



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Thursday, October 2, 2003**

—  
**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Thursday, October 2, 2003

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

• (1005)

[*English*]

### CANADA ELECTIONS ACT

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.)** moved for leave to introduce Bill C-51, an act to amend the Canada Elections Act and the Income Tax Act.

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

\* \* \*

### BUSINESS OF THE HOUSE

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, there have been consultations among House leaders and I believe you would find consent for the following motion. I move:

That at the conclusion of today's debate on the Canadian Alliance Opposition Motion, all questions necessary to dispose of this motion be deemed put, a recorded division deemed requested and deferred to the end of Government Orders on Tuesday, October 7, 2003.

[*Translation*]

**The Acting Speaker (Mr. Bélair):** Is there unanimous consent to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

[*English*]

### COMMITTEES OF THE HOUSE

#### GOVERNMENT OPERATIONS AND ESTIMATES

**Mr. Reg Alcock (Winnipeg South, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the seventh report of the Standing Committee on Government Operations and Estimates regarding its order of reference of Friday, September 26, 2003, on Bill C-41, an act to amend certain acts. The committee has considered Bill C-41 and reports the bill without amendment.

## CRIMINAL CODE

**Mr. Randy White (Langley—Abbotsford, Canadian Alliance)** moved for leave to introduce Bill C-453, an act to amend the Criminal Code (failure to stop at scene of accident).

He said: Mr. Speaker, in honour of Carley Regan, a 13 year old child who lost her life unnecessarily at the hands of a hit and run driver, I am tabling this bill in the House of Commons so that we can help to prevent such catastrophes in the future.

The bill equates the penalty of hit and run with death to one that is slightly higher than the penalty for manslaughter, seven years minimum to life, and for hit and run with injury to that for attempted murder, four years minimum to life.

The bill also prevents, for the first time in Canada, Crown counsel from plea bargaining the charge of hit and run, so that those who hit and run must face the charge.

Too many of our citizens suffer the deaths of loved ones or are injured, like David Slack in Aldergrove, British Columbia, only to find injustice in the courtroom. We will vote on the bill in the House of Commons and I want all Canadians to know that Carley's name will live on in this amendment to the criminal code so that others may be spared the anguish of irresponsible behaviour.

This bill, when it becomes law, shall be forever known as Carley's law.

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

\* \* \*

## PETITIONS

### JUSTICE

**Mr. Randy White (Langley—Abbotsford, Canadian Alliance):** Mr. Speaker, I present a petition signed by many members of my riding. Their concerns are that sexual predators are devastating the lives of Canadian families and undermining the very fibre of Canadian society. The petitioners ask Parliament to disallow conditional sentencing for sexual offences against children, to mandate consecutive sentences in cases where violent acts against children are committed, to promote measures of early identification and behaviour modification of potential sexual predators, and to undertake a complete review of the entire issue of sexual exploitation of children. I present the petition on behalf of my constituents.

*Supply*

## CHILD PORNOGRAPHY

**Mr. Inky Mark (Dauphin—Swan River, PC):** Mr. Speaker, I have the honour to present three petitions on behalf of the good people of Dauphin—Swan River.

The first petition calls on Parliament to protect our children by taking all the necessary steps to ensure that all materials which promote or glorify pedophilia or sado-masochistic activities involving children are outlawed.

• (1010)

## RELIGIOUS FREEDOM

**Mr. Inky Mark (Dauphin—Swan River, PC):** Mr. Speaker, the second petition calls upon Parliament to protect the right of Canadians to be free to share their religious beliefs without fear of prosecution.

## MARRIAGE

**Mr. Inky Mark (Dauphin—Swan River, PC):** Mr. Speaker, the last petition calls upon Parliament to take all the necessary means to maintain and support the definition of marriage, which is a supportive relationship between a man and a woman in Canada.

## CANADA POST

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I am proud today to rise on behalf of constituents and citizens throughout the country on four different petitions. The first one deals with the rural route mail couriers and Canada Post and asks that they have fair and collective bargaining and not be discriminated against.

## MARRIAGE

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I would also like to present a petition on behalf of my constituents who basically state in their petition that the definition of marriage should be that it is between a single man and a single woman.

## CHILD PORNOGRAPHY

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I have three petitions from Lower Sackville stating that child pornography laws should be toughened and that any involvement in pedophilia or sado-masochistic activities should be outlawed.

