreweries, which therefore compete with our overtaxed microbreweries. Moreover, large breweries are making money by doing this. We can imagine why the government wants to protect these large breweries.

We must not forget where a large brewery such as Labatt is located. It is in the finance minister's riding. In 1997, microbreweries had a 5.5% share of the market. Now, five years later, their share has dropped to 4%.

We see very well what large breweries are up to in delaying a tax reduction for microbreweries. When microbreweries lose 1% of the market, do members know how much more money goes into the pockets of the large breweries' shareholders? An amount of \$17 million, for a 1% drop in the share of the market. It means a net increased revenues of \$17 million in the pockets of the large breweries' shareholders, those who will donate money to the Liberal Party's coffers. This is the truth of the matter.

We saw what happened in committee. We saw why the Liberals voted against Motion No. 2 that changed the powers of this government and gave greater powers to committee chairs. The chair used these powers. I will not go back to the issue, I talked about it for 20 minutes. The chair's husband, Mr. Barnes, was sitting on the taxation committee of the Brewers Association of Canada. Incidentally the chair did not have the honesty to tell members sitting on the committee: “In these circumstances may I withdraw to allow a discussion on the amendment put forward by my colleague from Saint-Hyacinthe—Bagot?” She did not do so. I do not want to revisit the issue. I have talked enough about it earlier.

I go back instead to the case of the hon. member for Beauharnois—Salaberry. He is an hon. member from Quebec. Quebec microbreweries are not the only ones experiencing losses because of the current situation. In Ontario, 13 microbreweries have closed. In Quebec, we have lost 11. There were also seven in British

Columbia, one in Manitoba and another one in Nova Scotia that had to close.

When will the Liberals represent their constituents, people who work in small businesses, instead of once again defending their own interests in order to crush the little people, the small businesses and fill their party's coffers? This is incredible.

I hope the hon. member for Beauharnois—Salaberry will meet the people who work in the microbrewery in his region and ask them if the numbers given today are correct. Is it true that microbreweries are part of the new association, the Canadian Council of Regional Breweries? I would like to know if the people in his riding belong to this association. Why? Because the regional council has asked my colleague from Saint-Hyacinthe—Bagot to put these amendments forward. The government refused to consider this possibility. The Bloc Québécois was not the only one asking for this. The request came from businesses, people who need to have the tax on their microbrewery reduced to be able to survive. This is incredible.

When I was saying that I was making the link between the member and these microbreweries, it is because he mixed things up in the media. It is today that we are talking about Bill C-47 and it would be time for him to really deal with Bill C-47.

• (1350)

He would realize then why he should be working with us to defend our people, our businesses. I am being told that I do not have much time left, so I will conclude by stressing the fact that the Bloc Québécois truly disagrees with how Bill C-47 was handled by the Standing Committee on Finance.

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Mr. Speaker, first, I would like to join with my colleagues in congratulating the member for Châteauguay for the excellent speech he just made here, in the House.

I am also pleased to speak to Bill C-47. As I have said a few times, when I say that I am pleased to take part in a debate, it does not mean that I am pleased with the provisions set out in a bill, Bill C-47 in this case, on the contrary.

I considered very carefully whether I should address this bill. Why? Because I wanted to avoid taking part in a partisan debate that could have a demagogic undertone. However, I happen to have in my riding a small microbrewery called La Seigneuriale, which is in a rather unusual situation, since it was bought by Sleeman, a major brewery, a few years ago.

It is a situation that most microbreweries will have to face pretty soon. They will either have to close down or let their fierce competitors, the large breweries, take over. This competition amongst the large breweries does not exist only at the counter, in the corner stores, the groceries and the liquor stores. It even exists here on the floor of this House. It does because the large breweries go as far as trying to influence the decisions of the lawmakers that we are to put the microbreweries in a more than precarious position.

S. O. 31

The amendment moved by my colleague from Drummond is simply an attempt to make the government take a step back from a bill that has obviously been prepared very quickly—I am trying to be polite here. However there are those who would say that it was prepared taking certain interests into account.

If the government believes in our role to preserve the general interest and not the special interests of lobbyists who generously contribute to certain campaign funds, it has to acknowledge the amendment proposed by my colleague from Drummond, put things into perspective, review the whole issue and come back with a formulation that will be much more acceptable, taking into account the general interest.

This bill is fundamentally flawed in that the excise tax provisions excluding for example small wine producers do not apply to small beer producers. We have to wonder why some small scale producers of certain spirits would be excluded but others would not. Why? I believe we have given in the last few days a number of explanations as to why the government has chosen to exclude microbreweries from Bill C-47.

Now, there surely is an explanation. As I was saying, Bill C-47, in its present form, has a major flaw that we tried to correct in the finance committee. My colleagues, the members for Saint-Hyacinthe—Bagot and for Drummond, tried to correct this flaw in good faith, always in the public interest.

• (1355)

With public interest in mind, we came to the committee and said: “We will try to correct this flaw”. The chair of the committee then questioned the admissibility of the amendment. We must first ask why the chair of the Standing Committee on Finance refused the amendment. I will come back to this after question period, but this question about the motivations of the finance committee chair is fundamental.

STATEMENTS BY MEMBERS

[*English*]

SCIENCE AND TECHNOLOGY

Mr. Rob Merrifield (Yellowhead, Canadian Alliance): Mr. Speaker, we scored an important victory two weeks ago when the president of the CIHR announced that he was backing off experiments on human embryos for a one year period. Members on this side of the House have been very vocal in criticizing the CIHR for circumventing parliament on issues of national and ethical importance.

In the face of much pressure from the health committee, Dr. Bernstein was forced to admit that his plans were premature. The Bernstein announcement had an effect on postponing research on human embryos announced by Genome Canada a week earlier.

The role of the ministers of health and industry in this affair are unclear but we know that these ministers ignored the hard work of the health committee. The need of parliament to be heard on these issues is important. We are the party committed to democratic,

transparent lawmaking. We would not stand for allowing unelected scientists to set the agenda. The voice of parliament must be heard.

* * *

[*Translation*]

SOCIÉTÉ RADIO-CANADA

Mr. Georges Farrah (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, Lib.): Mr. Speaker, on Saturday, the Liberal Party of Canada held nine regional symposiums to which were invited delegates from all ridings in Quebec. One of these was held in Matane and was attended by delegates from all the ridings of eastern Quebec.

The Matane symposium was a huge success, with more than 50 people representing four ridings taking part.

At this symposium, the following motion concerning Radio-Canada was unanimously adopted:

Members of the Liberal Party of Canada in eastern Quebec call on the Government of Canada and its ministers... to take immediate action to get Radio-Canada management to immediately terminate the lockout it has imposed and to implement mechanisms and conditions conducive to a rapid resolution of its dispute with its workers so that the people of eastern Quebec may again receive the quality news service to which they are accustomed and entitled, and the disastrous impact on our region's economy may be halted.

* * *

• (1400)

REGROUPEMENT DES JEUNES GENS D'AFFAIRES DU QUÉBEC

Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, for the past ten years, young entrepreneurs who believe in the economic development of Quebec's regions and who are not afraid to devote their time and energy to the cause have joined forces provincially.

The Regroupement des jeunes gens d'affaires du Québec represents over 3,500 of Quebec's young entrepreneurs on issues that concern them, such as the exodus of young people from rural communities, and equity for future generations.

I invite the House to join with me in paying tribute to the representatives of this association who are here today. They are taking part in a day long information session organized by Communications Canada on the programs and services offered by the Government of Canada.

I welcome them to Ottawa and wish them all the best in their endeavours.

[English]

IMMIGRATION

Mr. Andy Savoy (Tobique—Mactaquac, Lib.): Mr. Speaker, since September 11 Canada and the United States have joined forces to protect public health and safety, while at the same time ensuring a flow of people and goods across our shared border. Unfortunately Canada-U.S. relations suffered a setback Sunday evening when an American TV show aired a damning report on Canada's immigration system.

Worse still, we learned that Canada's fifth political party had a hand in this exposé. Yes, its MPs used research resources to help *60 Minutes* produce its sensational piece on Canadian immigration laws, possibly damaging our important trading partnership with the U.S.

As a border MP who has worked hard to strengthen ties with our American neighbours I was dismayed and angered by the involvement of fellow parliamentarians in supporting this misleading broadcast. Industry leaders should be outraged that their political representatives tried to score political points with no consideration of the potential damage to cross-border trade.

By providing research assistance to *60 Minutes* this opposition party has undermined the efforts of Canadians and Americans alike to create a secure, efficient border that is open for business and closed to terror. Shame on their leader and shame on their caucus for placing political gain ahead of Canada's economic interests.

* * *

FIREARMS REGISTRATION

Mr. Garry Breitkreuz (Yorkton—Melville, Canadian Alliance): Mr. Speaker, I bring news today of another huge government deception.

Earlier this month the Parliamentary Secretary to the Minister of Justice told the House that 63% of all female domestic homicide victims were shot with rifles and shotguns in 1998. Yesterday the Library of Parliament provided me with Statistics Canada data that clearly shows the actual figure to be 18.6%, less than one-third the claim of the minister. The library further stated that it was unable to find any publication to support the justice department's claim. It is another justice statistic proven to be a pure fabrication.

Will the justice minister apologize to the House and Canadians for this deception? Better yet, will he tell the House what his two predecessors failed to tell us for the last eight years, that is, how will registration of guns prevent murders? This is a slap in the face for democracy because we need accurate information in order to make decisions in the House.

* * *

NUNAVUT

Ms. Nancy Karetak-Lindell (Nunavut, Lib.): Mr. Speaker, the Nunavut Association of Municipalities is currently in Ottawa for its annual general meeting. Established on April 1, 1999, with the creation of Nunavut, the purpose of the association is to ensure that community based government is respected and protected in all initiatives within Nunavut.

S. O. 31

I wish to welcome the Nunavut mayors, deputy mayors and their senior administrative officers to Ottawa and to the House. I know they have a busy and interesting week ahead of them.

I would like to invite all my colleagues to meet with the mayors this evening in room 200 to learn firsthand about Nunavut issues and share their expertise while enjoying delicacies from Nunavut, listening to traditional throat singing and drum dancing, and viewing exquisite works of art from the communities.

* * *

[Translation]

VILLE SAGUENAY

Mr. André Harvey (Chicoutimi—Le Fjord, Lib.): Mr. Speaker, I am pleased to welcome to Ottawa the first mayor of the new Ville Saguenay, Jean Tremblay.

The challenges facing the new mayor and his municipal council are considerable. In addition to getting this new city off the ground administratively, the main challenge to the city administrators, its mayor in particular, is to ensure its long term development and that of the entire area.

The Chicoutimi-Jonquière axis has the highest rate of unemployment in the country. We must continue to move from a natural resource based economy to one that is focused on the processing of all our resources.

In that context, the mayor and his city council know that they can count on their federal MP, and on the Government of Canada as well, in meeting their many challenges.

* * *

● (1405)

SITA RIDDEZ AND STANLEY COSGROVE

Ms. Madeleine Dalphond-Guiral (Laval Centre, BQ): Madam Speaker, we were saddened this past weekend by the deaths of two leading figures of Quebec's arts and culture, actress Sita Riddez and painter Stanley Cosgrove.

Sita Riddez helped shape the theatrical history of Quebec as well as generations of actors at Montreal's Conservatoire d'art dramatique.

Stanley Cosgrove, one of Quebec's great landscape artists, enjoyed an equally prolific career. His work is famous for its remarkable elegance and fluidity.

Although their careers may have peaked in the 1950s, they both remained profoundly rooted and attached to Quebec with all their heart. The sensitivity and passion of these two members of the same generation contributed to the development of Quebec culture, and to its becoming wider known.

S. O. 31

On behalf of my colleagues in the Bloc Québécois, I would like to extend my most sincere condolences to the relatives and friends of these two great Quebec artists.

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[*English*]

IMMIGRATION

Mr. Reg Alcock (Winnipeg South, Lib.): Mr. Speaker, last Sunday on the American television show *60 Minutes* Canadians witnessed a demonstration of a fundamental difference that exists between Canadian and U.S. culture. It is not that our goals are different but that there is indeed a Canadian way, a Canadian approach to international relations, and a Canadian approach to ensuring our collective security.

We should reflect on the fact that not one of the 19 terrorists involved in the attacks on September 11 came from Canada. They were all legally resident in the U.S. having come through U.S. customs and immigration. In fact, it was Canada that six years ago pioneered the system of placing immigration control officers at airports abroad to prevent illegal immigrants from gaining access to this country. However in doing so we have not closed our borders. We have not become fortress Canada.

We recognize the responsibility of all civilized countries to be a haven to those who are victims of persecution and prejudice elsewhere. We remember that we are a nation of immigrants and we celebrate the strength that our diversity provides.

60 Minutes, by trying to understand Canada through its U.S. lens, failed miserably. Perhaps next time it will come to learn rather than judge. Canada can and should do more, but as always we will do it the Canadian way.

* * *

NATIONAL DEFENCE

Mr. Rob Anders (Calgary West, Canadian Alliance): Mr. Speaker, members of our armed forces have gone into one of the most hostile areas of the world and they have made us all proud. They have proven their dedication to our country.

I only wish that the government would show the same level of dedication to them. The government's apathy and indifference toward our Canadian soldiers goes all the way to the top. The Prime Minister's own senior aide once said, "Being a soldier is not that demanding a task!"

Would he like to repeat that statement to our troops in Afghanistan, fighting a deadly enemy without proper camouflage or equipment? Would he like to repeat that statement to our pilots flying in 40 year old Sea Kings?

The government's disrespect and outright hostility toward our armed forces is an embarrassment. It is time for a serious reinvestment.

TERRORISM

Mrs. Judi Longfield (Whitby—Ajax, Lib.): Mr. Speaker, on Sunday the American television program *60 Minutes* broadcast a story that unfairly painted Canada as a haven for terrorists.

When faced with incomprehensible acts of hatred and terrorism it is easy to give in to our initial instincts to barricade ourselves and look for simple solutions. There will always be some element of risk in any free and democratic society. No country is completely immune to this threat. Canada has been working side by side with the Americans in the fight against terrorism.

The events of September 11 were both tragic and frightening, but let us not in our fear turn against those whose own experiences and fear have brought them to our shores. Closing our borders is not the solution. Immigration is what makes this country strong, not weak.

Let us not lose faith in Canada's ability to fight terrorism. We must not delegate our responsibilities and decision making to the Americans. None of the September 11 terrorists came from Canada. Our response to September 11 has been both measured and effective.

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CHILD CARE

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, in September 2000 the federal Liberal government unveiled its early childhood development strategy amid much fanfare that finally families and children would have access to quality child care programs. Eighteen months later Statistics Canada now reports that the cost of child care has risen sharply. Worse, 90% of Canadian children under six years are in unregulated care and only seven of 13 provincial and territorial jurisdictions have put federal money into child care.

It is crystal clear that the \$400 million per year for five years earmarked by the feds is far short of the \$2.2 billion per year that is required. The federal government gets a failing grade from kids and parents. Instead of comprehensiveness, universality, accessibility, quality and accountability we received useless principles and every province for itself.

I ask the HRDC minister today, what happened to all those Liberal promises for child care? What happened to the 150,000 spaces to be created each year? Why are kids always at the—

● (1410)

The Speaker: The hon. member for Manicouagan.

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[*Translation*]

GUSTAVE BLOUIN

Mr. Ghislain Fournier (Manicouagan, BQ): Mr. Speaker, as the member representing Manicouagan, I would like to pay tribute to Mr. Gustave Blouin, who died suddenly on April 14, at the age of 89.

Mr. Blouin's political career began in 1963 in the riding of Saguenay, and continued later in the riding of Manicouagan when he was re-elected in 1968. Mr. Blouin represented his constituents with his characteristic energy until the end of his political career in 1979.

Oral Questions

When I met him, he was the member of parliament and I was a municipal councillor in Sept-Îles. Despite our different political affiliations, I was impressed by his diligence at work and the energy he dedicated to ensure the development of the North Shore.

On behalf of the residents of the North Shore, I extend my deepest sympathies to the members of his family and to all his friends.

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[English]

IMMIGRATION

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, in politics 60 minutes can be a lifetime. It can also be filled with false accusations and misleading information as we saw last Sunday evening. For former Canadian civil servants and the Canadian Alliance to try to link our immigration and refugee system to terrorism and the tragic events of September 11 is not only dishonest, it is journalistic sensationalism.

Canadians know that all of the 19 terrorists involved in the World Trade Center attack were in the U.S. legally. Canadians know that we live in a global world and we are bound to have some bad guys in our system, but so do the Americans, the British, the French and every other open democratic country. The government is working hard with our friends south of the border on these issues.

To trash Canada only fuels the view that immigration is bad. Immigration is what has built this country and it will continue to do so.

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SAFE DRINKING WATER

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, almost one year ago today on May 8 an overwhelming majority of members of the House supported the Progressive Conservative motion to ensure that Canada had national enforceable drinking water standards enshrined in a safe water act. I tabled the motion in response to the fact that Canadians' confidence in their drinking water supply had been shattered.

A year ago the House called upon the government to act immediately with the provinces and territories. I hope the health minister understands that immediately means "occurring or done at once or without delay".

Canadians have a right to know if their drinking water contains contaminants that affect human health. Even the environment minister now considers drinking water safety one of his priorities according to statements he made earlier this month in Banff. The sad truth is this is another chapter in the book entitled "The Liberal Government that Does Nothing and the Canadians that Pay the Price" in this case with their health.

When will the health minister table a safe drinking water act so we can have national enforceable standards for drinking water?

[Translation]

AIRPORTS

Mr. Gérard Binet (Frontenac—Mégantic, Lib.): Mr. Speaker, Rimouski is now the sole owner of its airport. This airport is recognized as one of 70 regional and local airports providing regularly scheduled passenger service to fewer than 200,000 travellers annually.

Now that the airport is operated by people from the region who understand their role in the community as well as their growth potential, the people of the region will be able to benefit more from their airport, reduce costs, adjust service levels to the local needs and attract new and different types of business.

The improved use of transportation infrastructure will most certainly stimulate trade and tourism and create employment, one of our government's objectives, which is striving to establish a flexible, efficient and affordable network of airports to better serve Canadians in the future.

Hurray for Canada's presence in Rimouski.

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[English]

MILITARY MEMORIAL SERVICE

Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance): Mr. Speaker, in Edmonton on Sunday a ceremony so moving, so stirring, so right was held as we gathered to mourn and to bid farewell to Canada's fallen warriors. The cavernous Skyreach Centre was packed to the rafters with military, families, dignitaries and thousands of caring Canadians. All were there to add their voices and their presence to a final farewell.

Four soldiers carrying four helmets resting on rifles accompanied by a drum corps slowly marched in. In the tradition of the Princess Patricia's, an altar was made from the regimental drums and the memorial service began.

Canada paid tribute to four young soldiers who gave the ultimate one can give to their nation: their lives. This was a reminder to us all that the price of our freedom carries a supreme price, a price paid by 120,000 Canadians since Confederation.

Now with the lights dimmed, the pipes and drums faded and the crowds gone, we take this lesson, this reminder with us. We will not forget.

ORAL QUESTION PERIOD

● (1415)

[English]

IMMIGRATION

Mr. John Reynolds (Leader of the Opposition, Canadian Alliance): Mr. Speaker, yesterday when we asked the government how it has allowed Canada to be perceived as a safe haven for terrorists, the Deputy Prime Minister had a strange defence. He said 72% of Canada's refugees come from the United States.

Oral Questions

As the Prime Minister often enjoys the pleasure of golfing in Florida, he no doubt knows that the U.S. is a very safe haven. Could the Prime Minister explain to Canadians why this country accepts refugee claimants from the United States of America?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, if the refugee claimants are crossing the border between Canada and the United States, it is because they are coming from the United States. If they come in a plane and they land, they might come from somewhere else and if they are swimming, I do not know from where they would be coming.

It is pretty clear. Yes, we have returned a lot of people who have claimed to be refugees who have come from the United States, landed in Canada, applied for refugee status and were refused. This is the law that is in operation in Canada. We are receiving a lot of—

The Speaker: The hon. Leader of the Opposition.

Mr. John Reynolds (Leader of the Opposition, Canadian Alliance): Mr. Speaker, the Liberals do not understand that it is an insult to brag that 72% of the refugees are coming from the United States. What is unsafe about the United States? Possibly the Prime Minister's golf game might be a little unsafe when he is down there visiting in Florida.

The United Nations says no country has to accept a refugee from a safe haven. Canada is a safe haven. The United States is a safe haven. When are we going to stop accepting refugees from the safe haven, our neighbour the United States of America?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we are trying to negotiate an agreement with them.

The reality is that when they come to Canada, they have to come from the United States to Canada. That does not mean they were in a safe haven in the United States. It is the physical situation that they were arriving from the United States. When we want to return them, it is complicated. We want to have an agreement to achieve reciprocity in that field so every situation is in reverse. We would take theirs back if they were to take ours back.

Mr. John Reynolds (Leader of the Opposition, Canadian Alliance): Mr. Speaker, it is not even funny. The fact is, as the Deputy Prime Minister said yesterday, 72% of our refugees are coming from the United States and are costing this country \$2 billion to \$3 billion a year.

The United Nations says Canada does not have to accept refugees from another safe haven. An agreement could be reached with our American neighbours tomorrow on this issue. Would the Prime Minister assure us that he will sit down with the president of the United States and sign an agreement that we no longer accept refugees from the safe haven of the United States of America?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, that is exactly what the Deputy Prime Minister is trying to do with his counterpart in the United States, to sign an agreement on that. The member says it would be very easy. It is exactly what the Deputy Prime Minister is trying to do and it is not easy at all.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance): Mr. Speaker, Canada is a sovereign nation. If we pass legislation saying that we will not entertain a refugee claim from someone trying to enter Canada from the United States, then that is the law of our land. Such people can be refused entry at the border

and the U.S.A. must take them back because we have a reciprocal agreement with the U.S. that obliges each of our countries to receive back illegals.

Why is the government trying to hide the fact that it just does not want to—

The Speaker: The hon. Deputy Prime Minister.

● (1420)

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, I would be happy to offer the hon. member a briefing on the negotiations around the safe third agreement with the United States. She perhaps would learn that such negotiations were under way a number of years ago. The United States broke off that discussion.

It was renewed as part of the 30 point package we negotiated with Governor Tom Ridge last December. We are making progress on it but it takes Canada and the United States together to agree that a safe third agreement will be signed. That is what we are endeavouring to do.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance): That is simply not the case, Mr. Speaker. Our country can stop anyone at the border if it wants to. The ability of legitimate refugees from strife-torn countries to make legitimate claims is being impaired because of well documented Liberal mismanagement of our refugee system.

When is the government going to get its act together and stop the abuse of our system?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I just do not buy that. Yesterday the critic was saying that we should welcome only the people from countries where there are no terrorists and we have to be very careful. The reason we have a new regulation is that we took our responsibility. Security is a priority for the government but we also want to keep it open because this is a place for immigration.

* * *

[Translation]

PUBLIC SAFETY

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the new bill on public safety was supposed to provide a better framework for the power of the Minister of National Defence.

However, the guidelines imposed remain vague. Indeed, the minister is the only one to decide whether the establishment of a military zone is, and I quote, “reasonably necessary”.

If the intention of the Minister of National Defence is truly reasonable and necessary, why should Quebec or the concerned province not give its agreement before the establishment of a military zone on its territory, since this would be an additional precaution against any excesses?

*Oral Questions**[English]*

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, we are talking about federal equipment. We are talking about the military, its equipment or visiting military's equipment, a visiting ship in a civilian port for example. We could cordon off and send military police into that small area that is reasonably necessary for the ship to be properly protected.

Remember the USS *Cole* in Yemen. It was not properly protected and it was attacked by terrorists.

[Translation]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the government is asking us to trust its good faith, but it is not even prepared to provide a better framework to monitor the power of the Minister of National Defence to decide alone the establishment of military zones. This is contradictory, to say the least.

If the government is not prepared to act and to provide better guidelines in this bill, is it not because the scope of the bill is much broader than suggested and because the Minister of National Defence has total discretion to determine the size of the military zones he may wish to establish?

Nowhere is there any mention that it can only be a small zone. The minister has full latitude to determine the zone that he deems necessary and reasonable. He is the only one to hold that power.

[English]

Hon. Art Eggleton (Minister of National Defence, Lib.): That is not true, Mr. Speaker. The bill narrows the scope of what can be declared a military zone from the previous bill. It takes out any possibilities of declaring things like Kananaskis as a military zone for example.

I am talking about equipment, about a ship, about a few planes at a civilian airport. It says it has to be on the recommendation of the chief of the defence staff. It says it has to be a reasonable area. If somebody thinks it is not a reasonable area, it can be tested in the courts.

[Translation]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, Bill C-55 gives to the Minister of National Defence enormous power that will be based on his judgment alone, without any real guidelines.

Will the Prime Minister admit that it is worrisome to think that controlled access military zones will be determined based only on the judgment of a minister who, in the recent past, did not deem it important to inform the Prime Minister, the government or the Privy Council that Canadian troops were capturing prisoners in Afghanistan?

[English]

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, that is all rubbish.

Let me tell the House that there is a clear purpose and intent in the bill. It is narrowly defined. It just deals with military equipment and personnel. It is defined in terms of it being a reasonable area around it; it is something that could easily be tested in the courts. There is a very clear onus on the government to make sure that is all it is doing.

They are exaggerating and distorting what they think could happen in this case.

● (1425)

[Translation]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, by giving such power to the Minister of National Defence alone, does the whole government not become very vulnerable to the errors of judgment of a single person? Is it not terribly unwise to do so?

[English]

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, they have not realized that the security world changed on September 11, that there are such things as terrorist attacks, that they will look for weak points. They attacked the USS *Cole* in Yemen.

What if there were a ship here from the United Kingdom, from France or from any other country, in a civilian port? All we are saying is put a little cordon around it to properly protect it from any possibility of attack and have military police there to protect it. That is all it is, and only that reasonable area that is necessary. It is quite confined in terms of how this legislation defines what the minister of defence can do.

* * *

NATIONAL DEFENCE

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, my question is for the right hon. Prime Minister.

In the past when we have asked questions about the formation of northern command we have been told that it is not really any of our business or that it is only a matter of practical co-operation or that it is not going to happen until October 2, so why worry about it?

We read this morning that the Americans have asked for Canada to indicate by mid-May whether it is interested in integrating any part of its defence operations, so now there is a question from the United States.

Could the Prime Minister tell us, when is Parliament going to be taken into the confidence of the Prime Minister as to what principles and policy objectives the government is pursuing in its response?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have NORAD, and that is a form of working together with the Americans on one element of the defence policies of North America. If they want to have something else, they can ask, but I can assure members of parliament that the Canadian government will take responsibility for defending Canada. There will be Canadian laws that will apply.

If there is the possibility of collaboration with our neighbours, of course we want to collaborate with them, but the authority over Canadian soil will be in the hands of the Canadian government.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, nobody is disputing that, at least I hope not, but the question is: What is the Canadian answer to the American question, which now appears to have been asked, or is the Prime Minister denying that this request has been made?

Oral Questions

That is fine if he denies it, but if he does not deny it, what principles and policy objectives is the government pursuing in its response to this and when is parliament going to hear something from the minister in the form of a ministerial statement, a position paper, something that gives us some idea of what the government is up to here?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, it is exactly as the Prime Minister said. We are looking for practical areas of collaboration and co-operation. The word integration is the wrong word. He should not believe everything he reads in the newspaper. We are not talking about integration of our armed forces. We are talking about collaboration, as the Prime Minister says, of co-operation on a very practical level. We will continue to control our own forces. We will continue to control the defence and security of Canada.

* * *

PUBLIC SAFETY ACT

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, my question is for the Prime Minister. The existing law of Canada, the Emergencies Act, gives ministers all the powers they seek in the proposed new Bill C-55. The Emergencies Act also gives parliament the right to amend or reject interim orders. Bill C-55 gives parliament no right to amend or to reject. It is just like the War Measures Act.

Would the Prime Minister tell us what new powers does the government need that it does not already have in the Emergencies Act?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, there was a bill, there was some criticism, we have withdrawn the bill and we have a new bill. The bill is coming in front of the House of Commons. There will be a debate in the House of Commons before the bill will be approved.

It is a sign that we have looked at that, but we have to make sure at the same time that we can have the security that is needed to protect the Canadian people.

Right Hon. Joe Clark (Calgary Centre, PC): So the answer is, Mr. Speaker, that the government does not need the bill and it already has the powers it needs. What it wants to do is shut down parliament.

I assume the government intends to have Bill C-55 enacted in its present form. In that case, if the government has to respond to an emergency created by a terrorist threat, which law will the government apply? Will it be the Emergencies Act, which gives parliament some control over ministers, or the new bill, which does not?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we are not shutting down parliament. We are introducing a bill in front of parliament at this moment which will be debated tomorrow. There is no shutting down of parliament at all. On the contrary, we are involving parliament in the process to make sure that we have a system of security in Canada to protect the Canadian people, but at the same time we have to make sure that the rights of Canadians are protected. The bill will achieve both goals.

● (1430)

IMMIGRATION

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, the UN says through the Geneva convention that we do not have to accept anybody at our border who claims to be a refugee and is coming from a safe country.

Is the Prime Minister trying to tell us that we cannot turn away failed refugee claimants at our border just because they are coming here from the States? Is that what he is trying to say?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, is the member telling us that we should shut the border, that everybody who comes to the border and wants to be a refugee in this country does not have a chance?

Does he ask us not to fulfill our international duties? He should be ashamed of himself.

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, yesterday the immigration minister wondered if there was a franchise for Le Pen here in Canada. With the odours of corruption coming from the government, we quite frankly think that maybe it is another French personality, Pépé Le Pew. That is what the minister is, Pépé Le Pew.

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): First, Mr. Speaker, there was no question. I am very proud to be a part of the government because not only do we believe that the nation is built on immigration, but we never make any linkage between refugees and immigrants as being a bunch of terrorists, like they are doing. We do not want to shut down the border because we believe this is a country of hope, a country of tolerance and a country of liberty.

If the shoe fits, wear it.

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[Translation]

PUBLIC SECURITY

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker—

Some hon. members: Oh, oh.

The Speaker: Order, please. The hon. member for Saint-Jean.

Mr. Claude Bachand: Mr. Speaker, not only are military zones determined by a single individual, the Minister of National Defence, but a citizen's right to legal recourse is still non-existent, as it was in the earlier version of the bill.

Does the government not think that it is seriously violating citizens' rights when it denies them any right of recourse for an action ensuing from the creation of a military zone or the resulting associated measures?

[English]

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, there are no rights taken away from any citizens.

If they do not think the declaration of a military zone to protect a ship or three or four planes is reasonable, they can go to the court. They can challenge it. If it somehow affects their business then they can also put in a claim to the Government of Canada, as they can with any other area that the federal or local police happen to cordon off for similar kinds of purposes. Every right of claim and every right of challenge in the court exists.

[Translation]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I think that the minister should read his own bill again. The bill he has just introduced suspends citizens' right to appeal to the courts. I remind him that the right to legal recourse is one of the cornerstones of our democratic society.

By suspending this right, is the government not sending its own troops the message that what it and they are doing violates the rights of Canadians and Quebecers?

[English]

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the member is not giving the correct picture of this. The standard claim procedure is being followed. A claim can be put in, just as it can in any other similar circumstance. There is also the right to challenge if any citizen does not believe that the minister of defence has acted in a reasonable way in the declaration of the zone.

* * *

IMMIGRATION

Mr. Ted White (North Vancouver, Canadian Alliance): Mr. Speaker, the government knows that there are more than six million genuine refugees in UN refugee camps around the world, yet it allows our refugee processing system to get clogged with bogus claimants from the United States.

Why is the government ignoring the pleas and desires of genuine refugees in order to facilitate bogus claimants from the U.S. who can afford high-priced consultants?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, there are two things. First, regarding the immigration consultants, we agree and I will have a plan of action. We are working right now to regulate immigration consultants. Second, we have to be very careful. What would we do with a lady and her children at the border? Do we shut the door and say we do not want to see them here? We have an international duty. I think we have to be very careful about the kinds of things we are saying today.

• (1435)

Mr. Ted White (North Vancouver, Canadian Alliance): Mr. Speaker, even a Liberal must be able to recognize when someone is being honest and truthful to refugee claimants. The fact is that refugee claimants who come here from the United States are jumping the queue and there are genuine refugee claimants in UN camps throughout the world.

The minister has not answered the question. Why is the government allowing the system to be clogged with bogus refugee claimants from the United States?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, some of them have American visas too. The question is not, should we let them go? The question is, right

now we are putting in place a new system, we are screening it, and we have that priority for security, to secure the Canadian people, but at the same time we have to fulfill our international duty.

The member is telling us that Canada should lose its reputation because he feels that all refugees are dishonest and are terrorists. I do not think that.

* * *

[Translation]

WIND ENERGY

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, the David Suzuki Foundation claims that application of the Kyoto protocol has considerable advantages for the Canadian economy. The development of wind technology is one of these.

Does the federal government not realize that, if it devoted to the development of wind energy an effort similar to that it has devoted to developing the Hibernia oil project, the Murdochville area and Quebec would become world leaders in the production of the latest wind energy equipment?

[English]

Hon. Herb Dhaliwal (Minister of Natural Resources, Lib.): Mr. Speaker, of course for the government wind energy is very important. That is why the government put in \$260 million to promote wind energy across this country, because we know that this is the future of the country. It helps the environment and affects climate change. We are committed not only to wind energy but to renewable resources across this country.

[Translation]

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, I understand the minister's response, but we are far from the \$7,000 per capita that went to Newfoundland for the Hibernia project.

By investing in the wind energy sector, does the government realize that it would be making progress toward attaining the objectives of Kyoto, by contributing to developing clean and renewable energy, as well as making a significant contribution to the Gaspé and the Murdochville region?

[English]

Hon. Herb Dhaliwal (Minister of Natural Resources, Lib.): Mr. Speaker, maybe the hon. member did not hear my answer. We believe in wind energy. That is why we are spending \$260 million.

If the hon. member wants to advance that, maybe he should talk to the Government of Quebec, for it to put up similar funds to support wind energy so we can promote it and get more renewable resources, energy and green power from across this country.

*Oral Questions***IMMIGRATION**

Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance): Mr. Speaker, I would like the House to regard a quote from the Liberal chair of the immigration committee. In an interview, he said:

If you are coming from a safe third country, that is, the United States, you are not being persecuted and you are in that country, why do you want to make a refugee claim here? We should be able to deport them and send them back to the United States. What the United States wants to do with them is their own problem. It shouldn't become our problem.

Hon. John Manley (Deputy Prime Minister and Minister of Infrastructure and Crown Corporations, Lib.): Mr. Speaker, that is precisely why we are negotiating a safe third agreement with the United States.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance): Mr. Speaker, once again, the Deputy Prime Minister knows full well that as a sovereign country, and he keeps making the point that we are a country sovereign from the United States, it is up to us who we decide to let across our border. It is not up to us to beg the United States to let us refuse refugee claimants from its country. Surely the Deputy Prime Minister knows that.

When will the government implement a policy of not accepting claimants from the United States and preserve the system for people in desperate need?

• (1440)

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, there are two things. First, we need to do this in order to fulfill our international duties to negotiate a safer country. This is about people and we want to make sure we do not make any mistakes regarding that.

Second, of course we can make our own decision but, because we are signing that international duty, everybody seeking to become a refugee has the right to due process. We will fulfill that. I would rather be on my side.

* * *

[Translation]

WIND ENERGY

Mr. Claude Duplain (Portneuf, Lib.): Mr. Speaker, this morning we learned that the Murdochville area provided the largest wind energy compatible site in Quebec.

Can the Secretary of State responsible for the Economic Development Agency of Canada for the Regions of Quebec tell us how he plans to contribute to the development of this industry in the Gaspé?

Hon. Claude Drouin (Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.): Mr. Speaker, I thank the hon. member for Portneuf for his question.

I am very pleased to make the announcement today that Economic Development Canada will be contributing \$2.2 million to a project for the production of three wind-powered prototypes by a consortium of Quebec companies.

This project by the Groupement Éolien Québécois will make it possible to develop technological expertise that is unique to Canada.

By so doing, we wish to develop an industry that will bring about true job creation and we hope to be able to continue to encourage the economic diversification of all of the Gaspé.

* * *

[English]

PENSIONS

Mr. Joe Comartin (Windsor—St. Clair, NDP): Mr. Speaker, the former deputy prime minister and the former secretary of state for international financial institutions assured the House on a number of occasions that action would be taken to address the concerns of thousands of Canadians faced with unfair taxes on their U.S. social security benefits yet there is no sign of action.

Recently, when the finance minister was in Windsor, he refused to meet with them. In fact he snuck in through the back door and through the kitchen to avoid them.

My question is for the Prime Minister. Since the minister is ducking this issue, will the Prime Minister tell us when these pensioners will have their concerns addressed?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, quite the contrary. I have, on a number of occasions, met with those in the city of Windsor and elsewhere who were concerned with this issue. I am quite prepared to continue.

The fact is that this is part of a treaty with the United States and we are bound by the provisions of that treaty. Canada negotiated that treaty under this government and improved it substantially.

* * *

[Translation]

HIGHWAY INFRASTRUCTURE

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, the mayors of northeastern New Brunswick have formed a coalition to raise awareness among different levels of government of the need to invest in highway infrastructure.

In seven years, the Brunswick mine will close its doors. It will therefore be important to attract investors to this region.

Will the Minister of Transport commit to making a financial contribution to the highway infrastructure in the north of the province together with the Government of New Brunswick in order to attract investors to these regions and benefit from the local workforce?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, there is an infrastructure program for highways across the country. There is an agreement with the Government of New Brunswick and it is possible to build highways under this program.

Oral Questions

[English]

ETHICS COUNSELLOR

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, let me understand. Mr. Wilson is the ethics counsellor. He is supposed to rule impartially on conflicts of interest. He ruled in Shawinigate. At the same time he was ruling, he prepared answers for the Prime Minister to justify his involvement in Shawinigate.

Does the Prime Minister really not see how bad this looks? Does the Prime Minister not realize that he can fix the problem and restore faith in the system by simply appointing an independent ethics counsellor responsible to parliament?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, there was no ethics counsellor in Canada before we formed the government. We call him an ethics counsellor so that members of parliament can consult with him and receive advice, like ministers do and like the Prime Minister does. He has appeared in front of committees and has replied to all questions.

When a member of parliament, a minister or the Prime Minister seeks advice, and we do have the right to seek advice, the ethics counsellor gives advice to that person. Mr. Wilson has appeared dozens of times in front of committees and has replied to all questions from all members of the House.

● (1445)

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, the last one was very tough. We will make this one easier.

Last week the Prime Minister told his caucus to tell Canadians that politicians are honest and not corrupt. The Prime Minister should lead by example. Will he implement effective conflict of interest guidelines that prevent ministers from interfering with crown corporations? Will he investigate rampant political patronage? Will he mandate disclosure of leadership contributions?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the guidelines exist and they are being followed by everyone.

A member of cabinet is a member of parliament. A prime minister is a member of parliament. Members of parliament have an obligation to do their best to help the constituents from the riding in which they were elected. We do that all the time. When that type of expression is used by a member it creates problems for all politicians.

This parliament has been a very honest parliament. Not one single member of this parliament has had to resign for corruption.

* * *

IMMIGRATION

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, the immigration minister said that Canada had an obligation under the UN convention on refugees to accept people from the United States who claim refugee status in Canada.

In fact, Canada has an obligation to accept genuine refugees from camps around the world.

Will the minister admit that Canada has no obligation to accept bogus claimants from the United States?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I do not know what the hon. member means. We are doing that already.

All we are saying is that most of the people claiming refugee status come from the United States. That is why we are negotiating a safe third country agreement.

We have immigration control agents all over the world. For the last six years we have prevented 45,000 undocumented people from getting into Canada.

[Translation]

We have done this. We are working on both fronts, but Canada has a responsibility. This responsibility is to fulfill its international obligations, and we will do this.

[English]

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, Canada has fallen far short on its obligations when it comes to refugees. We have accepted very few refugees identified by the United Nations as refugees from overseas camps. That is a fact.

Will the minister just stand up and admit that Canada has no obligation to accept refugee claimants from the United States, which is a safe country?

[Translation]

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, there are more than 7,300 refugees whom we have chosen ourselves in refugee camps, such as in Nairobi.

We are a country which operates under the rule of law. As such, we chose to sign the UN refugee convention. When a mother with her children desperately seeks entry to the country and applies for refugee status, we on this side of the House do not send her back. We take the necessary measures to see if we can keep her.

* * *

SOFTWOOD LUMBER

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, while the Minister of Natural Resources is showing an interest in establishing a loan guarantee program for companies affected by the softwood lumber dispute, as suggested by the Bloc Québécois in its response plan, the Minister for International Trade is spontaneously rejecting the idea.

Is the Minister for International Trade not totally irresponsible to state publicly that such a measure would violate international trade agreements, since most experts feel that this concern has no real basis?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, I am surprised to hear this comment. I do not remember saying that loan guarantees are inevitably illegal, or anything to that effect.

On the contrary, our government is looking at all the options available. We are doing this in a spirit of openness. Loan guarantees are one of the options mentioned by my colleague, the Minister of Natural Resources.

Oral Questions

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, considering the demand made by softwood lumber industries, which are asking the government to help them make it through the Canada—U.S. trade war, and considering the interest shown by the Minister of Natural Resources for the Bloc Québécois proposal, does the Prime Minister not think that he should call his Minister for International Trade to order and set up an assistance plan that would include a loan guarantee program for companies affected by the softwood lumber crisis?

• (1450)

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, what I can say is that we are all working to find solutions to the softwood lumber issue. I really appreciate the support that I got from opposition members in this House, and from the Quebec government.

Yesterday, I was in Vancouver, where we took part in the British Columbia summit on the softwood lumber issue. We met industry stakeholders. We want to look after the affected workers and communities. We are also meeting with industry officials to ensure that we do what is most useful to them during the difficult times we may be facing in the coming months.

* * *

[English]

IMMIGRATION

Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance): Mr. Speaker, if we understand this correctly, 72% of Canada's refugee claimants have entered Canada from the United States of America, which means that 28% of refugees obviously come from refugee camps.