## RELIGIOUS FREEDOM

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, the final petition is on religious freedom and on exercising that opportunity for freedom of religious thoughts and beliefs throughout this entire country.

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## QUESTIONS ON THE ORDER PAPER

**Mrs. Marlene Jennings (Parliamentary Secretary to the Solicitor General of Canada, Lib.):** Mr. Speaker, I ask that all questions be allowed to stand.

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

**Some hon. members:** Agreed.

## GOVERNMENT ORDERS

[English]

## SUPPLY

## ALLOTTED DAY—FEDERAL GAS TAX

**Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance)** moved:

That, in the opinion of the House, the government should initiate immediate discussions with the provinces and territories to provide municipalities with a portion of the federal gas tax.

He said: Mr. Speaker, I would like to indicate that I will be splitting my time with the member for Medicine Hat.

This is the second time in this calendar year that the Canadian Alliance has moved a motion in the House of Commons to channel gas tax dollars to where they will do some good rather than have them disappear into the black hole of Ottawa's general revenue pot.

On June 12 of this year the Alliance tabled this motion:

That, in the opinion of this House, Canada's infrastructure needs should be met by a regime of stable funding; and that accordingly, this House call on the government to reduce federal gasoline taxes conditional on an agreement with provinces that, with the creation of this tax room, provinces would introduce a special tax to fund infrastructure in provincial and municipal jurisdictions.

Today's motion reads:

That, in the opinion of the House, the government should initiate immediate discussions with the provinces and territories to provide municipalities with a portion of the federal gas tax.

This Liberal government cannot say the same thing that the Canadian Alliance can say: The Canadian Alliance has been consistent in principle for a decade in our new agenda for gas tax dollars. The current Prime Minister cannot claim consistency of principle in his position, nor can the new Liberal leader and former finance minister.

Speaking of the former finance minister and new Liberal leader, this motion is an attempt by those of us who believe in fiscal responsibility and a new gas tax agenda to find out precisely how principled he is. On September 25, speaking to the Union of British Columbia Municipalities, the new Liberal leader said, "No matter how long it takes, we are going to provide Canadian municipalities with a portion of the federal gas tax".

He had a decade as Canada's finance minister. He had nine budgets with a majority government in which he could have done anything he wanted. He could have invested gas tax dollars into roads. He could have vacated gas tax room to provinces. Or he could have helped out municipalities directly. He did not do any of those things. He failed to show leadership, he failed to walk his talk, and he failed to invest in Canada's cities and infrastructure. Now that he is out of cabinet and wants to become Canada's next prime minister, he wants us to trust him with these kinds of changes in this public policy.

*Supply*

The new Liberal leader voted against our motion on June 12, showing yet again that he cannot be trusted on this issue; when he had the power to do something, he failed. But, being fair minded Canadians, and given his statement of last week at the Union of British Columbia Municipalities, it is time for the new Liberal leader to show up in the House, stand in his place, vote for his own words and show his commitment to making sure this happens. It is time that the former minister did this, just as a token of acknowledgement. Not only would it show that he is committed to this policy idea, but, as a token of acknowledgement, if he does come to this place and does vote in favour of the motion he will be demonstrating that the entire time that he was finance minister he was a hypocrite for not doing what he would be voting for in terms of this motion.

Canada's road system is comprised of a total of 900,000 kilometres of roads, highways and bridges. Of those 900,000 kilometres, 15,000 are federally owned, which is only 1.7% of the total. Two hundred and thirty-one thousand kilometres are provincially owned, which is 25.5%, and 655,000 are municipally owned, which constitutes almost 73% of all the roads.

Over 98%, almost 99%, of all the roads, highways and bridges in our country, all this infrastructure, is engineered, built and maintained by provinces and municipalities, but 50% of the cost of a litre of gasoline is taxation. Half that taxation goes to the black hole of general revenue in Ottawa and does not get invested in highways and infrastructure.

It is an important paradox to consider. While half of all taxation goes to the federal government, half of the gas taxes goes to provinces. So let us look at the provincial record, which is part of what the Canadian Alliance motion and our policy are about: to find some kind of accountability. We see that 91.6% of all provincially collected fuel taxes is invested in transport related infrastructure projects. That 91.6% is the provincial average across Canada. In Ottawa, 2.4% of the 100% of gas taxes collected goes into roads. In fiscal year 2001-02, 99% of the 2.4%, that meagre amount, was invested east of the province of Ontario, in Quebec, Atlantic Canada, and Newfoundland and Labrador.