Is the minister telling us that we are only accepting 28% of legitimate refugees to this country who actually deserve to be raised to higher levels?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the member is telling us that legitimate refugees are only people who we picked up, that everyone crossing our borders or arriving at our airports are not legitimate. He should be ashamed of himself.

Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance): Mr. Speaker, the government is missing the point. Legitimate refugees need to be given top priority. My family came here as legitimate refugees and we know what that means.

This issue is a very simple one yet the government refuses to give a straight answer.

Our international agreement states that we are not required to accept refugees from safe countries. The U.S. is a safe haven. Why does the government accept 72% of our refugees from a safe country while millions of legitimate refugees wait in camps around the world?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, what is even worse is that the member does not want to let them in. We are both saying the same thing. If people are crossing the border or arriving at our airports, we have a duty to give them due process because we are signatories to the convention.

Is that party's new policy that it wants more refugees now? Maybe it is another flip-flop. I do not mind but it is not the point. The point is that we want to fulfill our duty. What will happen to the people who have been persecuted and are crossing the border? Does it mean that we say no to those people who cross the border? That is nonsense.

* * *

[Translation]

OFFICIAL LANGUAGES

Mr. Gérard Binet (Frontenac—Mégantic, Lib.): Mr. Speaker, my question is for the Secretary of State for the Francophonie.

In a study released yesterday, the Commissioner of Official Languages lamented the under-representation and even the absence of French on the Internet sites of foreign missions in Canada.

What does the minister intend to do to improve this state of affairs?

Hon. Denis Paradis (Secretary of State (Latin America and Africa) (Francophonie), Lib.): Mr. Speaker, to begin with, I thank the Commissioner of Official Languages, Ms. Adam, for her recommendations.

First, I would like to point out that this concerns foreign embassies in Ottawa, which, as everyone knows, operate under their own rules.

We have already begun a campaign to raise awareness and I have asked the Deputy Minister, Gaétan Lavertu, to step up this campaign in the case of foreign embassies. I urge the embassies to do everything they can to ensure that their site reflects the bilingual nature of Canada.

* * *

[English]

IMMIGRATION

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, we are dealing with an extremely serious matter here today. Thousands of refugees are being denied access to the process because the system is clogged up by applicants from the United States.

When was the last time we heard of a family crossing the border from the United States because their lives were being threatened in that country and they needed to get to Canada?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, have they ever heard of transit? People do enter through transit.

I do not see the member's point. This country is dedicated to refugees. We do not have categories of refugees. If the people want to get in, we are signatories to the convention. If the members are against it, maybe they should change their own policy. They should look in their own mirror.

The Royal Assent

•(1455)

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, applicants for refugee status in this country have to show that their lives are somehow in danger or that they have other stresses in the country from which they are applying. That is not true for refugee claimants from the United States. Can the government not get that into its head?

[*Translation*]

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I think that we should explain what is meant by a country which operates under the rule of law.

People who come to Canada and, with due diligence, apply for refugee status must appear before a judge. We have a quasi-judicial tribunal. There is a procedure to follow. We have new regulations allowing us to send a person back if they pose a threat to the security of our country. That is why we have new regulations.

But we are not going to start being both judge and jury. Our country operates under the rule of law and we respect that law.

* * *

HIGHWAY INFRASTRUCTURE

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, today, the Mayor of Ville de Saguenay came to meet the leader of the Bloc Québécois and myself to tell us that Quebec had done its homework regarding highway 175 by signing the protocol, but that the federal government is desperately dragging its feet.

Could the Minister of Transport tell us what he is waiting for to make good on his government's election promises, so that construction of highway 175 can begin at the earliest opportunity?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, I already answered that question a number of times in the House of Commons. It is obvious that the hon. member for Jonquière is playing a political game just to embarrass the government.

However, I should point out that it is our colleague, the hon. member for Chicoutimi—Le Fjord, who strongly supported this project.

* * *

[*English*]

CANADIAN HERITAGE

Ms. Judy Sgro (York West, Lib.): Mr. Speaker, I have a question for the Minister of Canadian Heritage.

Canada has lost 20% of its built heritage over the last 30 years. What is the Minister of Canadian Heritage doing to reverse this trend?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, the issue of built heritage being torn down is a huge issue in communities across the country and in particular for mayors and councillors who are looking to save the community—

Some hon. members: Oh, oh.

The Speaker: Order, please. The hon. Minister of Canadian Heritage has the floor and the Chair cannot hear the answer. I have to

be able to hear what hon. members who are recognized are saying. I know everyone else is trying to address the Chair at the same time but it cannot all happen at once. The hon. Minister of Canadian Heritage has the floor.

[*Translation*]

Hon. Sheila Copps: The answer is that everyone is anxious to travel to the Saguenay in August. We will then settle all the issues that are being blocked by the Bloc Québécois.

* * *

[*English*]

IMMIGRATION

Mr. John Reynolds (Leader of the Opposition, Canadian Alliance): Mr. Speaker, I have one final question for the government.

I would like to quote my friend, the chair of the immigration committee, a Liberal. He said:

If you are coming from a safe third country, that is, the United States, you are not being persecuted and you are in that country, why do you want to make a refugee claim here?

In an interview, he said:

We should be able to deport them and send them back to the United States. What the United States wants to do with them is their own problem. It shouldn't become our problem in Canada.

My question is for the Prime Minister. Why are we taking refugees into Canada who are already on United States soil? We should let them stay there and make their claims in the United States.

•(1500)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, 200 million people cross the border every year. Who at the border decides that these are refugees who are coming across? It is when they are in Canada that they say they want to be refugees. At the very moment a person claims refugee status she or he is entitled, under international obligations and Canadian law, to due process of law.

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of the Honourable Peter Ala Adjetey, Speaker of the Parliament of Ghana.

Some hon. members: Hear, hear.

The Speaker: I also draw the attention of hon. members to the presence in the gallery of His Excellency Goran Svilanovic, Minister of Foreign Affairs of the Federal Republic of Yugoslavia.

Some hon. members: Hear, hear.

THE ROYAL ASSENT

•(1505)

[*English*]

The Speaker: Order, please. I have the honour to inform the House that a communication has been received as follows:

Government Orders

Government House
Ottawa

April 30, 2002 [Translation]

Mr. Speaker:

I have the honour to inform you that the Honourable Louis LeBel, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy of the Governor General, will proceed to the Senate chamber today, the 30th day of April, 2002, at 3.00 p.m., for the purpose of giving royal assent to certain bills.

Yours sincerely,

Barbara Uteck
Secretary to the Governor General

GOVERNMENT ORDERS**EXCISE ACT, 2001**

The House resumed consideration of the motion that Bill C-47, An Act respecting the taxation of spirits, wine and tobacco and the treatment of ships' stores, be read the third time and passed, and of the amendment

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Thank you, Mr. Speaker, third down. One would think we were playing Canadian football.

I am very happy to hear that the Deputy to Her Excellency condescended to give royal assent. Following this short royal interruption, I will proceed with what I was saying.

It has been said that this legislation provided an exemption for small vineyards, an exemption which struck us as inadequate, to say the least. In committee, we proposed an amendment to make the exemption for small vineyards available to producers with sales not exceeding \$2 million.

This is the only amendment proposed by the Bloc Québécois that was deemed in order by the chair, and I will come back to this in a moment. But, unfortunately, it must be recognized that members of the government, the Liberal majority, decided to reject the amendment, and this goes directly against the interests of vineyards throughout Canada that contribute a great deal to the development of each of their regions.

I will now come back to the issue of microbreweries. Some wondered why the chair of the Standing Committee on Finance ruled that the amendments moved by the Bloc Québécois regarding microbreweries were out of order.

I need not insist on the controversy that surrounded this issue last week and this week. I will not add my voice to those of the many members who commented on that.

One thing is sure: if the chair of the Standing Committee on Finance deemed necessary to ask the clerk for a legal opinion as to whether or not she was in conflict of interest, it certainly brings us to wonder about the fact that there was no conflict of interest in the eyes of the clerk—and we must certainly wonder about the appropriateness of a clerk giving a legal opinion—but if, according to the clerk, there was no real conflict of interest, there was certainly an apparent conflict of interest since the chair deemed necessary to ask the question.

That being said, when we are told that the amendment was ruled out of order because it went beyond the scope of the bill, members will agree with me that such argument is totally disingenuous. Why?

Ms. Dalfond-Guiral: Because it is totally disingenuous.

Mr. Bergeron: As my colleague from Laval Centre just said, it is because it is totally disingenuous. It is also because if members of the committee had given their unanimous consent for this amendment to be ruled in order, it could have been accepted as such by the committee.

GOVERNMENT ORDERS

[Translation]

EXCISE ACT, 2001

The House resumed consideration of the motion that Bill C-47, an act respecting the taxation of spirits, wine and tobacco and the treatment of ships' stores, be read the third time and passed, and of the amendment.

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Mr. Speaker, we were saying that an exemption was granted to small vineyards, and that is a fact. Notwithstanding that—and that was the subject of another Bloc amendment in committee—we feel that exemption is clearly inadequate.

We had proposed—

The Speaker: I am sorry to interrupt the hon. member, but he will have to conclude his speech later. He will have four minutes left.

THE ROYAL ASSENT

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Mr. Speaker, The Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, the Speaker with the House went up to the Senate chamber.

• (1510)

[English]

And being returned:

The Speaker: I have the honour to inform the House that when the House went up to the Senate chamber the Deputy of the Governor General was pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-33, an act respecting the water resources of Nunavut and the Nunavut Surface Rights Tribunal and to make consequential amendments to other acts—Chapter No. 10.

Bill S-22, an act to provide for the recognition of the Canadian horse as the national horse of Canada—Chapter No. 11.

Bill C-35, an act to amend the Foreign Missions and International Organizations Act—Chapter No. 12.

Government Orders

One can bend over backwards to try to justify such a decision. One can invoke all kinds of legal arguments and cite all kinds of precedents when looking for an excuse to avoid doing something.

Obviously, in the case at hand, the government was not interested, far from it, in doing anything whatsoever on this issue.

The Brewers Association of Canada wrote a letter to the chair of the committee, giving its opinion on the inclusion of microbreweries in Bill C-47 with regard to a possible exemption.

In the last paragraph, the Brewers Association of Canada pointed out that it totally supported such an exemption for microbreweries, but it clearly stated that, in light of its prior agreement with the government, it could not support including it in Bill C-47.

We certainly have good reason to be concerned about this type of agreement between the Brewers Association of Canada and the government.

• (1515)

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, for a second there, I thought I had slipped your mind, but fortunately you caught yourself.

It gives me great pleasure to speak to a bill and take part in a debate which is of great concern to us as parliamentarians, as I will demonstrate. At stake are principles of fairness and respect for the work of parliamentarians.

First, I wish to pay tribute to the member for Saint-Hyacinthe—Bagot. He deserves the thanks of all parliamentarians for his vigilance. It would have been easy to keep quiet, to go along with the bill, and to give it our support as though nothing were the matter.

But this he did not do because, since being elected to the House, the member for Saint-Hyacinthe—Bagot has always made a point of being vigilant. Do you know something, Mr. Speaker? I think that the member for Saint-Hyacinthe—Bagot is a marvellous reminder to us that we were right to vote for the Bloc Québécois, so that we would have a party in the House that is resolutely vigilant when it comes to defending the interests of Quebec.

That having been said, the bill before us today is a rather explosive combination of ethics or, should I say, lack of ethics, and taxation. I understand from the comments made by the member for Saint-Hyacinthe—Bagot that, in principle, the entire Excise Tax Act is under review. We are in favour of this.

We understand that, in the economic world, there are amendments concerning the conditions of circulation and flow of capital, and that storage and production conditions have changed. We are in favour of a corresponding review of the Excise Tax Act. We know that a particular feature of the Excise Tax Act is that it has to do with consumer products.

But for this bill, one of the principal features of the Excise Tax Act is that it is paid for by the consumer. There is an excise tax on cigarettes, wine, spirits, and various consumer products.

A professor of economics who taught me in the early eighties used to say, in his brilliant performance before an audience increasingly enthralled from class to class, that excise tax is sort of like a tax on sin, because it applies to products such as wine, tobacco and spirits.

Guess who was this professor who taught me these notions? It was the hon. member for Joliette. He taught me in the early eighties, when I was 18 or 20, at that age when we are ambitious and aggressive. The hon. member for Joliette was already my teacher. He explained very clearly to his students the difference between direct and indirect tax as well as between excise tax and tax on consumer goods. I point out that I got a very good grade for this class and that, in my opinion, the exam was perfectly fair.

That having been said, let us get back to the essence of the subject matter. We agree with a review of the principles of the Excise Tax Act as it applies to consumer goods. However, we do not understand why this review applies to most products, but not to beer.

We cannot understand how, in a relatively monopolistic or at least oligopolistic market, with two or three major brewers controlling the market, the brewers—this is what I gather from the correspondence between their representatives and the Minister of Finance, finance officials and various spokespersons for the department—could be in favour of being included in this review mechanism.

• (1520)

We can surely ask ourselves why the bill, as it appears before the House, does not include revised provisions for such an important product as beer. To answer that question, we will have to look to ethics.

Let us start at the beginning. All members in this House will agree with me that, as parliamentarians and members of the House, we are all solicited at times by various groups. In my case, as health critic, every week I meet people representing pharmaceutical companies, nurses and professional associations. If we were to look at all the issues brought before this House involving all the critics, I am sure we would see that our work as elected representatives—which is legitimate and accepted, which makes a contribution and adds value—to help develop better bills is important. I am sure we would see that each of us, in our respective areas, handles that representational aspect of his or her job.

However, it becomes a bit less acceptable, and we have to show a yellow card or even a red card like in soccer games, in the case of the finance committee chair, who is otherwise a very charming and agreeable lady, absolutely above reproach on a personal level. We differentiate between the personal life of people and their professional life. We do not doubt that she wants to serve this parliament and represent her constituents well. However, we cannot understand why she put herself in such a clear situation of influence peddling.

I want to explain in carefully weighed words. The hon. member for London West is the finance committee chairperson. Some in this House think the finance committee is the House of Commons most important committee, given the volume of bills going through it and, of course, all the arbitrations this entails. So, we are in agreement as far as the finance committee is concerned.

Government Orders

I know that our fellow citizens who are watching us know that our mechanism for passing legislation is as follows: one rises in the House as a minister of the crown or as a private member to introduce a bill; it is adopted, debated at second reading and deferred to a committee; then, it is reported back to the House and passed at third reading. So the work of the committee, which usually takes place between the second and third reading is a very important process, as it allows us to amend a bill and, as members, to realize our full potential in parliamentary committee.

This member of the government majority who was elected by her peers—this is a characteristic of our system: all the committee chairs come from the government majority—is married to a man who sits on the board of one of the largest brewers in Canada, and he made representations to her so that the beer industry would be excluded from this Excise Tax Act review process.

Just about anyone, any ordinary citizen from Hochelaga—Maisonneuve, Kingston and the Islands, Drummond, Lévis-et-Chutes-de-la-Chaudière or any other riding, using good common sense and implacable logic, would have realized that it would have been better for the chair of the finance committee not to get involved in any decision making on this issue, but also to publicly acknowledge that she was in a conflict of interest situation, and I would go as far as to say that she was in an influence peddling situation.

The Chair is signalling me to wrap up, but I could have gone on for another 20 or 25 minutes on this very complex issue that I am so familiar with.

I will conclude by urging the House—as I am sure all my colleagues would do—to withdraw this bill or, at least, to vote for the amendment put forward by the Bloc Québécois, that the bill not now be read a third time but be referred back to the parliamentary committee, that the beer industry be included in the bill and that we be shielded from any influence peddling that could reflect badly on all politicians.

•(1525)

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, first I would like to thank my colleague from Saint-Hyacinthe—Bagot for giving me the opportunity to discuss Bill C-47, particularly because we have a microbrewery in my riding, Boréale, which serves people from part of North Montreal.

Its employees and its president are doing an excellent job but, because of difficulties with the excise tax, they cannot make a breakthrough with the quality product that they offer.

When we, in the Bloc Québécois, were told about Bill C-47, I agreed with my colleagues that we could probably support it. However, in the last months, the situation with the bill has worsened.

I remember that I had the opportunity, about a year ago, to replace my colleague from Saint-Hyacinthe—Bagot on the Standing Committee on Finance and to hear about the problems experienced by Canadian and Quebec microbrewers.

I thought that, this time, the government would have had the decency to meet their demands, so they could operate under the same conditions as microbrewers in the United States or in Europe.

However, I am very disappointed that these microbreweries have to pay a lot, 28 ¢ in Canadian currency. This is a lot for a microbrewery that has to compete with other microbreweries. For example, American microbreweries only pay 9 ¢ a litre. How can they be expected to find a place on a market they are entitled to have access to, just like any other Canadian brewery?

I find it somewhat deplorable that Canadian microbreweries are being forced to be minor players on this market which, as a matter of principle, should be open. I think that everybody should have an opportunity. Unfortunately, these microbreweries and their employees are victims of a tax policy that, by the way, seems more and more to have been dictated by the big brewers, which are good buddies of the current government.

What I also find disappointing is all this collusion between the wealthy and the federal government. Clearly, considering the composition of the committee and the fact that its chair is the hon. member for London West, who happens to be the wife of one of the executives of those big breweries, there is something fishy. People are not crazy. I think Canadians realize what is going on.

Two thousand employees depend on the microbreweries, two thousand people who, in order to survive and progress, absolutely need the help of the government. The Canadian brewers who are quite rich do not care about the survival of these microbreweries and their employees.

•(1530)

If these microbreweries disappear at an annual rate of 1%, large brewers earn \$17 million more a year. If that money went to microbrewers, regional and local economies could continue to function. I think this situation is shameful and horrible.

There is a conflict of interests on this issue. There obviously is collusion to eliminate Canadian microbreweries. Large Canadian breweries are predators. Molson and John Labatt are predators who are actually preventing our people from making a living.

When we look at the history of Canada and even of Quebec, these are the very people who founded these huge breweries, going against historical trends in Quebec in the process. There is a very large number of microbreweries in Quebec, and I believe that there is a clear intent to take away part of the power that Quebecers have through microbreweries.

In Bill C-47, wine, spirits, tobacco and distillery products are all mentioned. We are asking that beer be included. Why should it not be included? It would be normal and logical.

Government Orders

It is clear that the federal government and the members of the committee are in collusion to do nothing. I understand why only 11% of Canadians trust their politicians. In a situation such as this, I think it is absolutely normal that someone who makes a decent living in microbreweries believes that they want to get rid of it. People do not trust this government nor those who are making the decisions and passing the laws. I think it is absolutely understandable.

We have to modernize our parliamentary system and our laws. If to do that, we have to dare to condemn what is going on. This is what the Bloc Québécois is doing, and I believe that it is standing firm in its opposition to this bill.

We say to the population of Quebec that it is inadmissible and unacceptable that the federal government is acting in collusion with large companies, which are making money at the expense of Canadians and Quebecers. I invite the people in my riding, where we have Boréale beer, to remember this at the next election.

• (1535)

[*English*]

Mr. Bob Speller (Haldimand—Norfolk—Brant, Lib.): Mr. Speaker, I want to thank members for giving me the opportunity today to talk about this legislation and its impact on my riding of Haldimand—Norfolk—Brant.

I come from a small rural riding in southwestern Ontario, located on the north shore of Lake Erie. My riding is unique because it represents about 80% of the tobacco growers in Canada. These are farmers with small tobacco farms averaging about 100 acres each.

The 1,200 or so tobacco farmers in my area, along with rural communities such as Delhi, Tillsonburg and throughout Norfolk and Brant counties, employ some 17,000 full time and part time people. High school students, university students and others from across the country come to work and help pick tobacco on these farms. The jobs help students get through high school, university and college thereby helping them further their education. These types of jobs also help our small communities, the local general stores and hardware stores thereby producing an economy for the area.

I mention that because the legislation sets out the ways governments will deal with tobacco, particularly with regard to taxation of tobacco.

When we first came in as government, we faced the tobacco smuggling situation which was taking place across the country. It seemed that tobacco smugglers were receiving more income than the Government of Canada, and in particular the province of Ontario because of its taxation measures. We took steps at that time to ensure the tobacco smuggling operations were stopped. We did that at the request of the tobacco industry and tobacco farmers.

I represent a riding which includes the six nations reserve, the largest native reserve in the country and Mississaugas of the New Credit. People told me they did not like what the smuggling operations were doing to the community. I took their representations forward as did a number of members. The government brought in legislation to deal with that, not only in terms of taxation by dropping the tax, but also at the criminal level. We ensured that more policing was available to look after that area. It was fairly successful

in dealing with the problem of smuggling, and I know people talk about it today.

Now smugglers not only smuggle from the United States, they also smuggle goods from the islands to the south of us or from a number of different parts of the world. They bring in tobacco and cigarettes which almost match the cigarettes we have in Canada. Smuggling has been a challenge over the last number of years and smugglers have become a bit better at it.

This is not only a question of whether or not the taxation level is lower in Canada or the United States. We now have to look at the whole operation of smuggling to see what is happening. The Government of Canada has given its commitment to do that. I hope the resources from government will be there to ensure the smuggling is stopped

• (1540)

I bring up the whole question of taxation because it has a direct impact on what the farmers in my constituency have received for their product. High levels of taxation on tobacco products obviously encourage smokers to quit. If they do not quit, at least they cut down somewhat. As a result it has a direct impact on what the companies make and therefore on what farmers earn from the companies because the companies themselves do not decide one day that they will take this hit. They look at their costs. There have been challenges within the tobacco growing areas by companies asking for less tobacco and wanting to pay less money for the tobacco they do buy.

There have been other challenges in the area. Companies have told growers that they must change their kilns and the way they grow their tobacco to reduce a substance called nitrosamine. The farmers have taken up that challenge and have tried to work with government and the companies to ensure they produce a safer product. If it is recognized that there are substances in tobacco that need to be removed, the farmers themselves have collectively agreed to work on that because they recognize the nature of the industry and the nature of the product with which they deal.

Remember that governments in the past encouraged farmers to grow tobacco. Farmers came from countries around the world such as Hungary, Poland, Germany and Belgium, set up communities within the tobacco growing regions and produced a product. They are proud of the work they have done.

Members have said that they could do something else and that maybe they should get out of tobacco and try another product. It is not that easy. They have all their capital assets to consider. Also, it is not as easy to grow something else, particularly in the type of soil that is predominant throughout that area, which is a sandy soil. In fact they have tried in the past to adjust. They have tried to move forward into other types of crops. They have been somewhat successful in a number of them, but there are not a lot of alternatives to tobacco. If they go into another commodity, it is a challenge throughout the agricultural communities in the production of other crops to get a fair return for their labour and investment.

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I wanted to point out these issues because governments increase taxes. Our taxes have not gone back to the levels they were in 1994 when we first dropped the taxes because of the concern about smuggling. I would encourage the Government of Canada to look at the whole issue of offshore smuggling, not just from the United States of America, but from other islands in the Atlantic and other areas from which they are shipping these products. That directly impacts what the farmers in my area receive.

I would also encourage the government to continue to work closely with the tobacco growers themselves. They understand the nature of the industry and want to co-operate. They want to work with government to move forward and ensure that rural communities such as mine in southwestern Ontario are protected and nurtured by government as they should be.

● (1545)

Tobacco is still a legal product to grow and smoke in this country. Farmers in my area are saying that if Canadians were to continue to smoke they should have the choice to grow a Canadian grown tobacco.

[Translation]

Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ): Mr. Speaker, I was a bit surprised that the Liberal member who spoke before me completely sidestepped the real issue being discussed in the House today. What we have been discussing since this morning and the subject of this great controversy is the fact that breweries have been left out of the excise tax review.

Throughout his remarks, the hon. member talked about the need to review the taxes on tobacco. Everybody agrees on that. The real problem, the question that begs an answer, is why beer was left out, if not to protect the big breweries.

I know my friend opposite, the hon. member for Mississauga West, is not overly concerned by this debate, because he loves fine scotch whisky. I had the opportunity to travel with him and he invited me to sample some marvelous whiskies, especially at the bar Véronica. It was a great experience.

On a more serious note, I am sure he is also aware that the important problem we are debating is a terrible blow for many microbreweries in Ontario, western Canada and also in Quebec. The attitude of some Liberal members from Quebec is surprising. When they were elected, they said, "We will influence decisions from within the party instead of speaking from the opposition benches against the decisions the government makes all the time. We will wield influence from within, and ensure that Quebec's interests are very well looked after".

We realize that, once again, Liberal members from Quebec are silent. They seem to be completely unaware of this controversy, they are not participating in the debate, and they will support a bill that will be terribly detrimental to microbreweries in Quebec.

I call upon the members from Quebec who have seen microbreweries in their riding driven out of business by economic problems. More microbreweries will have to close down because of economic difficulties, and this bill will help big breweries gain an advantage over the microbreweries.

Is the member for Portneuf, who claimed to be the great defender of Quebec's interests when he ran there during the election, aware of the fact that Brasserie Portneuvoise is now closed? Why does he not stand up to talk about the problems of microbreweries and defend the interests of the people of Portneuf? Instead, he is silent.

I would also call on the member for Beauce, who is now the Secretary of State for the Economic Development Agency of Canada. In his riding, Beauce-Broue has closed. There were financial problems. Why does he not stand, especially since he claims to wield influence from within, as part of the executive, in this debate that is such a critical issue for Quebec? He could also stand up for Ontario's microbreweries, because they are also experiencing difficulties, but mostly it is in Quebec. He said, "I refuse to run for the Bloc Québécois; I will work within the Liberal Party, I will be a strong voice for Quebec".

Yet, all of the Liberals from Quebec remain silent. Perhaps they should think about changing the party name. The Quebec wing of the Liberal Party should be called the Muffler Party, the party that muffles debate. I think this is what we will call them from now on, given that they have been so muffled.

Some hon. members: Oh, oh.

Mr. Louis Plamondon: The member for Mississauga West will recall a good story I told him about mufflers.

But the fact remains. These Liberal members from Quebec have remained muffled on this critical debate. They did the same thing during the debate on the Young Offenders Act and on marine parks.

● (1550)

Each and every time an important debate is held in the House of Commons, what do they do? They remain silent. It is well known that the Liberal members from Quebec have always remained silent.

It must be pointed out that, in 1982, when the Constitution was patriated, there were 74 Liberal members out of 75 in Quebec and they constituted half of the Liberal caucus, which included 162 members at the time. They let the Constitution be patriated even if all the parties in the Quebec National Assembly were opposed. They still voted with the government and remained silent throughout the debate.

Even though this measure excluded one of the founding peoples, they still preferred to dance with the Queen of England in front of the Parliament Buildings when this document legally excluding Quebec from the Constitution was signed.

Today, the Liberal members are behaving in much the same way in such an important debate, which deals with the survival of microbreweries and of 2,000 jobs. No. They stay put, say nothing and claim to be representing Quebec.

In the next election, we will remind them that they have chosen to serve their party and to serve the best interests of others rather than those of their homeland, the interests of the Quebec they were so keen on defending when they were looking to be elected.

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This morning, at the beginning of this debate, my colleague from Saint-Hyacinthe—Bagot clearly showed what was at stake. Until second reading, we never thought the Liberals would be so despicable as to say, in an almost hypocritical way—I will dare say it, if I may—to exclude beer from this review—

Some hon. members: Oh, oh.

Mr. Louis Plamondon: The word was previously allowed by the Chair, and the situation is serious enough to warrant its use.

As, I was saying, they said they would exclude beer from the debate on this long awaited review of the Excise Tax Act, that dozens of witnesses and members have examined since 1997. All of a sudden, because of mysterious interests, beer is no longer included in the excise tax review.

Thus, parliament will sanction the monopoly held by Labatt and Molson, disregarding the fact that sound competition, in this case from a small group of microbreweries sharing only 5% of the whole beer market, always serves the best public interests. The government would rather crush them like a fly than help them breathe, as it would any for any other company.

Is it normal that a company as big as Labatt can buy a microbrewery in the U.S. or in Europe and pay 9 ¢ a litre in taxes, while a microbrewery in Quebec or in the rest of Canada has to pay more than 28 ¢ a litre in taxes?

The large brewery takes over the supermarkets' shelves. It stacks them with its microbrewery's beer on which it pays 9¢ per litre, while the Quebec or Canadian microbrewery puts in its beer on which it pays a tax of 28¢ per litre, so that the tax it pays the government is higher than the profit that is left to expand a little, to advertise a little and to stand out in the market.

This situation is intolerable. The Bloc Québécois is vehemently opposed to it and its critic, the hon. member for Saint-Hyacinthe—Bagot, said it well this morning: we will fight this bill. We were raise awareness in all Quebec ridings. We will condemn all Liberal members from Quebec who dared to remain silent, and it seems they will remain silent until the end.

• (1555)

I ask them one last time: have some dignity, some pride, some respect for microbrewery workers. Stand up and tell your government that it is unacceptable to give greater importance to the interests of the husband of the committee chair and large breweries.

This is an unacceptable conflict of interest and it compromises the very credibility of the democratic action that we must take here, in the House of Commons, which is to defend the interests of our fellow citizens, without any conflict of interest.

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Mr. Speaker, it is my turn to speak in this debate. When we ran in the last three elections as Bloc Québécois MPs, we made a commitment to defend the interests of Quebec. The interests of Quebec sometimes coincide with those of Canada. This is the case for the microbreweries, because there are some outside Quebec. My concern today is to defend the interests of Quebec's microbreweries.

When we travel to other countries, we always want to try products that are typical of the country we are visiting. We do not necessarily want to have things we could get here. The same thing goes, I imagine, for people from elsewhere when they come to a province, to Quebec, or a specific region of Quebec. They want to taste something typical.

I remember my days as executive assistant to Jean Garon, Minister of Agriculture at the time. He was interested in regional cuisine. For me, beer is sort of linked to regional cuisine, because there are beers that are typical of a region as well. People want to experience the differences, want to see a variety of products, want to choose and encourage local products, first of all for their own pleasure but also to encourage the microbreweries.

As Quebecers, whether we are from one region or another, when we tour various regions, as many of my colleagues do, we always try to see what is specific to a given region in Quebec.

Five years ago, there were 21 microbreweries. We can say that in nearly every region in Quebec except maybe downtown Montreal and downtown Quebec City, there was a microbrewery, a beer produced by a microbrewer we could drink and appreciate.

At the same time, there is no need to go somewhere else. You can consume a product without having to go somewhere, and appreciate its regional flavour and the flavour of the region.

This industry could have flourished, but in view of the current situation made to stay by this bill overlooking, neglecting this sector, even those who felt like starting a microbrewery are giving up today. They are giving up because of the deplorable action of this government who is ignoring this sector.

I want to congratulate and thank the member for Saint-Hyacinthe—Bagot and also the member for Drummond who did such a fantastic job in the Standing Committee on Finance and the caucus over the past few weeks, especially after what happened recently at the Standing Committee on Finance. They brought the matter to our attention because they followed the work of this committee closely, in this instance we could say the lack of work of certain members of the committee since the chair of the committee decided unilaterally that it would not be dealt with.

I want to congratulate both my colleagues because they really brought the matter to the attention of the Bloc Québécois caucus as a whole so that we could study it. We saw the impact it could have. Since then, we all have heard from people who told us about their concerns and the consequences this could have.

There is something I would like to stress in particular, namely parliamentary democracy. Last week, I heard my colleagues ask questions in the House nearly on a daily basis.

• (1600)

I took the constant repetitions as purely insulting. Some said: “Well, there is no problem, there is no conflict of interest, there is not even an apparent conflict of interest given that neither microbreweries, breweries, or beer will be affected”. What a misleading way to answer, when we asked for and are still asking for beer to be included. The answer is still: “No, no, there is no conflict of interest. It is not in the bill”.

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Well, I heard my colleagues, the hon. members for Saint-Hyacinthe—Bagot and for Drummond, at second reading. They were both in agreement. The Bloc Québécois agreed to a modernized Excise Tax Act. This was discussed a long time ago. We then said to ourselves: “At last, here is positive legislation. Something will be done”. The bill was agreed to in principle at second reading. But, through some twisted procedure at committee, we learned that beer was excluded.

There is another aspect. Microbreweries in Canada and in Quebec—because they are both in the same situation—will not be treated the same as foreign microbreweries which have been bought up by big breweries in Canada and Quebec. We all want what is fair. This is patently unfair. Elsewhere in the world—we could name various countries—, in the United States for instance, the tax is 9¢ a hectolitre instead of 28¢.

Under the present rules, the United States, as well as WTO, recognize that an exception can be made for microbreweries. That is how it works in Europe. However, in the case of our neighbour to the south, with which we do the most trade, we realize that they are finding a way around this and we see microbreweries shutting down every month, so that now only about a dozen are still operating, according the hon. members for Saint-Hyacinthe—Bagot and for Drummond.

We are today sounding the alarm in order to save those microbreweries. Members of the Bloc Québécois are therefore expressing their solidarity with those owners, the people working at that level. We do not necessarily have something against big breweries, but we must speak up against the unfair treatment given to microbreweries. We are standing up today in solidarity with the nine or ten remaining microbreweries, even if there is no such brewery in my immediate area, Chaudière-Appalaches.

There was one in Beauce, but it is now closed. We have not heard the member for Beauce on that subject in the House. Like my colleague, the member for Bas-Richelieu—Nicolet—Bécancour, I am puzzled by the silence of the Quebec Liberal members who, normally, should also defend Quebec's interests, although in this particular instance, they have not uttered a single word.

However, members from other provinces of Canada are also not defending their region, are not speaking up in the House. I have not heard a single one today. I am not talking about those who are absent. I am talking about those who made statements.

Right now, only Bloc Québécois members are defending the interests of microbreweries. It clearly shows that the Bloc Québécois is committed to the interests of Quebec.

Some people criticize us because we talk about sovereignty. We did not talk about sovereignty today. We talked about important Quebec interests that could be settled through federal legislation. Sadly, we note that Liberal members and, up to a point, the other parties who should follow on our example and defend the interests of small businesses like microbreweries, are not doing that. It is sad.

Some hon. members: It is because they do not like beer.

● (1605)

Mr. Antoine Dubé: In closing, it does not matter if you like beer or not. The microbrewery industry is an integral part of the Quebec, Canadian and regional culture in other provinces and it absolutely must be protected. That is what I wanted to do, like others.

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, first I want to congratulate my colleague from Saint-Hyacinthe—Bagot, as well as my colleague from Drummond, a riding that is very close to mine.

Today's debate is intoxicating in many respects. The microbrewery industry is quite important for Quebec and there is fair number of jobs at stake. Regarding Bill C-47 and the Excise Tax Act, the purpose of that act is to enable a government to levy taxes and to collect rather large sums of money. It is also used to manage and give direction to our economy.

In this case, we can see that it is the first element that guided Liberal members on the finance committee, including the chair. First, when we talk about modernizing the Excise Tax Act, which covers a multitude of products, we want to see to it that the economy and the industries related to these various products are as thriving as can be.

In this case, when 28¢ a litre of beer are charged to microbreweries, and we know what their situation is, while American microbrewery beers are taxed only 9¢ a litre, there are questions to be asked since we know that Labatt and Molson, the big Canadian breweries, basically control the distribution of imported beers.

When we examine the situation a bit more closely, we find that there is some collusion where, it must be said, the two main breweries control more than 90% of the beer market, and that includes of course imported beers that are taxed only 9¢ a litre. We realize at this point that there is a big problem in that regard. However, the government does not seem interested in helping microbreweries save their 2,000 jobs.

People must fight at every level. As for distribution, products must be of good quality. More and more, we find that microbreweries operating in Quebec and Canada have developed a quality product comparable to the best products in the world. Indeed, our microbreweries win more and more international prizes.

We find that the government is not there to support the microbrewery industry's development but rather to support mainly two big companies, Labatt and Molson. We cannot help thinking that there appears to be a conflict of interest here. It is crystal clear. It is not surprising that the ratings given by Quebecers and Canadians in public opinion polls to people in power for credibility and honesty are so low. When we see situations such as this, we cannot help but think like that.

Government Orders

Therefore big companies like Labatt and Molson are given preference. Globally, the objective of modernizing the excise tax act has not been reached. In fact, we are going in the opposite direction.

•(1610)

A number of issues could be mentioned, but one is of particular interest. What do Liberal members do when they have microbreweries in their ridings?

I have a microbrewery in my riding, in Lennoxville to be more precise. It is a small brewery called the Lion d'Or. It does not produce 300,000 hectolitres a year; it is really quite small, but it is extremely important and it is located in Lennoxville. Besides that microbrewery, I also have the Liberal member for Compton—Stanstead in my riding. So, he is one of my fellow citizens.

An hon. member: He is the former mayor.

Mr. Serge Cardin: He is the former mayor and also a former Conservative member. He is known for changing his mind quite often.

When he was mayor, he protected the interests of that microbrewery located in his community. He worked hard to protect it, to get the licences it needed, to ensure it could expand, because the microbrewery was located right next to his pub. So distribution was not a problem. The beer was sent directly to the pub next door.

The Liberal member for Compton—Stanstead is not rising to protect the interests of a microbrewery located in his riding. What is he doing? I think he is a fellow citizen of mine. If he had problems, I would probably come to his aid. Yet, if the microbrewery located in his riding has problems, he does not care. He relies on the Bloc Québécois member for the riding of Sherbrooke to protect the interests of the microbrewery that is located in his town, even though he is the member representing that riding.

So, this is a person who can change his mind. We saw it, he changes his mind about parties and about values. He will probably also change his mind about the beer that he drinks and switch from the beer produced by that microbrewery to beer produced by Labatt or Molson probably.

I believe it is essential that Liberal members take a stand. A number of them have microbreweries in their riding. They must take a stand, because this is the thing to do. Of course, the Excise Act brings in large amounts of money for the government, but the primary objective should be to help the industry. We must help industry develop. It should be the government's duty to do so, instead of working against it to ensure that only two large breweries reap all the benefits.

The beer produced by microbreweries is a quality product in my opinion. The people who work in the sector are competitive and they work hard. I will repeat what I mentioned earlier, when I said that distribution is very difficult. The microbreweries have to compete with the big breweries, which import beer with very low excise taxes. So it is not an even playing field.

One of the objectives of the Excise Tax Act is to manage industry, whether it be microbreweries or another sector, such as wineries.

However, I think it is important that the government review its position and ensure that Bill C-47 includes beer and microbreweries.

•(1615)

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, it is my turn to speak to Bill C-47, which is a missed opportunity for the government to introduce measures to help microbreweries in this bill.

Like several of my colleagues, there is in my region a microbrewery that sells a commercial beer under the appellation 8. The administrative region of Abitibi—Témiscamingue being region 08, that is the name the investors gave their beer.

These investors came from Belgium are now well established in our community and in our region and they chose—which is not always easy—to invest in a product that appeared to be very promising, with an image of the region that could perhaps be sold everywhere in Quebec, of course, but also outside Quebec, and which would at the same time be an instrument of commercial development for them and of regional development for us, to promote our region.

However, there are a lot of barriers to lower to enter on this market. Obviously, everybody knows the power of the big brewers; I am speak only of their competitiveness for the time being. I am not speaking of their lobbying power; I will come back to that later.

It is therefore not easy because of course when only small quantities are produced, it is a real challenge to keep prices competitive when distributing a product. Businesses have to find niches in various ways. It is obvious that the distribution costs are much higher when small quantities are produced and the product is not sold in large stores.

This also raised the whole issue of the capacity to produce small quantities, at the beginning, while maintaining the quality of the product, because consumers demand quality, and rightly so. This is a real challenge. These people have successfully dealt with it for a long time, but they have had problems. There were some temporary work stoppages, during which they had to close down.

This is why every little bit counts. In this sense, I remember that a few years ago already, other microbreweries that had united had come here to Ottawa. I met them with my colleague from Saint-Hyacinthe—Bagot. There is nothing new here. These concerns have been known for a long time. We all know that the taxation system penalizes them in many ways and that it impedes their development.

In a very simple way, it would not have been complicated to include in a bill like this one some changes to the tax system that could have given a bit of a boost to these microbreweries. I have mentioned the been known as 8 in my area, but there are others, in some other very well known areas, that have succeeded in breaking into the market and filling a need among customers interested in this type of beer. We have the choice between helping our own businesses or letting imported beers take over the whole market in that niche. For some other countries have chosen to support their microbreweries.

Government Orders

Earlier, I was reading in one of my colleagues' speech that in the United States, for example, the size of a microbrewery's production is defined as one million hectolitres. In the U.S., under the tax system microbreweries are subjected to, the sale of 24 bottles yields \$1.12 in taxes whereas here the tax amounts to \$4.09 and even more when the beer is sold in a licensed beverage establishment such as a bar; in this case, the tax can amount to \$6.12.

As we can see, the tax ratio imposed on our products is four to one and even six to one, compared with what is done in the U.S. which has chosen to support this industry.

There are plenty of interesting statistics in the previous speech. It was clearly demonstrated, however, that our taxation system does not suit the present situation.

Yet, it appears that, on the other side of the House there is considerable silence. I am pretty surprised today to see the hon. member for Abitibi—Baie-James—Nunavuk silent. Surprised because the brewery I referred to, which produces La 8 beer, is in that riding, not in the riding of Témiscamingue. It is, nevertheless, a pleasure for me to stand up for the entire region. The brewery is, to be specific, located in Amos.

I would have liked to hear from the hon. member, or at least for him to show some interest at other stages, but I never heard a peep from him, either in the region or here in the House of Commons, or in committee, to bring forth the point of view of the people who work there and would appreciate some support.

•(1620)

Where are the other members from Quebec? I remember a few years back—at political conventions, one can sit in as an observer—I went with one of my Bloc Québécois colleagues to a convention of the Liberal Party of Canada. In an effort to promote the products, the delegation had organized a tasting of Quebec beers from microbreweries. That is all very fine and well, but when they are here in parliament, where they have been sent by their constituents and where they have the power to do something, where are they all of a sudden? There is more involved than just organizing tasting sessions. They must also support these people if they want to be able to organize more such sessions in the future, because the product still exists and will have been able to develop. It is all very fine and well to make nice gestures, but they now have an opportunity to do something tangible.