The international comparison is not good either. While 2.4% of Canada's federal gas tax revenue is invested in roads, 84% of the U.S. federal gas taxes is earmarked specifically for highway and infrastructure improvements. Canada's record on this is appalling.

• (1015)

One of the principal problems of Canada's fiscal federalism has been the disconnect between the level of government, the taxes and finances, government projects and policies and the level of government that actually manages and delivers those projects and policies. We see this happen all too often in public policy. We see it in health care, which has led to divisive political fights and finger pointing. We have seen it throughout Canadian history with regard to natural resource management, language programs, education, financing and certainly transportation.

When this cleavage emerges between the level of government that taxes and finances for a set of policy goals and when that level of government is incongruent with the level of government that manages the public policy agenda, we have had incredibly divisive

arguments that at times have spiralled down to the point where they have almost threatened national unity.

I want to talk for a minute as a British Columbian. I have a responsibility to not only represent my riding, but to represent my province as well in the House. In 2002 British Columbia motorists paid Ottawa roughly \$750 million in federal fuel taxes and an additional \$378 million in GST on that fuel, making Ottawa's total tax bite out of British Columbians over \$1.1 billion in 2002 alone. In return, in 2002, the same year, Ottawa transferred to British Columbia a pathetic \$37 million for infrastructure improvements, which is a paltry return of just over 3%. Three per cent of the total gas tax dollars we sent to Ottawa came back to British Columbia. The infrastructure financing struggles are everywhere in British Columbia.

I want to talk to this separately for a minute about my riding. The city of Port Moody is struggling with infrastructure. We are part of the GVRD in the lower mainland, the northeast sector. Because of the Olympic bid in 2010 and all the money that will be available in terms of financing projects from Whistler down to the airport and the city of Richmond, the northeast sector in my riding will be completely ignored, unfortunately, by the federal government and the provincial government, just because there is so much money being sucked out of my riding in British Columbia and none of it going back into roads.

In my riding, the city of Port Moody, Ioco Road is nearing capacity. Access to Rocky Point Park is getting difficult. The David Connector has been a struggle to build. St. Johns Street is nearing capacity and there have been far too many accidents in the city of Port Moody. The city of Port Coquitlam wants to have better links between north Port Coquitlam and south Port Coquitlam. The proper expansion of Port Moody to the south is a big project that the city of Port Coquitlam would like to do. Major congestion on Shaughnessy has been a problem for the city as well. The city of Port Coquitlam is the youngest city in the province of British Columbia and it is growing rapidly, but the city is struggling to move forward because so many gas tax dollars are being ripped off by the Liberals in Ottawa and not finding their way back into my riding.

In the city of Coquitlam, Como Lake Road is nearing capacity. Coquitlam centre is a problem. There was an accident a couple of weeks ago on Pipeline Road because it does not have adequate lighting and appropriate infrastructure. Two young men, who were driving along the road, were killed because there is not appropriate money for infrastructure. I applaud the mayors in my riding.

Part of our objective with this motion, part of what the Canadian Alliance wants to do is give municipalities money. As I said, almost 99% of all the roads, bridges and infrastructure in the country are engineered, built and maintained by provinces by municipalities. They need to have more money to manage the projects that they deliver.

*Supply*

I want to applaud Mayor Jon Kingsbury of Coquitlam, Councillor Kent Becker of Coquitlam and a number of people in my riding who have done an amazing job of communicating with me. Barrie Lynch is a new city councillor in Coquitlam who has done an outstanding job of keeping in touch with me and letting me know what is going on in the city in terms of transportation. Mayor Scott Young, a young mayor from the city of Port Coquitlam, has done a great job in transportation infrastructure, keeping me in the loop and ensuring that his city is put forward. The same with Councillors Mike Bowen and Arlene Crowe, Michael Wright and Mike Forrest. In Port Moody, Mayor Joe Trasolini, Councillor Karen Rockwell and Councillor Gerry Nuttall have done a great job as well. These municipalities in my riding in British Columbia are struggling to build for the future. It is not exclusive to my riding. The province of British Columbia overall is struggling.