It is too easy to say “No, that was not the initial purpose of Bill C-47”. If it was not that, what else is there on the table? Why is there no other government initiative on the table? The Minister of Finance tells us that they are taking this seriously. He is taking it so seriously that no other legislative measure has been indicated. He did not even indicate anywhere that he was prepared to hold a debate.

An hon. member: It has been a year and a half since he last met with them.

Mr. Pierre Brien: In addition, I am told that for a year and a half, the finance minister has refused to even meet with them. Clearly the big breweries seem to be worried by the arrival of new players in the market. However, we should not be fooled, essentially Molson and Labatt are the ones holding huge shares of the market.

Our role is not to represent only these major businesses who have their own interests. I can understand why they would be lobbying. However, the government has to stand up to them. Small businesses are trying to develop and could become extremely interesting players. They could create jobs.

In the past few years, big breweries have experienced some problems. Time and again in Montreal, there were closures and job cuts. This was to be expected with more foreign competition. However while local players are struggling to develop, the government does not help them, claiming it has to support the major players that are left. This makes no sense.

It should send a clear message. At the very least, the government could have acknowledged that we are right, and promised a new bill before the summer recess. We could co-operate, and the bill could go through very quickly. There is no problem if the government wants to rapidly pass a bill to help microbreweries. But that was not to be. They will pass Bill C-47, and that will be the end of it.

In committee, when the Bloc raised the issue, its amendments were ruled out of order. This raises major questions about the ability of the committee to work properly. Moreover, we have an extremely important ethical problem here because the chair of the committee is the spouse of a man who is involved in lobbying for Labatt. It is beyond me.

The chair of the committee is hiding behind the fact that she had an opinion telling her that everything was fine, but she kept it to herself during all the committee proceedings. She never told the committee from the outset that if the microbreweries were discussed, she might be in a conflict of interest. Had she done so, the committee could have decided what was to be done.

What kind of message does this send to people watching this? They say to themselves “Things were rigged from the start. The large breweries had lobbied. They had done whatever was necessary to ensure the debate would not go any further, that the tax for microbreweries would not be included in the bill and that nobody could add it afterwards”.

Now the end of the session is near. We will soon be leaving for the summer and next fall we will work on something else. However, these people from the microbrewery industry need support right now.

At one point, when they came here a few years ago, I was under the impression that the government would automatically listen. What was being asked was only common sense compared to what was being done elsewhere. Now, a few years later, we have not moved forward a single bit.

Hopefully the members on the other side will show some sense in the last hours of this debate and bring forward amendments to this bill. It is not difficult. We only need to pass an amendment or table a new bill that says, “Here, we will amend the regime”. We would be pleased to co-operate on such an initiative. In any event, the legislative agenda is not exactly overloaded. We have the capacity to do it. So let us do it and the committee will have all the time to perform its work correctly if it has to hold a few hearings on the subject. Ultimately, I think we could even dispense with that stage.

Government Orders

•(1625)

We now have to decide if we are going to help the microbreweries or not and, judging by their silence, I think the Liberals have already made up their minds. They will favour the large breweries over the microbreweries. We will not, however, be able to support the government in this instance.

[English]

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

The Deputy Speaker: The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the amendment 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.

•(1630)

[Translation]

And the bells having rung:

The Deputy Speaker: Accordingly, the vote on the amendment is deferred until the end of oral question period tomorrow afternoon.

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[English]

AN ACT TO AMEND THE CRIMINAL CODE (CRUELTY TO ANIMALS AND FIREARMS) AND THE FIREARMS ACT

The House resumed from April 23 consideration of the motion that Bill C-15B, an act to amend the Criminal Code (cruelty to animals and firearms) and the Firearms Act, be read the third time and passed; and of the amendment.

Mr. Paul Harold Macklin (Parliamentary Secretary to the Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I appreciate the opportunity to address hon. members on the occasion of the consideration of an amendment to the motion to proceed to third reading.

It is time for the House to respond to the expectations of Canadians. Legislation that updates animal cruelty provisions and provides enhanced penalties for animal abusers has been before the House in one form or another since December 1, 1999. That is two and one-half years during which there have been numerous

opportunities for organizations from a broad spectrum of interests to come forward and make their views known.

They have shared their views with the Department of Justice, with members of parliament, with the House of Commons Standing Committee on Justice and Human Rights, with the media and with other members of the public. There has been a full comprehensive debate on the issue of the changes that must be made to modernize the animal cruelty provisions. I want to take this opportunity to thank rural caucus members for their extensive contributions to the debate and the shaping of this legislation.

During the two and one-half years, the former minister of justice listened very carefully to the concerns of all Canadians, including industry. In fact, to be absolutely clear about the fact that criminal liability for intentional cruelty and criminal neglect had not been changed, the former minister of justice made several accommodations to critics of Bill C-17 when the animal cruelty provisions were reintroduced as Bill C-15 after an election was called and Bill C-17 died on the order paper. The accommodations did not change the legal test for liability but provided further clarification about the elements of the cruelty offences.

I would like to take this opportunity to briefly review the changes that have been made already to the animal cruelty amendments since Bill C-17 was introduced in the House two and one-half years ago.

Critics of Bill C-17 were concerned that the opening paragraph of the intentional cruelty offences did not set out an express mental element. Even though not required as a matter of law, the section was changed when it was reintroduced into Bill C-15 and retained in Bill C-15B to expressly require that the intentional cruelty offences must be committed either wilfully or recklessly.

The negligence provisions in Bill C-17 were also modified when they were reintroduced in Bill C-15. These modifications were made despite the fact that the Supreme Court of Canada jurisprudence made it very clear that they were not necessary as a matter of law. Nonetheless, in the interests of providing further clarification, subsection 182.3(1) was modified to include the word “negligently” as well as the word “unnecessary”.

The result is that the wording was changed from “by a failure to exercise reasonable care or supervision of an animal, causes it pain, suffering or injury” to “negligently causes unnecessary pain, suffering or injury to an animal”. This modification was made even though proof of criminal negligence requires that the prosecutor must show beyond a reasonable doubt that the actions of the accused constituted a marked departure from the standard of care a reasonable person would exercise in similar circumstances.

Another modification between Bill C-17 and Bill C-15 was to accommodate the concern of hunters that the use of the word “when” in the trap shooting offence might be interpreted as restricting the ability of hunters to conduct penned hunting. It should be noted that in the current animal cruelty offences, the word “when” is used in the English version of the criminal code, whereas “au moment de” is used in the French.

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•(1635)

The offence in Bill C-15 was modified to indicate that the prohibited conduct related to shooting animals “at the moment” they were liberated. This wording provides greater consistency between the English and French versions of the criminal code.

A definition of negligence was also added to the negligence offences in section 182.3 to make it absolutely clear that a criminal standard of negligence rather than a civil standard was required.

A further change between Bill C-17 and Bill C-15 was to move the animal cruelty offences out of the part of the criminal code dealing with sexual offences and public morals and into a separate part of the code that deals with animal cruelty offences alone. This change addressed the concerns of critics that it was inappropriate to group animal cruelty offences with offences against persons.

After Bill C-15 received second reading on September 26 of last year, it was referred to the House of Commons Standing Committee on Justice and Human Rights with a direction that the committee split the bill into two parts. Bill C-15B contains the provisions regarding cruelty to animals and firearms.

The committee heard from a wide variety of groups with diverse views on the issue of animal cruelty. At the committee hearing the Criminal Lawyers' Association confirmed that removal of the animal cruelty provisions out of the property section would not cause accused persons to lose any available defences. The association did indicate that if there was a desire to make this absolutely clear, one of two options was possible: either to make an express reference to subsection 429(2) of the criminal code which outlines the defences of legal justification, excuse or colour of right; or to specifically confirm application of the common law defences set out in subsection 8(3).

Again, in the interests of accommodation and to reassure critics of the bill, the government introduced a motion adopted by the committee to confirm application of subsection 8(3) of the criminal code. To add clarification to the negligence provisions, the committee adopted a government motion to specify the mental element of “wilfully or recklessly” for the offence of abandoning an animal in paragraph 182.3(1)(b) of Bill C-15B, as well as the mental element of “negligently” for the offence of failure to provide suitable and adequate food, water, air, shelter and care for an animal.

One would have thought that following a suggestion of the Criminal Lawyers' Association, as well as further clarification of the negligence offences, would have caused opposition critics of the bill to agree that all accommodations that could be made without changing the test for legal liability had been made.

Unhappily, with the notable exception of the New Democratic Party, this does not appear to be the case. Critics among opposition parties want more. Meaningful accommodations have been made as a result of extensive representations over two and one-half years.

It is time for the House to act. It is time for the House to answer the expectations of Canadians and to move the legislation forward.

•(1640)

Mr. Rick Casson (Lethbridge, Canadian Alliance): Mr. Speaker, if the parliamentary secretary wants to act now, I suggest

we ring the bells, bring the members in and we can vote. I think one of the reasons we are not doing that is the government is not too sure it could win the vote right now.

Just for a minute, imagine being a primary producer who on getting up in the morning reads the newspaper or turns on the news to learn about a number of issues. There is Bill C-5, the species at risk act that does not offer compensation for landowners. That would be something a landowner would have to worry about. Then there is the Kyoto protocol which the government is considering implementing which would cost 10¢ a litre for fuel. That would add to the costs for the producer and would be something else he would have to worry about. Then he would hear about the European Union which is subsidizing its farmers. That is distorting production and driving the price of the producer's products down and he has that to worry about. Then there is—

Mr. Geoff Regan: Mr. Speaker, I rise on a point of order. The hon. member suggested the government is not willing to vote on this and suggested we collapse the debate now. If he wishes to collapse the debate now and have a vote, we would be happy to do that.

The Speaker: That is very interesting, I am sure, but I do not think it is a point of order. I do not think the hon. member is seeking consent to collapse the debate at this time so we will continue with the speech by the hon. member for Lethbridge.

Mr. Rick Casson: Mr. Speaker, the member opposite when dealing with issues from the agricultural community should remember the old adage about never cussing a farmer with one's mouth full and that there would be more respect in coming to the House chewing on something in order to get into the debate.

To continue, the new U.S. farm bill adds another \$4.8 billion per year to U.S. subsidies. That will distort the marketplace and certainly will hurt producers on this side of the border. The country of origin labelling included in that bill would cause anything produced in Canada if it is to be sold in the United States to be labelled as such. The people who will market the products in the United States have already said that they will just separate the two or they will not have Canadian products in their stores. That is another issue our people have to worry about.

A couple of weeks ago the U.S. government put a tariff on incoming steel. The Russians replied by keeping chicken out of Russia. That has started a snowball effect which has driven the price of meat down all across North America. That is something else to worry about.

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Input costs, taxes, food safety and the anti-terrorism bill are all issues facing our farmers and then comes Bill C-15B. That is something they are very concerned about.

A full page ad was taken out in the *Hill Times* by an organization that tried to malign Stephen Harper, the new leader of the Canadian Alliance. It is absolutely unfortunate that money which was probably donated to that organization by people with good intentions was put to that type of use. It is an absolute disgrace.

It is a concern to many that we are allowing a well-organized, well-funded and vocal small number of people to dictate to rural Canadians how they will live their lives and how they will carry out their day to day functions. Of course, their opinion is needed and should be part of the debate but to stoop to that level of discussion is absolutely wrong.

These people have been in my office in the past to discuss issues. I have listened to them and they have listened to me. We have had a pretty good debate, but I am pretty sure what my reply will be the next time that organization phones to have a little bit of this MP's time.

Are we letting a few people dictate to people in our rural communities how they will carry on their livelihood? We have been heavily lobbied on this issue. It is all about the balance. There are people who want the bill passed and there are people who are concerned with some aspects of it.

The underlying message we are getting from everyone, and which our party supports, is that they want the legislation. We need to protect the animals. Anybody who abuses an animal in any way should have the full extent of the law thrown at them.

I want to make sure that people fully understand that, particularly the organization that put the full page ad in the paper today. We have been on the record from day one that we support cruelty to animal legislation. Anyone who abuses an animal in any way should be subject to the full extent of the law.

There are two sides to the issue. We have to be very careful that we come up with a piece of legislation that properly addresses the situation. There is one thing of major concern. I have letters from the Canadian Cattlemen's Association, the Canadian Federation of Agriculture, the Manitoba Cattle Producers, Keystone Agricultural Producers, and Canadians for Medical Progress, who are people concerned with research.

The letters on research are very interesting. One of them is from Pierre Berton, a very famous Canadian. He supports research, as we do. He is very concerned that the bill could affect the type of research needed to bring about cures for many diseases and a better way of life for Canadians. These people have very grave concerns about where the bill could lead us.

●(1645)

Bill C-15B would take the whole animal cruelty aspect out of a certain part of the criminal code and put it into another. This would make the bill a target for well heeled organizations which would challenge absolutely every aspect of it in the courts. It could well change the way producers in Canada are allowed to produce the food

we and the world need to sustain life. We must be careful that does not happen.

The new animal cruelty legislation may cause the courts to interpret such offences in a different light. This could have significant and detrimental implications for farmers, hunters and other agriculture producers who are dependant on animals for their livelihood.

The Canadian Cattlemen's Association points out in its brief a number of issues it is concerned with. It asked that the animal cruelty provisions not be moved out of the property section of the criminal code. It also asked that the definition of animal be removed or modified to exclude "or any animal that can experience pain".

It is these two aspect of Bill C-15B that are causing concern. If we go through the letters of the organizations I have mentioned, almost all of them have the same problem with the bill. These are the issues we in my party are trying to bring to the debate.

The government says Bill C-15B would not affect the hunting industry, the way farmers and producers handle animals, or the way research is carried out. If this is so why will it not put into the legislation a clause or two to put all the fears at risk? We have not seen such a clause. It did not come forward in the amendments. The concerns go on. The government and those supporting the bill should put forward amendments we in our party can support. We can then move on.

Moving the animal cruelty provisions from property offences into a new and separate section could elevate the status of animals in the eyes of the courts. We want to make sure animals are protected. However if moving the provisions brings about a whole new set of court challenges it could prove detrimental to certain aspects of our society.

The new definition of animal is extremely broad. It includes "a vertebrate, other than a human being, and any other animal that has the capacity to feel pain". This would extend legal protection to a number of living organisms which have never before been provided this kind of protection. There is concern about this. There are people who claim plants and all kinds of organisms have the capacity to feel pain. Are we saying they would be part of this? Whether the government likes it or not, that would be the challenge.

There are many issues I want to deal with but 10 minutes does not allow me to. My colleagues will be addressing some of the others. However I would like to add an amendment to the motion. The end of the motion reads:

—taking into consideration the importance of ensuring that the legitimate use of animals by farmers, sportsmen and medical researchers should be protected under this Bill.

I move:

That the motion be amended by adding:

"and that the committee report back to the House no later than December 4, 2002".

Government Orders

•(1650)

The Speaker: 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 Battlefords—Lloydminster, Health; the hon. member for Brampton Centre, Armenia.

We are resuming debate on the amendment to the amendment.

Miss Deborah Grey (Edmonton North, Canadian Alliance): Mr. Speaker, I appreciate the debate today. We need to spend a few minutes being ultimately reasonable about the whole issue of cruelty to animals. Obviously not one of us in the Chamber would condone such behaviour. It is despicable. When we look at some of the examples with which we have been provided it is a dreadful thing to think anyone would behave in such a way or think it was amusing, helpful or whatever.

If that is all the bill looked at and dealt with there would be no problems or questions from any of the members. However as members can see, Bill C-15B has insidious factors like other legislation often does. We in our party think things should be put in legislation but the government says no, it would rather have them dealt with by regulation. It is a pretty scary pattern we have witnessed from the government time after time.

The amendment we brought forward asks that the government report its findings to the House by December 4, 2002. As members know, sometimes things around here disappear into a great black hole and never surface again. Some of the discussions today, even those by government members, have made us realize Bill C-15B has had several lives. It has not had nine lives but it has had several. It is pretty frustrating to watch because all of us would like to see good, sensible legislation that provides for harsh, swift and sure penalties for those who commit acts of cruelty to animals.

We then get into the grey areas such as not condoning cruelty to animals. We could ask what cruelty means. Some might think it includes beating a dog into shape or the excessive use of force when training an animal. Dairy farmers and cattle producers all have their own definitions of cruelty. I do not think any of us would like the idea of getting a hook through the lip and a club over the head but many sportsmen and fishermen do just that. Mr. Speaker, I know you and I would be quite happy to go out for a seafood supper and enjoy it to the hilt. It is all a matter of definition.

We need a sense of wisdom and reasonableness in the whole debate. There seems to be a backlash from rural members of the government caucus. That is why we said earlier that we should bring the folks in and have a vote on it now. Bill C-15B has had many lives. Yet at the same time it is rather difficult on the government side. We saw the government's bravado in saying bring them in, call in the clowns and let us have a vote. That would be a difficult thing for the government to do right now. Government members are having meetings and there is a lot of concern and lobbying going on.

I mentioned the word lobbying. There has been a enormous lobby with regard to Bill C-15B. Some of my colleagues have already discussed this. I was one of the people lobbied. Mr. Speaker, I know you would find this amusing but of particular concern. Some perfectly decent individuals from an animal rights group came to my office to talk about animals. They asked me if I had a companion. I

told them I certainly did. His name is Lew and he is my husband back home. I had to push it a bit further to see what the companion idea was all about.

I do not know if these people ever got around to the word pet. I am rather fond of the word. As members will recall, I lived in the country for many years when I was in the rural constituency of Beaver River. I have had all kinds of pets. I loved them. I treated them well. They were wonderful animals and pets. They were wonderful companions because I lived in the bush on my own. However that is what they were. They were pets.

•(1655)

Mr. Paul Harold Macklin: Mr. Speaker, I rise on a point of order. If my ears are right, this is the second speaker from the opposition who has indicated they want a vote on the matter. It is appropriate. Let us have the division. Let us go forward now.

The Speaker: As I indicated earlier, I do not think this is a point of order. It seems to me it is a point of debate. Hon. members are always free to allow the vote to take place when they feel like it. The hon. member for Edmonton North has the floor.

Miss Deborah Grey: Mr. Speaker, that is right. Being an animal and pet woman I would say sit or stay, but that would be inappropriate for sure.

Looking further at the idea of companions and pets, I love animals and appreciate them. I lived in the country for many years. It was terrific. However to elevate them to even a similar level to my real life companion, my husband Lew, is a bit much. I am sure hon. members would agree.

We are arguing about whether we can say the word pet or animal. Some animal rights people have great frustrations as well. We have noticed this in some of their literature and lobbying. They talk about researchers. I will make it plain for *Hansard* so it will go on the record forever. In terms of the research we do in Canada regarding disease, let us make sure it is up front and reasonable. Let us make sure it is all those good things. However I want it on the record that I would sooner have testing and research done on pets and animals than on my mother, my sister or someone like that. Let us be real. Let us be reasonable. That is what is research is about.

As I look at Bill C-15B I think of what was said by the former justice minister who is now the health minister and my next door neighbour in Edmonton Northwest. She stated that is what is lawful today in the course of legitimate activities would be lawful after the bill received royal assent. Let us hope so. However if it was not the former justice minister's intention to change what is lawful today, why did she not simply raise the penalties for existing animal cruelty offences? That would make a great deal of sense.

Government Orders

Let us look at some of the penalties. The bill talks about maximum penalties of \$5,000 or \$10,000 but I think we all know that rarely if ever do we see maximum penalties. We see minimum payments or penalties, discussions, plea bargaining, et cetera, but rarely do we see maximum penalties. We need to be careful.

The problem or one of the problems with Bill C-15B in its current form is not the penalties for animal abuse but the lack of protection of Canadian citizens from unwarranted and injurious legal action. We can see how this stuff would get tied up in the courts. Lord knows we have enough stuff tied up in the courts now. It is the normal protection of the law which any citizen should have a right to expect.

As I mentioned, I lived in the country and had dogs and cats that were free to roam in the bush. That is a good thing for animals to be able to do. When I had animal rights activists in my office we went through the definitions of pet, animal, companion and whatever. I made it clear that I not only loved animals but had several animals when I lived in the bush. Then I moved to Edmonton North. I do not have any animals. I do not have pets while I live in the city because it is a little too restrictive for them. That was my personal choice.

I found out that someone lived in downtown Toronto and had a couple of cats and a dog or whatever. My friend Fritz who runs hundreds of head of cattle would have something to say about pets, animals or companions being cooped up in an apartment in downtown Toronto. My hon. friend from Lakeland knows exactly what I mean when I talk about cattle country in Heinsburg and animals that are free to roam. People who farm out there take it pretty seriously.

My friend Fritz knows every one of his cattle personally. He knows which is which, when they calf and what they give birth to in the spring. Yet he is being criticized for being cruel to animals. He has had dogs, cats and all kinds of pets. He loves them dearly, feeds them well, shelters them and cares about them. He is not impressed by someone having two or three animals in an apartment in downtown Toronto. He would consider that cruelty to animals. He surely would. He would consider it a terrible fate for any animal. In looking at the definitions we could get into all kinds of arguments about who is cruel and who is not, what is appropriate for animals and what is not.

• (1700)

In fact, the dairy producers are very concerned about the bill as well. In response to the Dairy Farmers of Canada, a member of parliament stated:

Farmers, ranchers and others who legitimately use animals should not have to rely on the judgment of individual crown attorneys for protection from animal rights activists. This protection should come from Parliament and be enshrined in the law.

That is where it should be enshrined: in the legislation, not the regulations. Let us not send this through a whole new flurry of court activity where things continue to go round and round. If in fact the bill is attempting to eliminate cruelty to animals, then let us do it but let us not get into so many of these other areas that will go round and round in the courts. Let us go after cruelty to animals and leave out the rest of it.

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, the debate this afternoon is on Bill C-15B, which is called the cruelty

to animals bill and which we have been debating in the House for some time. Many people have approached me and written to me saying that they support the bill because it would help protect animals and prevent cruelty to animals. However, very many also have written, e-mailed and phoned to say that we cannot let this pass because it is going to interfere in their raising of farm animals, or in their trapping business or in their fishing business and so on. I have had many, many calls, letters and e-mails from those people saying that if this legislation passes it will cause very serious problems for them and for their businesses, and for no reason, because they fully respect animals and believe in taking good care of animals. They do not believe in cruelty to animals.

We have had these two parties come forth on different sides of the bill. I would suggest that those who say they support the legislation because they want to help reduce cruelty to animals would support the proposition that I will make to the government right now. If we are truly here to help prevent cruelty to animals, then why do we not right now today throw this bill aside because of all the objections from so many people, farmers and others, and put in place instead a bill that will increase the penalties for those who are cruel to animals? Let us deal with it in that way. It would certainly satisfy those people who have come out in favour of the legislation because they want to help protect animals and prevent cruelty. It would certainly be supported by those people, and it would be supported by farmers and others who are very concerned about this piece of legislation.

Why do we not just do that, just throw this legislation aside and put in place very simple legislation increasing the penalties for those who are cruel to animals? I think we would all be very happy. I doubt if there is one member of parliament in the House who supports cruelty to animals. There are very few people across the country who support cruelty to animals so that is not the issue. The issue is how we in fact prevent cruelty to animals. I suggest that this legislation anything but the solution.

I have a letter from the Dairy Farmers of Canada. I think the dairy farmers have made their points very well when it comes to looking at this from a farmer's point of view. There are many farmers in my constituency. They truly are the backbone of my constituency in terms of the economy and in terms of our communities and they are very strongly against this legislation, almost to a person. One of the things they have said they are concerned about is just what the Dairy Farmers of Canada said. They are concerned about redefining animals which have been and are now defined as property in the criminal code. The dairy farmers are saying that must be maintained. I fully support that, as do farmers in my part of the country. The reason for supporting it is that Canada's agriculture industry is in fact based on the principle of ownership of animals. It is a farmer's legal right to use animals for food production; this stems from his proprietary right in these animals. That is what is in the criminal code now. That is something I fully support.

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By moving that definition of animals to a new definition in the act, which is what the bill does, to a new category of special property, I think we are certainly creating problems and so do the dairy farmers. They say that “the Government is changing the legal status of animals” and that puts farmers at risk because it has not been carefully defined and it really will change the way that the courts view animals and the treatment of animals.

The Dairy Farmers of Canada stated, and I think this is an important point, one that the government should pay attention to, that “Humane treatment [of animals] is not compromised by an animal's designation as property” as it is in the act right now. The dairy farmers stated:

The Government could maintain the current status of animals as property under the Criminal Code and still meet its stated goal of this legislation—

They are right.

Why does the government not just do that? Why not just leave the definition the same as it is under the act? That will certainly help deal with some of the problems that we have right now.

• (1705)

The second area I want to talk about is the definition of animal in this legislation. It has to be changed and I will tell members why. Animal is defined in the act as “a vertebrate, other than a human being, and any other animal that has the capacity to feel pain”. That is the way it is stated in the bill. It is hard to believe but it is true. “Any other animal that has the capacity to feel pain” is much too broad a definition. That opens up farmers to potential litigation that is almost unimaginable, but not just farmers. Let us take the example of a gardener in downtown Ottawa or Edmonton who finds a slug in the garden. Slugs are not nice things. The only way I know to control slugs is to squash them, to kill them. That is what people do because slugs destroy vegetables in large numbers.

If a gardener were to do that under this new legislation that is being proposed, I ask the government, could he or she be charged under the act as having committed cruelty to animals? Do slugs feel pain? I do not know. I think they probably do. I would suggest this means that under the act and under this definition of an animal as “any other animal that has the capacity to feel pain”, a gardener in downtown Ottawa, Edmonton or Toronto could be found guilty of having committed a serious crime under the criminal code. Is that the intent of this legislation? I doubt it very much, so let us throw this legislation aside and put in place legislation that will do the job without putting this kind of threat before Canadians in general.

Of course when it comes to farm animals I think there is even more of a threat. We have to take an even more careful look at that. I would suggest that there is no group of people in this country more concerned about animals than farmers. Their very livelihood depends on taking good care of their animals. Nobody is more concerned. In fact, farmers across the country have set and follow high standards of animal care and treatment. They set those standards themselves and they follow them, all but a very few.

Why would we put in place legislation that could end up causing such hardship to a gardener in downtown Toronto or a farmer just outside of Mannville, Alberta? Why are we willing to put this kind of threat over the heads of these people when they have done nothing

wrong and when they truly do believe in the best interests of animals? As the previous speaker said, a farmer could have a herd of 200 cows and know the names of every one of them. Farmers know the history of their animals, they care for them and they try to save every calf produced. They care for them in a way that is going to give them the best life possible. That is what farmers do. This law is a true threat to farmers.

The last issue I will talk about because of the very limited time today is the defences that are in the current criminal code: the defences of “legal justification, excuse and colour of right”, as they are referred to. This is currently in subsection 429(2). The Dairy Farmers of Canada say it must be retained and I agree. This is extremely important.

The Dairy Farmers of Canada state:

Agricultural producers must have access to defenses that provide assurances for legitimate animal-based activities—

They must have that assurance and that is lost in this legislation. The statement continues:

Including these defenses [as they are in the criminal code now] would not diminish the stated intent of this law.

In other words, the government could carry out its goal to protect against cruelty to animals without changing that definition.

In fact, the former justice minister said “what is lawful today will continue to be lawful” after this legislation is passed. If that is the case, if we can do under this new law what we could do under the old, why do we not throw all of this legislation aside, which has serious problems that I and many others have referred to, and put in place a simple piece of legislation which states that if people commit cruelty to animals we will increase the fines and people will be subject to very severe penalties? I support that. My party supports that. I think every member in the House would support that. For a change why do we not see some common sense on the part of the government and do that? We would have the problem solved and the issue dealt with in a way that would not threaten the livelihoods and the very freedom of Canadians.

• (1710)

The legislation, if passed, would truly threaten the very freedom of Canadians and especially those who depend on animals for their livelihood.

Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance): Mr. Speaker, I wish to speak to Bill C-15B or the war on agriculture as I call it.

The bill would create a war on agriculture in Canada. The government is creating another hardship for all agricultural producers who deal with livestock. Farmers and ranchers must be made aware of exactly what the government is doing and how the bill, if passed, would negatively affect their livelihood.

Government Orders

We heard today that bureaucrats in the federal agriculture department are questioning bureaucrats in the province of Saskatchewan as to whether there is a possibility of a drought in that province. They are asking if there is dryness on the prairies. This is the kind of vision that the government has of agriculture. Bill C-15B is just another nail in the coffin for agriculturalists across Canada. This is not fearmongering by our party. This is an attempt to show people what the bill would do to all agricultural and livestock industries.

The justice minister said the introduction of the bill would not change things, but I tend to disagree with that statement. Dairy farmers across Canada disagree with that statement. What about chicken farmers in Canada who give us free styrofoam coffee cups, napkins and everything? The bill would affect chicken farmers no matter what propaganda they are told.

The justice minister said that what was lawful before would remain lawful. I dare to differ with that statement. If the bill has no effect, then what is its purpose? The bill would not affect legitimate practices, but it would narrow the definition of what those legitimate practices are.

My husband and I raise elk, bison and deer, one of the most regulated industries in Canada. Our practice is so legislated that there is no way we could ever commit cruelty to any of our animals. Those animals are better looked after than the way some dogs and cats are treated by people in a lot of places. We baby those animals. I have bottled fed bison calves and an elk calf. That elk cow is now five years old, and still comes to the fence when I call her. When I ask Gracie to come give me a kiss, she runs to the fence, gives me a big kiss through the wire fence, and I pet her and scratch her. We look after our animals. Bill C-15B would have a huge effect on any animal based business in Canada.

Animal rights groups have said that to be proven effective this legislation would have to be challenged in court. Farm families I know cannot afford to take anyone to court because they are clutching to survive. Farm families I know do not where they will get money to put the next meal on the table. Both people of farm families I know are working off the farm all day, come home and farm at night. They cannot afford court challenges, but that is what lies ahead for our agriculture industry. Working Canadians cannot afford to fight battles against well funded activist groups.

• (1715)

My colleague's motion would see wilful and reckless actions as guidelines for prosecution. It would help to protect farmers, ranchers, researchers and others with legitimate animal based occupations from numerous prosecutions.

The Canadian elk industry is going through difficult times right now with the CWD outbreak in Canada. The only way that scientists can study the disease is by taking blood tests from live animals. If that were outlawed there is no way that we would ever find a control or find out how the disease is spread. We must keep scientists away from prosecution.

As in Bill C-5 the government is content to categorize all actions as criminal. There must be protection in place for those who use

animals legitimately. My colleague from Lakeland said that the dairy farmers of Canada are the most conscientious of all farmers.

I appeal to the government to listen to their concerns. It should talk again with the dairy producers of Canada. They will tell the government what they are feeling. They feel this is a threat to their whole industry.

We must protect our livestock producers. The agricultural industry has been abandoned by the government. Legislation such as Bill C-15B would do additional damage to an already struggling industry. Moving animals from property offences to the criminal code leads us away from animal welfare into the land of animal rights. This is a scary proposition for many Canadians who use animals for legitimate purposes. The definition of animal in the legislation needs to be changed. The current definition is far too broad. It is too inclusive and would lead to problems for law abiding citizens.

A leisurely day of fishing could now be met with court challenges, for example, a fisherman picking on a fish. I would like to tell people in Ottawa or Edmonton that they may not go fishing on the weekend. I have seen numerous boats coming from Alberta to our northern lakes in Saskatchewan. If we were to stop them from fishing, our province would be in worse shape than it already is.

The government would like to assure Canadians that petty things like that would not happen. The legislation however would open the door for exactly this scenario. The government's blatant pandering to special interests groups is horrific.

A letter from the Animal Alliance of Canada is a perfect example. It states:

Bill C-15B, which makes changes to the animal cruelty section of the Criminal Code, recognizes for the first time that animals are not just "property", but rather being in their own right...I can't overstate the importance of this change...It started in the last federal election. Because of a commitment by the (previous) Minister of Justice in the House of Commons to pass Bill C-15B (we) campaigned for her re-election. Under attack by hunters and gun owners and a cabal of extremist right wing groups, (she) was in a losing campaign. (We) stepped in and championed her election...(she) won by 700 votes.

Instead of championing for the stability of law abiding animal based industries and businesses the government caters to a special interest group. That is unbelievable.

Government Orders

My colleagues and I in no way support cruelty to animals. However we do support law abiding Canadians who are involved in animal based businesses and industries. We cannot support the bill as it stands. It seriously jeopardizes Canadians from engaging in legal, moral and ethical animal practices. The Secretary of State for Children and Youth spoke yesterday about the fur industry and how much good it did for Canadians. We must stop and look at this. The government must look at the broader picture and the repercussions the bill would have on industry, instead of its blatant pandering to lobby groups.

• (1720)

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, I rise today to speak to Bill C-15B with deep regret. I and a lot of people in the country cannot understand where the government is going with these kinds of issues. It seems like it has some kind of vendetta against agriculture. I and the people who produce food cannot understand where this is coming from and why the government seems to be so much against people who produce food.

This is not the first time. Bill C-5 is still before the House and is on the same track. There is a lot of window dressing. The government pretends to be sincere about protecting endangered species. What actual protection is it offering?

An hon. member: It would make it worse.

Mr. Charlie Penson: In fact it would have the opposite effect as my colleague has just said. Bill C-15B seems to be taking dead aim at a hard pressed agricultural industry that does not seem to have any support from the government in any way at all.

Farmers are under stress from agriculture commodity prices being very low. That is caused by huge subsidies taking place in other countries around the world. The government's answer is that it will not get in there, mix it up and protect them in trade agreements. The Liberals have said they are not interested in helping agriculture.

The GATT and the World Trade Organization came to some kind of an agreement in 1994 to reduce agricultural subsidies by only 15% over six years. The Liberals on the other side were reluctant to sign off on that. In fact they wanted to protect the supply managed dairy industry, the textile industry and the cultural industry with huge subsidies.

Here is a sector of agriculture, especially the grain and oilseed sector, that is going down the tube because the government offers it no protection. First, the government will not enter into subsidies for it. Second, the government will not enter into trade agreements that restrict others from using subsidies to devastate Canadian exports around the world.

There is a lack of support for agriculture in the subsidy business, which I can understand and support, but the government will not open up things like the Canadian Wheat Board. It will not allow competition in the transportation industry to let farmers take advantage of at least some market opportunities. The government puts roadblocks in the way at every turn and now we have had two bills before the House in the last couple of weeks that would result in huge problems for the agricultural industry in the country.

The government tells us in Bill C-15B that it would not be a problem. We know that there are some people who exploit and are cruel to animals. There are provisions there to handle that right now. We know that people are being charged. One person that probably might have been charged was a minister of the government who left the car windows up a few years ago in over 30 degree heat with an animal inside. That minister could have been charged but no charges were laid.

Now the government wants to move this forward and insert codes in Bill C-15B that could be open to interpretation. I think of my own brother who has 1,500 head of livestock in the beef industry in the Peace River riding. I see a huge industry in the Peace River riding trying to diversify, trying to find some way to continue to exist under the pressures of a government that will not support them in any way. What do they get? They get more regulation from the government. It makes it difficult.

What about the cattle industry? What about the issue of how these codes could be interpreted? Ear tags is one of the things that is happening. It is a method of identifying a herd in case there is an outbreak of disease to trace it back and stop that disease in its tracks. Ear tags could be considered to be cruel to animals, as well as the dehorning of animals.

Miss Deborah Grey: I have ear tags.

Mr. Charlie Penson: As my colleague from Edmonton North reminds me, even people have ear tags. I am not sure why ear tags for animals are a problem but they very well could be construed to be cruel. I am sure castration would be cruel, and it goes on and on.

• (1725)

Under the new bill, animals will be moved out of the property section. There will be a shift in status, impugning legal rights, quasi-judicial status, almost human status. It is absurd and is designed by a bunch of people who seem intent on driving the agricultural industry into the ground.

Mr. Leon Benoit: They like eating.

Mr. Charlie Penson: Yes, they like that but they do not know where it comes from nor do they really care, as long as there is food on the table. However do not let that poor farmer have the chance to earn a living. It seems as though they are throwing roadblocks in the way of agriculture at every opportunity.

This opens the doors for authorized organizations to challenge legitimate animal use. I want to quote from one of those organizations. A recent statement—

• (1730)

The Speaker: I would suggest the hon. member for Peace River save his quote for the next time he has an opportunity to speak on the bill. He will have a good four minutes the next time the bill comes before the House. Unfortunately, much as the House might like to hear the quote at the moment, I am afraid we have to move on.

It being 5.30 p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

PRIVATE MEMBERS' BUSINESS

[English]

MOUNTAIN PINE BEETLE

Mr. Philip Mayfield (Cariboo—Chilcotin, Canadian Alliance) moved:

That, in the opinion of this House, the government should take immediate measures to stop the infestation of British Columbia forests by the Mountain Pine Beetle by:

(a) initiating eradication measures on all affected lands over which the government has control or influence; and (b) cooperating fully with the Government of British Columbia to ensure that it has the ability to control the Mountain Pine Beetle in all areas under its jurisdiction.

He said: Mr. Speaker, I would like to thank the member for Edmonton Centre-East for seconding the motion.

I rise on behalf of the people of Cariboo—Chilcotin and everyone in my province of British Columbia who will be affected by the infestation of the mountain pine beetle that is currently destroying and threatening further widespread destruction of the forests in our province.

Motion No. 435 is very simple. I am asking the House to support having the federal government join the province of B.C. in the fight against the mountain pine beetle epidemic.

This infestation may be the largest epidemic of its kind in Canadian history. It is certainly the largest in B.C.'s history. The pine beetle has infested 5.7 million hectares of working forest, which is about twice the size of Vancouver Island.

This year industry will spend more than \$79 million on this fight. The provincial ministry of forestry will spend a further \$17.5 million. Another \$2.1 million for efforts in parks and protected areas will be spent by the provincial government. Forest Resources BC will spend another \$6 million. This is the effort already been undertaken to prevent losses and to slow the progress of this epidemic.

Licensees on the frontlines are redirecting up to 100% of annual allowable cut to beetle management. Thirty four hundred workers are battling the beetle. Eight million cubic metres of harvesting have been redirected to stands already beetle infested. Fourteen million hectares of forest is being mapped and monitored by air. A hundred and thirty thousand hectares of forest are being monitored by ground assessment. Single tree treatment has reached 62,000 trees. Five hundred and fifty-six kilometres of additional roads are being built and twenty-two hundred and seventy kilometres of access road are being maintained to battle the beetle.

The British Columbia government needs about \$60 million a year over 10 years to fight this enormous problem of the pine beetle infestation. That is how big this problem is. Already it has created a state of emergency in working forests in west central British Columbia.

The beetle attacks the lodgepole pine which accounts for more than 50% of growing stock in B.C.'s interior. The lodgepole pine is the predominant species of commercial wood. Conservative estimates say that 40 million to 70 million cubic metres of timber are infested. This amounts to at least \$3.4 billion in wood value. This is more than two years worth of allowable annual cut for the nine

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forest districts. The total value of timber currently at risk in the Cariboo, Prince George and Prince Rupert forest regions is \$12.5 billion.

By now I have heard every argument in the book from the Liberal government denying its responsibility in the fight against the bugs that are eating away B.C.'s forests.

I have been working on this issue of bug infested trees for many years. Over the years I have been told that there are special agreements in place that relieve the federal government of its responsibility. The government has said that it is working on that. These are just forestalling efforts and being put off by the government.

There was a real lack of effort by the federal government years ago when the fir bark beetle was pouring out of the west Chilcotin military reserve at Riske Creek. Pine beetles now continue to spill out from the same military reserve into the surrounding forests.

In December 2001 the Minister of Natural Resources told me during question period that the department was waiting for a formal request from the B.C. government. This is balderdash. I raised this issue only after discussing it with the former minister responsible for forests in British Columbia and I did it at his request. Has the federal government position changed since December?

The new senior minister for B.C. has called this problem a serious threat. He says that he is looking for ways to help. I want to take him seriously and trust that he will see to it that the federal government delivers on its responsibility for federal lands that are infested under the serious threat of devastation by the beetle. However it is very difficult to have faith in the government in view of its track record and its legacy of not protecting or even caring about the forests that are being infested.

The federal government's lack of effort is both causing and adding to the seriousness of the infestation of B.C.'s forests. The cause is the stressing of the trees by previous military activities on these military lands. The federal government is adding to the problem by not allowing the removal of infected trees from these same lands. What the B.C. government wants is co-operation from the federal government to fight the mountain pine beetle epidemic by dealing with the problem on its own land and assisting the province in dealing with this weather related problem throughout the northern part of the province of British Columbia.

This is a non-partisan issue. The science has been agreed upon. There is a plan in place but the government of British Columbia needs the co-operation of the federal government to win the war being waged against the pine beetle, a war which in part the federal government is responsible for causing.

The federal government owns crown lands with forests on them that are infected by the beetle. The federal government has a constitutional responsibility for the land it owns in British Columbia. The beetle infects some of that land and the federal government will be confronted with this beetle epidemic and forced to deal with it at some point in the future regardless of what it does now. It is only rational and logical that the federal government work with the province in this battle now.

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This is similar to a forest fire. The longer it is left, the faster it grows, increasing the rate of destruction and loss. That is what I am asking for in this motion. Will the federal government please co-operate with the province of British Columbia in dealing with the problem that is costing enormous cash loss, to say nothing of the environmental devastation? People who have seen a devastated forest, have seen fallen, windblown trees crossing over each other. It is a desolation that no creature can use.

I am only asking the House to commit the federal government to work with the provincial government in the fight against the mountain pine beetle. The federal government is the only other major landowner in my province. Later in the debate I will request that the House give unanimous consent to call a vote on this motion. I will do it because during this debate I hope to convince all hon. members to vote in support of our federal government working with the province of British Columbia to control this epidemic that is threatening our forests.

● (1735)

Confidence is high for our success in winning the war against these beetles when all parties are committed to taking part. Our success will come at an even swifter pace if we can co-operate in the effort to control the spread of these beetles.

The biggest opportunity for success that we have is our ability to attack this problem before it gets completely out of hand. There was no warning when the ice storm hit central Canada. There was no warning when the floods hit Quebec. There was no warning when Manitoba was unexpectedly flooded beyond previous levels a few years ago. We have all the warning we need about the devastating impact of the mountain pine beetle but we can do something about this weather related problem. It is weather related because the warm winters that we have had in past years have not been sufficiently cold to keep this insect under control.