A big debate is going on in Vancouver right now about the RAV project, the Richmond Airport Vancouver line. This is a symptom of a larger problem in British Columbia, whether it is the RAV line, the Kicking Horse Canyon Highway, a new bridge into Kelowna, the Sea to Sky Highway, transportation expansion to the northeast sector of the lower mainland into my riding, financing of the Coquihalla Highway, the inadequacy of Highway 16 or countless other infrastructure programs and problems in British Columbia. The problem for British Columbians is the same and the problem for my constituents is the same. Ottawa is ripping us off at the pumps with gas taxes and not investing it into roads; not investing it into infrastructure.

The Canadian Alliance stands for fiscal accountability, fiscal responsibility and straight lines of accountability so taxpayers get what they pay for at the pumps. We believe in empowering municipalities and putting gas tax dollars into roads. That is what we are doing today, and the Canadian Alliance is showing the leadership that this Liberal government never has.

●(1020)

**Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, as the member acknowledged, we debated this once before in June. At that time I was delighted to hear that the Canadian Alliance, after many years in the wilderness on this issue dealing with municipal infrastructure and supporting municipal governments, had finally come on board.

I am a bit surprised, and I would put my record up against anyone across the aisle. I would like to ask this question. The motion states basically that the Alliance would like the provinces and territories to provide municipalities with funding. There are obviously no assurances there. We have seen that problem before. The federal government believes in tripartite relationships, working directly with municipalities and with the provinces and territories.

Through the motion, how would we have any assurance that in vacating the tax room municipal governments would benefit directly from the provinces and territories? Would the member respond to that?

**Mr. James Moore:** Mr. Speaker, we have that assurance because there is a track record. If the member opposite liked our motion from this past June, because it was more specific in terms of accountability mechanisms, why did he vote against it? If the

member does not like this motion, then why is he supporting the former Liberal finance minister for the leadership of his party?

The hon. member is the Parliamentary Secretary to the Minister of Finance. He has no legs at all to stand on with regard to pointing his finger at the provinces in terms of fiscal accountability for transportation.

Under watch of the parliamentary secretary and the watch of the federal Liberal government, half of the cost of a litre of gasoline is taxation. Half of the taxation goes to Ottawa and half goes to provincial governments. Provinces on average invest 91.6% of gas tax dollars into roads and infrastructure. This Liberal government, the new Liberal leader when he was finance minister, invested 2.4% of all the gas tax dollars it collected into roads.

The Liberal government has no accountability, has no track record and has no legs to stand on with regard to this issue.

At the beginning of his comments the member said that the Alliance is new to the issue. We are not. For over a decade, in Parliament after Parliament, we have stood up in the House as the official opposition and have been consistent and persistent in pursuing fiscal accountability responsibility, proper infrastructure and putting gas tax dollars where they belong.

Just this past year the leader of the Canadian Alliance said that what we were proposing instead was that the federal government permanently vacate a portion of the federal gas tax and allow provinces the option of collecting that revenue to ensure that the money would not be used for other purposes. The transfer of these revenues to provinces and on to municipalities would be conditional in a signed agreement that these resources would be used for infrastructure.

The member opposite asked for accountability. He asked for a plan. That is the Alliance plan. That is Alliance policy. We believe in the kind of accountability that the Liberal Party, the new Liberal leader and the finance minister has never ever stood for and could never deliver to Canadians.

**Mr. Inky Mark (Dauphin—Swan River, PC):** Mr. Speaker, let me begin by applauding the member for Port Moody—Coquitlam—Port Coquitlam for his supply motion today.

My Liberal colleague opposite has indicated that this is a problem which has persisted for many years. The member and I have served for many years in municipal governments in the past. For at least a decade the municipal governments have been crying about the collection of the gas tax by the federal government and not using it for the purpose for which it was collected, which is for certain highway infrastructure.

As we know, over the years American states have dedicated pretty well their whole state fuel tax to roads and the federal government has done the same.

Could the member explain how it would be possible, other than through his motion, to force the federal government to acknowledge the problems and also to dedicate the tax for infrastructure?

*Supply*

•(1025)

**Mr. James Moore:** Mr. Speaker, it can be done upon agreement. The Canadian Alliance preferred option would be to vacate the tax room and allow provinces to consumer that area. This has happened in my province of British Columbia, where the provinces has vacated the tax room and dedicated those points directly to municipalities. Then the municipalities can finance their infrastructure needs properly.

As I said, the problem with our fiscal federalism is this dramatic disconnect between the level of government that taxes for projects and the level of government that actually delivers the projects.