The federal government became immediately involved in the ice storm and rightly so. The federal government swooped in and hit the ground running during the Quebec floods. In Manitoba the Prime Minister himself helped build sandbags to fight that flood. That is what happens when there is a weather related emergency in Canada. Our federal government co-operates with the provinces and regions to help them deal with the tragedy. The weather related problem of the pine beetle tragedy is different only because it is not stopped by seasonal change. It has to be stopped by cutting the wood that it infects.

The federal government has lands and forests in British Columbia that are infected. On these federal lands the British Columbia government cannot deal with the problem. Until now, the federal government will not deal with it.

I am concerned that the federal government will not support the fight against the devastation in B.C. forests that is, at least in part, its own fight.

Motion No. 435 states:

That, in the opinion of this House, the government should take immediate measures to stop the infestation of British Columbia forests by the Mountain Pine Beetle by: (a) initiating eradication measures on all affected lands over which the government has control or influence; and (b) cooperating fully with the Government

of British Columbia to ensure that it has the ability to control the Mountain Pine Beetle in all areas under its jurisdiction.

I do not want to think that this delay or foot dragging in committing the federal government to help B.C. deal with the infestation smacks of a double standard being applied when we compare this weather related epidemic to the swift aid Quebec received after floods and the aid central Canada received after the 1998 ice storm.

Last month the government's senior B.C. minister, the Minister of Natural Resources, announced in a speech to business representatives of my province that among other things he would meet again with B.C. officials and with Premier Gordon Campbell to discuss ways to deal with the mountain pine beetle epidemic. The minister called the problem a serious threat. I congratulate him for recognizing this.

We would think the minister would want to debate this issue and tell the House about how much his government will do about the pine beetle epidemic, and I would like to hear from him today.

I also want to include some comments of support from the Canadian Alliance member for Skeena. He says that, with the mountain pine beetle epidemic moving into the eastern areas of Skeena riding, some 70 million cubic metres of timber are already infected. This is equivalent to almost the total annual allowable cut for the entire province of British Columbia. This catastrophic event must be recognized as such by the federal government.

This requires recognition from the federal government in the form of a commitment to the province as well as continuing research programs at the Victoria based research centre. Accelerated logging programs in affected areas, possible underwater storage and working very closely with affected companies and timber licence holders are some of the potential solutions. The very future of some of north central British Columbia communities depends upon an effective approach to this huge problem.

Last week the Prime Minister bought two jets for about \$100 million. For the price of those jets, the government could have financed the battle against the pine beetle for two years. With the revenues generated by the timber salvage from the jaws of these beetles, the Prime Minister could have bought a lot more jets.

● (1740)

This week the federal government contributed \$76 million to the Toronto Transit Commission. If these funds had instead been directed to the battle against the mountain pine beetle the salvaged timber could have financed this assistance and even more to the Toronto bus and subway system.

The mountain pine beetle is a threat that can only be effectively controlled in partnership with the federal government. In addition, the federal government is a major beneficiary of B.C. forests through the tax revenues it collects from the harvesting of this wood.

It is in the interest of all Canadians that there be full co-operation by the federal government to deal with this problem.

Private Members' Business

●(1745)

Ms. Libby Davies (Vancouver East, NDP): Madam Speaker, I welcome the opportunity today to speak to the motion put forward by the member for Cariboo—Chilcotin.

I want to thank the member for bringing forward the motion. I know he will be putting forward a motion to make it votable. It is a very important issue.

I represent an urban riding in British Columbia. I have driven through some of the infected areas in my travels through B.C. I can certainly attest to the fact that the mountain pine beetle is having a devastating impact on local communities and on the economy.

I congratulate the member for bringing forward the motion to have a debate to call on the government to take action to co-operate with British Columbia and local communities to deal with the issue.

The mountain pine beetle is an epidemic. At its widest point it is 700 kilometres long and 400 kilometres wide. It is hard to visualize that. The hon. member said that it was twice the size of Vancouver Island. The information I read from the emergency task force said that it was four times the size of Vancouver Island. However, whichever is correct, we are talking about a massive physical area of British Columbia that is affected.

In looking at the information that was presented by the emergency task force, it stated that what we were dealing with was not some sort of alien infestation.

The task force further stated:

Mountain pine beetle is a natural part of the forest ecosystems and is beneficial at endemic levels.

It goes on to state:

Currently populations are at epidemic levels as a result of mild winters and an abundance of large stands of mature pine.

I want to put forward a point of view on the measures that need to be taken to deal with this epidemic. From the material I have read, I want to express concern about some of the conclusions that have been drawn by the B.C. government, that is, that increased logging is the main solution to effectively control the mountain pine beetle populations.

There is evidence to show that increased clear cutting or salvage logging for the mountain pine beetle infested areas actually could pose a risk to ecological diversity. What we have to deal with in the long term is that less diversity of the forest decreases the ability of the forest to resist future outbreaks. This is very much a catch-22 situation. We are being told that massive cutting and salvage logging are the only choices but evidence shows that solution will put the longer term diversity of our forests at risk and will assist in future outbreaks.

I have read some material from the David Suzuki Foundation. It states:

For ecological and long-term economic reasons, it is essential that any management for the MPB, other bark beetles, and forests in general, be rooted in a sound ecosystem-based approach.

It goes on to state:

An ecosystem-based approach seeks to decrease the amount of area infected and the duration of outbreaks, both presently and in the future, while not compromising biodiversity conservation and ecosystem integrity.

I think that is a very important point. The foundation has also put forward some recommendations to the B.C. government for a management plan which I think would be pertinent to the debate today. It suggests that the following should be incorporated.

First, we should recognize that an outbreak of this scale is impossible to control. This means that a management strategy for the mountain pine beetle must be based on prevention of future outbreaks largely by manipulation of present and future beetle habitat with meaningful consideration of those manipulations for all forest values.

Second, we should recognize that there is no silver bullet solution that exists for this very complex issue. It requires forest managers to embrace a variety of treatments, including thinning and partial cutting strategies.

Therefore, it is not that cutting is not a strategy at all. What I would take issue with is that the B.C. government and the task force that has been put together seem to be relying primarily on that strategy. I think that is very problematic from a long term environmental point of view.

The other issue I want to briefly raise has to do with the reason this epidemic exists. We heard it from the member who presented the motion today. We also heard it from the task force that was put together. The epidemic exists as a result of mild winters. I do not think there is any escaping the reality that this infestation, this epidemic, is linked to mild winters which is linked to global warming. Until we can face that reality, we are really living under some sort of illusion that we will solve problems like this in the short term when in fact we are actually creating longer term problems.

Paul George, the founding director of the western Canada wilderness committee, which is a Vancouver based conservation group, says directly that the massive beetle infestation is a direct result of global warming.

●(1750)

He goes on to state:

Between the drought and global warming these are perfect conditions for the beetle to proliferate. We haven't had a minus 30 degrees cold snap in a long time. We've been having long, dry summers. The trees are stressed, and logging spreads the beetles. Every time they take a truck with logs that have bark on them, the beetle infested bark drops off, and the beetles spread.

I offer these viewpoints because I strongly concur with the member's feelings of frustration. This problem has not been dealt with and it has been allowed to escalate. The federal government has not shown the kind of leadership that it should.

However, we need to be extremely careful and balanced in the way we deal with this epidemic.

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I agree with the member. The federal government must co-operate with the province of British Columbia, especially when dealing with its own lands. However, the member does not spell out in his motion what he means by eradicating measures. Based on the comments he made today in the House, I conclude that he basically means increased cutting and the removal of trees. This should be considered in a balanced way in terms of other ecologically based management measures that will protect the long term diversity of our forests.

I thank the member for bringing the motion forward. I support the need for the federal government to co-operate with British Columbia and with local communities but we need to do it in a way that will not ruin our forests in the future.

Mr. Joe Peschisolido (Richmond, Lib.): Madam Speaker, it is truly an honour to speak to the motion moved by my colleague from Cariboo—Chilcotin.

Unfortunately I cannot support Motion No. 435 since its eradication thrust is inaccurate, as a native species cannot be eradicated. The motion's suggestion of the need for full co-operation of the federal government with the B.C. government is redundant as that co-operation already is taking place.

I will briefly recap the situation. When we last spoke on this issue in the House back in December, I believe the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development on behalf of the Parliamentary Secretary to the Minister of Natural Resources noted that the federal government was committed to working with the B.C. government and other landowners in addressing the mountain pine beetle. He also noted that at that point the federal government had not received a formal request for funding or for co-operative planning to solve the problem.

Today I am pleased to elaborate on what was said here earlier today and to tell the hon. member for Cariboo—Chilcotin and the House that the Minister of Natural Resources had two meetings in early March with the minister of forests for British Columbia. In those meetings the minister discussed the issue of collaboration in addressing the mountain pine beetle.

In fact the Minister of Natural Resources had the opportunity this weekend to fly over the affected area near Prince Rupert. He was able to witness firsthand the magnitude of this infestation.

In addition the minister has also met with and corresponded with the hon. Gordon Campbell, the premier of British Columbia. In his letter the premier requested support for this problem "within existing federal programs". The provincial request calls for federal support in the following areas: rehabilitation of dead forests; joint ventures with first nations; operationally focused research; marketing beetle lumber; and building affordable housing.

The Minister of Natural Resources has indicated to his provincial colleagues that his department, Natural Resources Canada, has been chairing an interdepartmental committee of senior officials from Environment Canada, Industry Canada, Department of Fisheries and Oceans, Western Economic Diversification Canada and Indian and Northern Affairs Canada, among others, to explore possible ways in which the Government of Canada can assist British Columbia in dealing with this epidemic. We all agree this is important.

The Government of Canada definitely is moving forward in a collaborative way on the issue. As we do so, we are fully collaborating with the Government of British Columbia.

I would also like to share some information about the mountain pine beetle. This is important and I think we would all agree that we have to act. The important question is how we act. I would like to follow up on some of the comments made by my colleague from Vancouver East.

We all agree that this is certainly a pernicious pest but it is also a part of the natural landscape of lodgepole pine forests. It is evident that these insects are highly damaging in mature forests in western Canada. In British Columbia, mature lodgepole pines, the beetles' preferred host, make up a significant percentage of the forest.

There is a certain irony. I do not say that to minimize the seriousness of the manifestation but we have to look at the science and look at all points of how to deal with what we all agree is a very serious problem. This problem stems partly from the advances we have made in terms of forest management. Fire suppression is a fine example of an area where we have been extremely successful.

By successfully fighting forest fires, by successfully managing our forests, we retain more trees that would otherwise die through natural phenomena. We now have more mature trees and more mature trees mean more prime beetle habitat.

• (1755)

We constantly hear how our mature or old growth forests are disappearing. British Columbia, according to its ministry of forests, has more old growth forests today than it did 50 years ago. Again it is largely the advances and successes in areas such as fire suppression that have allowed these trees to age.

We are in some ways contributors to our own current misfortune. That is where the expertise and innovation of researchers within the Canadian Forest Service are invaluable. Our people, working with the province and industry as well, are developing new approaches, including methods to increase the resistance of stands to outbreak. We are working hard to find viable alternatives as well as to identify the long term effect of various control programs.

As was said earlier, we are collaborating with the Government of British Columbia. We are sharing the results of our research and providing the tools that will help us make the right decisions together. This collaboration sets the stage for partnerships not only for today but also for tomorrow and for many tomorrows beyond, a strategic plan as was suggested by my colleague from Vancouver East. This approach will also provide a benchmark for dealing with future sustainability issues.

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We all realize that nature provides a place for insects like the mountain pine beetle so that the number of mature trees is controlled as a natural recycling agent allowing for necessary new growth. Cold winters generally keep the number of beetles manageable. Unfortunately, Mother Nature has not kept up that side of the bargain recently. The mild winter weather British Columbia has experienced over the last few years has allowed these insects to thrive.

When we examine the size and seriousness of the infestation in the west, the hon. member's motion for eradication may initially seem appealing. There is a gut reaction to say yes, of course. However, and this is the key, I cannot emphasize enough the importance of exploring all possible options before embarking on—and I have to agree with my colleague from Vancouver East—a drastic control program that cannot succeed and indeed one that could cause irreversible harm.

We must remember that although the mountain pine beetle has established itself as a destructive pest, it has also evolved as part of the pine forest ecosystem. As stewards of our country's forests and their ecosystems, we have a fundamental obligation to understand the long term ramifications of an intensive mountain pine beetle control program before undertaking such a course of action.

British Columbia has survived previous mountain pine beetle infestations. We know that the epidemics and their economic repercussions are serious, but we also know that they do not destroy the forests. New growth begins very quickly in areas hit by infestation. It is our responsibility to make sure that we explore all possible avenues and make the decision that will not only solve the immediate problem but will also look to the future.

The mission of the Canadian Forest Service of Natural Resources Canada is to promote the sustainable development of Canada's forests and the competitiveness of the Canadian forest sector for the well-being of present and future generations of Canadians. With that in mind we will of course offer all of the assistance possible within jurisdictional frameworks and existing programs to our friends in the British Columbia government as we have been doing for the past little while. As we do this we will be looking at a solution that meets the long term needs and goals as well, and not simply a quick fix, something which is appealing at the beginning.

We have also learned through all the research that in order to tackle the problem and effect the most positive outcome, the approach must be at the landscape level and not in particular or isolated locations within the infestation zone. That is what we will be exploring with the provincial government.

In closing, I would like to stress that we are taking immediate steps to ascertain the extent of support the federal government can provide and will provide to the Government of British Columbia. It is something we all agree is a very serious matter.

● (1800)

Natural Resources Canada has long been actively involved in seeking solutions that will combat this and any other threat to Canada's forests. This commitment will continue.

Mr. Rick Borotsik (Brandon—Souris, PC): Madam Speaker, I congratulate the member for Cariboo—Chilcotin for bringing forward this motion.

My experience and knowledge of the mountain pine beetle is somewhat limited. I am speaking on behalf of my colleague from the South Shore who certainly has much more knowledge of this infestation than I do. As a member of the natural resources committee, he has flown over the area. He recognizes the vast devastation and the concern that is demonstrated by the member who represents that area.

I congratulate the member. We will support his request for unanimous consent to put the motion to a vote in the House. I suspect members opposite would also agree with that. The motion certainly is not terribly onerous. It speaks very well of the co-operation between the federal government and the provincial government, which I commonly refer to as co-operative federalism. I suspect with that co-operative federalism members on the government side would be most supportive of the vote going forward.

When the member rose in defence of his motion he talked about the natural disaster aid that was brought forward in other natural disaster incidents that have happened over the past years and which will continue to happen over the years in the not too distant future. We have seen changes in weather patterns. The member referred to the floods in the Saguenay. He referred to the floods in the Red River Valley, of which I am much more knowledgeable than I am of the mountain pine beetle. He referred to ice storms. Although he did not, he should have referred to the excess moisture we received in Manitoba and Saskatchewan.

The federal government unfortunately did not deal with each and everyone of those natural disasters equitably. In some cases it put forward ad hoc programs which dealt with one natural disaster differently than other natural disasters. I have always stood in the House and suggested that in order to have some consistency in a natural disaster plan we need a federal government that accepts the fact that there should be a natural disaster program for any type of natural disaster and that natural disasters should be dealt with equally from province to province and region to region.

This is a prime example of a natural disaster. It is not man-made. It is happening because of a natural predicament with respect to weather. It is not something that B.C. wished upon itself. In fact B.C. is trying to deal with it simply because of the natural disaster component. I would love to move all that timber to Manitoba if all that was needed was a temperature of minus 40 degrees. We could certainly make our minus 40 degrees days available to B.C. but it is not quite that simple. A natural disaster plan is something the government should look at so that there is consistency and equitability when dealing with a particular disaster.

The member who rose on behalf of the government perhaps does not see the same urgency as the member who represents the area sees. Livelihoods are being affected. Communities are being affected. This is a very serious circumstance and it has to be dealt with.

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The only way the government can deal with it is to work together with the province. I do not see any co-operative federalism in any number of issues, particularly those of agriculture and natural disasters. I do not see this issue as being any different. Certainly there is no understanding of a workability between the province and the federal government.

What should happen? The federal government should help the industry try to harvest the infested trees to help eradicate the beetle. That is pretty simple. The federal government should help to harvest the trees.

We have just been told by the member opposite that there is no such thing as eradication so why should we even attempt to eradicate? He says it is impossible, that it is a normal occurrence and therefore we should not even try to fix the problem because for heaven's sake we know we cannot eradicate. However if the federal government really wanted to, we could try to help eradicate that beetle .

● (1805)

What else should happen? The federal government should find alternate markets. The U.S. is the primary market source. If we can harvest this and get rid of the beetles in certain areas, not eradicate them, because we know that cannot happen, heaven forbid, we can try to control it. Then when we have all this wood, we should try to market it, but we already know that the government has not done a real good job on the softwood lumber. Therefore why would it stand up now and take responsibility for trying to market another product that will come from the harvesting of this wood that is being infested by beetles? Why would it do that when it cannot do the job that it has been asked to do on behalf of British Columbians now with the lumber market?

What else should the government do? It should help to find short term solutions for the added volume of wood on the market from the forced harvest of infested woods, solutions in other marketplaces outside the U.S. It should be looking at others, but has it been doing that? No. It is easier to stand back and not do much of anything.

What are the problems encountered in trying to eradicate the mountain pine beetle? The member spoke very eloquently about some of those areas. I will try to repeat some of that. First, the federal government owns a portion of the forest resource lands in British Columbia. If it is not prepared to put in the mitigating circumstances, that will cause problems, because the beetle will infest those areas. If the government is not prepared to control it in its own areas, it will not be controlled.

The forest industry lacks mill capacity to deal with the infested timber if it is harvested. It is not a government responsibility, but logically it could be one of the areas that the federal government looks at to try to help the situation as opposed to hindering it. The province lacks the capability to harvest the infested lumber. Just maybe the federal government could assist in that area as well. Maybe it could put some money into the situation instead of simply saying it is not the government's problem, that it will abdicate its responsibility and walk away from this because it is the problem of the province of British Columbia.

There are environmental concerns about the increased allowable cut. There is no question about that. That is an issue. We heard the member from the NDP speak to the environmental issues, not only the issue of the cutting of the lumber itself but also the climate issues that we are dealing with right now with Kyoto.

This is a very simple request from a province to a federal government: help us control the infestation. Heaven forbid, we cannot eradicate it, but help us control a very, very serious infestation. We have some experience. Nova Scotia and New Brunswick had an infestation and they did put into place programs that controlled the infestation at that time, which was the spruce budworm. It was done locally in Nova Scotia and New Brunswick and in my opinion it can be done in British Columbia, but what do the Liberals do? They say they are already working. Heaven forbid, they do not want us to bother them with votes. They say that they have only 1% of the forest lands in British Columbia and that this is really the responsibility of British Columbia.

The member for Cariboo—Chilcotin made a great analogy when he talked about the forest fires and how the circumstances are the same with the pine beetle. That is an interesting analogy, because it is my understanding that for forest fires the federal government does have a sliding scale compensation package with the provinces. I know that because we have forest fires in northern Manitoba and the federal government pays a certain share of the cost of fighting those forest fires, because forests are a natural national resource. The same should be set out right now in British Columbia for the cost of fighting the pine beetle. Why can the federal government not come up with a manageable contribution to its responsibility for this natural resource?

I hope beyond hope that the government will see that it cannot simply abdicate its responsibilities for all natural resources. It abdicated its responsibility in agriculture. It abdicated its responsibility in the fishery. Now it seems to want to abdicate its responsibility in forestry. Good for the government, but I think it is time it stood up and took responsibility. This is one very simple way to do that. We should have a vote on the motion and have the government be part of the solution instead of always being part of the problem.

● (1810)

Mr. Jay Hill (Prince George—Peace River, Canadian Alliance): Madam Speaker, it is a pleasure for me to rise this evening and lend my support to the important motion put forward by my hon. colleague from Cariboo—Chilcotin. I will say at the outset that although it is a pleasure for me to lend my colleague my support, I think he would agree that it is unfortunate that it takes a motion in private members' business to try to prompt the government into some type of action on this epidemic that British Columbia is facing, this natural disaster, as he has so eloquently explained to the government opposite.

Private Members' Business

It is an issue that is not new. It has not suddenly been sprung upon the government. It is something like the softwood lumber agreement. That had a five year expiry date and yet it seemed like the government did not want to address until it was past the expiry date. It did not want to recognize that the agreement would end at some point and we would be faced with unfair trade sanctions from the United States of America.

Likewise with the mountain pine beetle epidemic in British Columbia, there is an unwillingness on the part of the federal government to step up to the line and shoulder its share of the responsibility in addressing this natural disaster facing our province. Unfortunately it is just a continuation of the "don't care, don't give a damn" attitude of the Liberal government toward the province of British Columbia. As a British Columbian, quite frankly I find it incredibly disappointing.

What does Motion No. 435 call for? It states:

That, in the opinion of this House, the government should take immediate measures to stop the infestation of British Columbia forests by the Mountain Pine Beetle by: (a) initiating eradication measures on all affected lands over which the government has control or influence; and (b) cooperating fully with the Government of British Columbia to ensure that it has the ability to control the Mountain Pine Beetle in all areas under its jurisdiction.

As my hon. colleague said, he intends to ask for unanimous consent to put it to a vote. I strongly suspect that the Liberal members present will not allow that. They seem to have something against private members' business, as we saw last week. They seem to have something against having votes on private members' motions and business.

Quite frankly, I found the comments of the hon. member for Richmond just appalling for someone who professes to be a representative from British Columbia for goodness' sake. If I understood him correctly, he said he could not support the motion from the member for Cariboo—Chilcotin because beetles cannot be eradicated. He said that they will always be there.

Is this a time to nitpick about wordsmithing? I think everyone understands the intent of the motion, which is that the federal government shoulder its share of the responsibility, help out a province in need and address this very serious problem. I suggest it is second only to the softwood lumber agreement in its seriousness and in how it is affecting the economy, the welfare and lifestyles of British Columbian families.

It is an issue that I, as the representative for Prince George—Peace River, and my colleagues from Skeena, Prince George—Bulkley Valley and Cariboo—Chilcotin have raised repeatedly in the House over the last number of years through questions in question period, in members' statements and in speeches. Every time we have had the opportunity we have raised the issue. We have had lobby groups, lumber associations, forestry associations and the British Columbia government come to Ottawa to raise the issue with the Minister of Natural Resources, the Minister of Finance and the government. It has all been to no avail. It is just absolutely mind-boggling. People in British Columbia are getting fed up with the attitude of the government.

●(1815)

What are we asking for with the motion and lobbying of the government we have done? We are asking the government to put forward funding to address this, to take responsibility for federal lands. We are asking the government to participate in reforestation of the land once it is logged so that we have forests in the future to harvest and to enjoy.

When one sees the devastation created by the mountain pine beetle, one sees a sea of red. Quite frankly right now when I look across the House I see a sea of red, not because they are Liberals but because they refuse to accept their responsibility. They wonder and they do polling to try to figure out why they do not have any support in British Columbia and why they have only a few members of parliament there. This is the latest example of why.

I know there is not a lot of time left in this debate. I will defer to my hon. colleague from Skeena. I know how this is affecting his riding as well and how often he has raised this issue, as I have, as has our colleague from Prince George—Bulkley Valley and of course the sponsor of this motion, my colleague from Cariboo—Chilcotin. We, the four members of parliament who represent the interior and northern parts of British Columbia, have raised this issue time and time again. I know the hon. member for Skeena has a few comments, so I will sit down and listen attentively to what he has to say.

●(1820)

Mr. Andy Burton (Skeena, Canadian Alliance): Madam Speaker, I thank my colleagues from Prince George and Cariboo—Chilcotin.

The private member's motion that the member for Cariboo—Chilcotin has brought forward, Motion No. 435, is a pretty simple, easily done with a will to do it, motion. All he is asking for is the federal government to accept responsibility for a huge issue in north central British Columbia. It is something that started out relatively small about 10 or 12 years ago and has grown now to an absolute epidemic that is devastating communities and people in the areas.

I want to say that the mountain pine beetle epidemic is literally spreading its wings. That is what it does. It flies. It is moving into the eastern areas of my riding of Skeena from the other two ridings in north central British Columbia.

The devastation caused by this relentless pest must truly be seen for anyone to understand the scope of the scourge. It has devastated a huge area. It is somewhere in the neighbourhood of four times the size of Vancouver Island and bigger than most European countries. It is absolutely unbelievable. It has to be seen.

Some 70 million cubic metres of timber was infected as of last fall. After this mild winter that we have had, when the beetles fly again this spring and summer there would probably be something like 100 million to 130 million cubic metres infested. The total annual allowable cut of the province of British Columbia is in the neighbourhood of 75 million to 80 million cubic metres. It is more than the whole year's allowable cut of timber for the province that is infected. This cannot be allowed to go on.

Private Members' Business

I want to give a little background on this pest. The pine beetle is a natural part of the environment. In our zeal over the last 60, 70 or 80 years to fight forest fires we have thrown the whole ecological balance out of whack. We have effectively fought forest fires, allowed the pine forests to grow older and allowed the beetles to move in whereas before fires would burn those beetles and naturally control the epidemic. That is out of whack now. The beetles have moved in and they have taken over the older trees.

Like people, trees get old, sick and vulnerable. Then the beetles move in. When they have eaten up a lot of the old trees they move on to the middle aged trees and the younger trees. That is what is happening because of the lack of forest fires to control these pests. We can blame it on global warming but I do not buy that. It is more a matter of our systems that have changed. When we get things a little out of balance like that we must control them in another way. We have controlled fires but we also have to control beetles. We have not done that.

This beetle epidemic started out very small in Tweedsmuir Provincial Park and it has grown now. It started out in a small area about 12 years ago. It now covers an area 700 kilometres long and 400 kilometres wide. It is four times the size of Vancouver Island. The economic value of that is something like \$6 billion in potential lumber value and huge losses to the province of British Columbia and the economy of Canada.

There is a responsibility for the federal government. The member over there listed a number of things it can do: rehabilitation; a joint venture with native bands; research, and the federal government has the research station on Vancouver Island which does a fair bit of work on this thing; and marketing. That is great. Let us do it. When will we start?

That is part of the solution but we also need to go far beyond that. We need innovative solutions and the federal government to help us with this. This is a catastrophic event. Communities in my riding and in other ridings are suffering. It is not acceptable to say that we might do something or that we are trying. That is not good enough. We must get the federal government involved in a firmer and much stronger way with the province.

An hon. member: An action plan.

Mr. Andy Burton: Yes, an action plan. We need an action plan. I urge support for the member's motion.

• (1825)

Mr. Philip Mayfield: Madam Speaker, I wish to thank all members for speaking on the motion, particularly those who have offered support and those who have brought comments that I chose not to include because of time constraints.

The member for Vancouver East mentioned that this was not the way that the NDP government would have done this and criticized the Liberal government. The hon. Dave Zirnelt, who was the NDP minister of forests in British Columbia, spoke to me and he wanted to do exactly what we are proposing today, and that is to provide the means for cutting. The reason that we need to cut is that the wood is infected and the bugs are spreading from that wood. We can either let it rot and fall down or we can cut it and gain the value that is

available to us from that wood. The wood is going to be taken out of the forest one way or the other.

I want to comment on some of the things the member for Richmond said. He noted inaccurate information. He said that B.C. had not sought funding. This was a line that was given to me in a question I asked. After that question was asked and the answer given I went to the B.C. minister of forests and said that I asked a question and was told that assistance was not applied for. He looked at me with a strange look on his face and said that was absolute nonsense. I want that myth knocked on the head right now. British Columbia has done all that it can to receive the support that it deserves and that it has a right to expect from the government but has not received. The myths that are being perpetuated by the member for Richmond are not acceptable.

He talks about the minister flying over the Prince Rupert area. I wish he had flown over the area of the military reserve in Chilcotin at Risky Creek. That is another area where this grand infestation began. It is pouring out of federal military lands into provincial forests. This is the second time this has happened since I have been elected. The first time was with the fir bark beetle.

The federal government assured me that it would treat it as it was its responsibility. However not a thing was done, not one single thing. It threw up its hands because it did not get around to doing this. This is exactly what is happening again. I find it deplorable that the Liberal government would offer flawed excuses such as this.

I appreciate that it is a serious problem as the member has said. I too was at the briefing that the Canada forest service offers. I heard it say that this is a natural phenomenon which occurs every 80 years, but the difficulty is that now there are no fires. We have an extended period without the cold weather to control this insect.

Unless the federal government assists the provincial government, there will be a loss to the national treasury as well as the provincial treasury. It is not the government that suffers but the people who suffer.

I wish the member would take a walk and a ride through my constituency and watch the economic decline that my people are suffering, and I use the word suffering with full intention, because of the economic fallback from the softwood disagreement, the loss of jobs, and the loss of business.

It must be looked at. I implore the government and the House to recognize the seriousness of the arguments that I bring. Because it is so serious I respectfully request unanimous consent of the House to have Motion No. 435 made votable.

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

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Ms. Bakopanos): 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 Debate***ADJOURNMENT PROCEEDINGS**

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

• (1830)

[*English*]

HEALTH

Mr. Gerry Ritz (Battlefords—Lloydminster, Canadian Alliance): Madam Speaker, it is always a pleasure to rise in the House and take another shot at the Liberals on their spending priorities.

This stems from a question that I asked on April 17. I asked the public works minister about an untendered contract, if I can use those terms, for Health Canada telecommunications training.

The contract was signed on March 31 which is the end of the fiscal year. To get that \$300,000 contract in place the government had to really rush it through. The quirky part is that the training was stipulated to be delivered on that same day. That was physically impossible.

The public works minister said in his reply that this was not an outrageous abuse of taxpayers' money. That was my assertion. He said the government followed closely the rules in contracting and processing the payment and so on. However, the auditor general, in looking over that same program, said that the contracting process was not open, it did not qualify for any exceptions that would close the process as the minister was claiming.

Health Canada misidentified the requirement as R and D which it was not and thereby threw off any other bidders. Health Canada had no idea if it was going after any kind of value at all in that by delivering it in one day.

As a contracting authority public works was cited by the auditor general for indulging in split contracts on some other things, that it lowered contracts to the \$25,000 no tender required system and slammed a bunch of those through.

In answer to my second question the public works minister stated that there was no overpayment and so on. That is not what we were citing. We were citing an abuse of taxpayers' money, \$300,000. March madness spending during the last day of the fiscal year by ramming through a contract that had to be delivered that same day. As I said, it was physically impossible.

The public works minister said no overpayment was made in regard to that contract for \$300,000, but then he failed to mention in that same report that in \$6.5 million of contracts that his own department audited, \$800,000 in overpayments was found out of \$6.5 million.

Then we started to get concerned about that extra \$300,000 that was not part of that particular go around. It made us scratch our heads as to where taxpayers' money was being spent with these guys.

In the second question, I asked the minister if there was a quote that the program did not address the requirement to properly control and manage government assets. The auditor general agreed with that in her response.

The minister in replying to that part of the question said that policies were followed very closely. The auditor general said no. He said his department followed the approved policy using the advanced contract award notice. The auditor general again said no, the 15 days were not posted.

In addition, and perhaps most important, there was no overpayment in this regard. We did not specify overpayment. The overpayment came out of the other \$6.5 million in public works where there were overpayments of \$800,000. It did not address the \$300,000 at all.

The auditor general said that the advance contract award notice was not used, the 15 days did not happen, and Treasury Board guidelines were not followed. The auditor general called this another example of non-compliance with government regulations.

Taxpayers have a right to know where their money is going and why the Liberal government thinks it can get away with that type of expenditure at the eleventh hour of the last day of the budget year, and then not have any requirement that those goods were ever delivered.

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Madam Speaker, I am pleased to respond on behalf of the government to the hon. member for Battlefords—Lloydminster in regard to the audit note by the auditor general on the government contracting rules and regulations related to the development of the Canadian Health Network.

As the Minister of Public Works and Government Services indicated in the House on April 17, the department followed very closely the rules in regard to the Canadian Health Network contract. Furthermore, I can assure the member that the department respected the departmental policy with respect to advanced contract award notices or ACANs as they are called.

The Department of Public Works and Government Services is known in government as a common service provider. Its role is to provide essential goods and services needed by more than 140 government departments and agencies to fulfill their mandates to Canadians. It aims to provide the best value for government, taking into account public policy of the day and of course with due regard to probity, prudence and transparency.

For each procurement the department undertakes, it will make every reasonable effort to satisfy the operational needs of its clients while obtaining best value in the procurement process.

Adjournment Debate

The Department of Public Works and Government Services is accountable for the integrity of the procurement process including ensuring that actions taken are in compliance with accepted government policies or legislation. These contracting objectives and principles clearly support the government's commitment to ensure best value for taxpayer dollars through a procurement process that is open, fair and accessible.

The Department of Public Works and Government Services managed more than \$10.5 billion in government-wide procurement opportunities in 2001, resulting in more than 58,000 contracts for suppliers. This is an enormous volume of contracting work, yet only 75 complaints have been filed against the department with the Canadian International Trade Tribunal. What is even more revealing is that only six of those complaints have been declared valid.

Here is another impressive measure of the integrity of the department's contracting activities. In the year 2000, on a dollar value basis, 92% of Government of Canada contracts were awarded competitively; 70% through tender and 22% through the ACANs process. Only 8% of contracts were non-competitive.

In the audit note, the auditor general made a number of observations regarding, among other things, contracting matters related to the management of the Canadian Health Network, which led to the creation of a large health information tool based on Internet technology.

We disagree with the auditor general's report in a number of areas, namely the suggestion that the department has improperly used ACANs. The department followed the approved policy, issuing ACANs where only one company was capable of performing the work.

Another issue raised in the auditor general's report is the reference to the \$300,000 for the development, installation and testing of a pilot telecommunications system to be completed by March 31, 1998. On this matter I would like to specify that the department did question Health Canada on how the work could be delivered in time and did receive a satisfactory answer. The department was informed that the bulk of the requirement was a capital equipment purchase to be delivered by the end of that month.

This was a competitive contract. An ACAN was posted on March 13, 1998, closing on March 20, 1998, and there was no challenge. This was documented on file but somehow was overlooked by the office of the auditor general.

The auditor general also raised the fact that PWGSC audits of contracts indicated significant overclaims. On that issue, the department did monitor the claims submitted by all contractors as part of its contract management responsibilities.

In conclusion, PWGSC is committed to a fair, open and transparent procurement process. It continually strives for excellence in its procurement practices and indeed in all its activities.

• (1835)

Mr. Gerry Ritz: Madam Speaker, taxpayers sending in their cheques tonight so they will be on time, must be shuddering when they hear that this department, which sole sources contracts and which is in charge of \$10.5 billion, cannot keep track of its day to

day operations. They probably can hear the toilet flush as they send in their cheques.

The auditor general also made comments on the over \$7 billion that slid into the wrong pigeon hole. I guess pigeon is not a good word to use around here right now. The department is not accountable to parliament or to the auditor general. She cannot get in there to do an audit.

The member made reference to the \$550 million to set up the Canada Health Infoway a year ago. It has a fancy board of Liberal directors who have been drawing salaries for this past year, but nothing has been done with that \$550 million. Canadian taxpayers are concerned about the condition of their water, sewers, highways and the high cost of health care and education. They must be concerned when they hear that \$550 million has been squirreled away into an area that is unaccountable to parliament, unaccountable to the auditor general and unaccountable to taxpayers.

Mr. Geoff Regan: Madam Speaker, Public Works and Government Services Canada accepts criticism where it is due. The department realizes there is always room for improvement and it continues to develop innovative approaches that serve the needs of its clients while protecting the interests of taxpayers. That is the key. It is committed to a fair, open and transparent procurement process.

We disagree with the auditor general's report in a number of areas. There was a suggestion that the department issued ACANs which did not meet treasury board policy and contracting rules. The department followed the approved policy of issuing ACANs where only one company is capable of performing the work.

There was a suggestion that the department engaged in contract splitting by awarding contracts to the same company for similar requirements. Contracts were awarded to meet the rapidly evolving needs of Health Canada. The department's own review shows only two contracts went to the same company for similar requirements. Both were under \$25,000.

There was a suggestion that Public Works and Government Services Canada audits indicated significant over-claims. As part of effective contract management responsibilities—

• (1840)

The Acting Speaker (Ms. Bakopanos): The hon. member for Brampton Centre.

ARMENIA

Mr. Sarkis Assadourian (Brampton Centre, Lib.): Madam Speaker, it is my pleasure to take this time to thank all hon. members of parliament. Since I have been here they have expressed their support and appreciation of the Canadian Armenian community when it has spoken of the genocide of the Armenians in 1915.

Adjournment Debate

On January 19 this year in Toronto and on April 10 in Montreal I had meetings with many representatives of the Canadian Armenian community. They endorsed unanimously the position taken by me and some members of the House that the government must recognize the events of 1915 as a genocide and not as a tragedy.

On that score I express my appreciation to the Minister of Foreign Affairs for answering my question on April 18 and mentioning that the House designated April 20 to 27, 1996 and every year thereafter as the week of crimes against humanity or people's suffering. In 1999 the then Parliamentary Secretary to the Minister of Foreign Affairs expressed very strongly the position taken by the government.

I am an optimist by nature. I think at this stage the cup is three-quarters full. I say that because before I arrived here three years ago governments used to characterize the events of 1915 as a tragedy. A few years later we took courage and said it was a calamity.

As I mentioned, in 1999 the Parliamentary Secretary to the Minister of Foreign Affairs stated that what happened in 1915 was done out of pure intent to destroy a national minority. Pure intent to destroy a national minority is the same definition used in the crimes against humanity bill passed by the House. It is the same phrase used by the UN to describe events in Rwanda, Yugoslavia or anywhere in the world that constitute genocide.

The exception is when it comes to the case of Armenia. People in the world have come up with different phrases but they all avoid the word genocide. People have told me they have grave concerns about using the word. However France used it a couple of years ago and nothing happened. France is still there. Turkey is still there. They still do trade. They still have commerce. They still have relationships between them. Why can it not be the same for Canada?

I will make another point clear. The Turks have been claiming for the last few years that Armenians were murderers who massacred a whole bunch of Turks. I have articles from number of newspapers including the *New York Times*, *The Times* of London, the *Evening Telegram*, the *Toronto Star* and the *Globe and Mail*. A *New York Times* headline dated Sunday, December 12, 1915 reads "Woman Describes Armenian Killings: German missionary says Turks proclaimed extermination as their aim". This came from a German person. As we know, the Germans and Turks were allies during World War I. Another *New York Times* headline dated Wednesday, December 15, 1915 reads "Million Armenians Killed Or In Exile". This again came from a German source.

Armenians did not kill Turks. I am sure these newspapers have a whole bunch of articles and there will not be one that says the Armenians killed some Turks. I would like to see the proof because the proof is not there. People want us to go further to look forward to this event—

• (1845)

The Acting Speaker (Ms. Bakopanos): The hon. Parliamentary Secretary to the Minister of Foreign Affairs.

Ms. Aileen Carroll (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Madam Speaker, I thank the hon. member for his question concerning the position of the Government of

Canada regarding the tragic events that so greatly affected the Armenian community in 1915.

As he has mentioned, on many occasions our government has expressed with great compassion its heartfelt sympathy for the sufferings of the Armenian people at that time. As he may recall, we have done so frequently in the House, and in other messages and on other occasions.

I would especially like to mention the personal message from the Prime Minister of Canada to the Canadian Armenian community on the occasion of the anniversary of the Armenian tragedy of 1915.

The hon. member mentioned that on April 18 the current Minister of Foreign Affairs referred specifically to two points that, in my view, constitute a sincere, appropriate and pertinent response to the member's question concerning the government's position on this tragedy. I will elaborate quickly on two points.

First, the House adopted a motion in 1996 on the Armenian tragedy recognizing the week of April 20 to April 27 each year as a week of remembrance of the inhumanity of people toward one another.

Second, following extensive consultation, the position of the Government of Canada on these events was stated by the hon. member for Halton on behalf of the Minister of Foreign Affairs at that time in a statement to the House in which he said:

We remember the calamity afflicted on the Armenian people in 1915. This tragedy was committed with the intent to destroy a national group in which hundreds of thousands of Armenians were subject to atrocities which included massive deportations and massacres. May the memory of this period contribute to healing wounds as well as to reconciliation of present day nations and communities and remind us all of our collective duty to work together toward world peace.

As the member can see, we share the remembrance of the sufferings of this painful period and we attach great importance to ensuring that this human tragedy remains part of our collective memory and is not forgotten by future generations.

In closing, the tragic events of 1915 remind us more than ever that we need to continue to strive to promote tolerance and reconciliation among peoples so that the horrors of the past, like the tragedy suffered by the Armenian people, are never repeated.

Mr. Sarkis Assadourian: Madam Speaker, I want to make two points in the one minute I have left.

First, I want to make sure that everyone watching tonight knows they can come to my office to look at this documentation which proves the point of what exactly happened. This is not a document of Armenian sources. It is from a respected international newspaper.

Second, if Armenians in Canada, around the world or in Armenia are asked to move forward then we must have the courage to address the past because without addressing the wounds of the past, Armenians cannot go forward. That is a must.

If relations between Turkey and Armenia are to go forward this issue must be addressed once and for all so these two nations can live in peace and harmony, with trade, with government diplomatic relations and with normal relations between two nations because they have both survived and are both here to live in peace and harmony.

Adjournment Debate

I thank everybody for their support and encouragement on this issue. I look forward to the co-operation of everybody in the House to fill the one-quarter left in the cup so we can have the word genocide used.

Ms. Aileen Carroll: Madam Speaker, I have listened carefully to the member and I have attempted to convey the position of the Canadian government as articulated in June 1999 and more recently in the House for the minister. It has been acknowledged as a horrendous event in history but I do not believe, as has been conveyed by the member, that the only way to move forward is to go down the road that he has proposed.

I believe that Canada is pursuing the development of positive and productive bilateral relations with all countries in that region,

including Armenia and Turkey. A stable and prosperous region characterized by peaceful and strong bilateral relations will undoubtedly be beneficial for all of them, including Canada. In my view that is the way we will accomplish stability and reconciliation rather than the use of certain verbiage.

• (1850)

The Acting Speaker (Ms. Bakopanos): The motion to adjourn the House is now deemed adopted. The House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.50 p.m.)

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