In the sweep of Canadian history this has caused enormous problems. With regard to health care, we have one level of government that collects so much money. The federal government is only financing 15¢ out of every dollar that is spent on health care but it is collecting so much revenue in the name of health care through income taxes, which is a real problem. We end up with finger pointing and divisiveness.

If we look at all Canadian history, with natural resources and all kinds of other things, this kind of absence of accountability in straight lines has led almost to the disintegration of the country with the development of regional parties, certainly in the province of Quebec. This kind of thing should not happen.

There are accountability mechanisms. The province of British Columbia has partly shown the way. There is a way to do this. The Liberals cannot deliver it. The motion is part of the way. The Alliance and the conservative movement in this country can get it done.

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, it is my pleasure to rise and address this issue today.

I want to congratulate my friend from Port Moody—Coquitlam—Port Coquitlam for his speech and for leading off the debate today. He has made a number of good points, but before I get into the reasons why we are promoting this motion, let me read a previous motion that he put forward in June so people understand what we are talking about. The motion stated:

That, in the opinion of this House, Canada's infrastructure needs should be met by a regime of stable funding; and that accordingly, this House call on the government to reduce federal gasoline taxes conditional on an agreement with provinces that, with the creation of this tax room, provinces would introduce a special tax to fund infrastructure in provincial and municipal jurisdictions.

I want to start by just reminding the House how important this is. My friend was talking a minute ago about some of the problems in his riding and in British Columbia with respect to the lack of funding for roads that has caused all kinds of safety problems.

My riding of Medicine Hat is right on Highway 1. If one travels the highway into Saskatchewan, all of a sudden it goes from a great divided highway into a two lane highway, the Trans-Canada Highway. For years and years that stretch of highway between the Saskatchewan border and Swift Current was a two lane highway with no division, and there have been hundreds of accidents on it.

Remember this is the Trans-Canada Highway and a tremendous volume of traffic goes up and down that road. However because of inadequate funding, lives were lost there every year. It is only now

that we have started to get to the point where that road is being divided and we will have a proper highway, but it still not complete. It still has a long way to go.

Saskatchewan of course is not really in a position to fund that by itself. Year after year it has been calling on the federal government to devote some of the money that comes out of excise tax in Saskatchewan to the roads in Saskatchewan, which is hardly unreasonable. If that had happened, I would argue that countless lives could have been saved. However it did not happen, and still has not happened, and people, to some degree, take their lives in their hands when they go down that stretch of highway. It is extraordinarily dangerous and that is the most powerful argument I can make for the government to move ahead and approve this motion. We need it.

I also want to point out that with the end of the Crow rate, we have had a lot more trucking of grain in the prairie provinces. A lot of cattle liners move up and down the highway, not as many as there used to be with the BSE crisis. Typically that is what happens. I live just off Highway 36 in Alberta and I see those cattle liners going up and down that road all the time. They beat up those roads pretty good but it is not like they do not pay the taxes necessary to pay for the upkeep of those roads. The problem is the taxes do not get back from the federal government into those roads.

As my friend pointed out a minute ago, only a couple per cent from the federal government is put back into highways in Canada and that is a disgrace. The point is this. If the government taxes a specific commodity, in this case fuel, to such a degree that it does, at 10¢ on average in excise tax, the expectation is that money should go back into looking after, in this case, highway infrastructure. I think that is reasonable.

What we really have here is almost a case of bait and switch. People pay the tax with the understanding that it will come back in the form of better roads, but all of a sudden there is a switch and the money goes into general revenues, never to be seen again. It is not like all those general revenues are devoted to things that people want. Yes, we want good health care and yes, we want good national defence. However lately there has been an endless list of scandals where that money has gone to all kinds of things that people would argue have nothing to do with their priorities. In fact some of them are outright scams. They are scandals at the very least.

•(1030)

Clearly, all of that money is not spent on things that are high priorities. There is a very good argument to be made that this money must start coming back to the provinces so that municipalities can provide some of these services. Roads need to be paved and that type of infrastructure not only provides people with safety but also leads to a good economy. We must have good infrastructure if we want to have the easy transport of goods and services in our country. This leads to a much stronger economy. I would argue that the government has failed us in that respect.

### Supply

One of the things that is most striking about this debate is the hypocrisy of the government. We brought forward a motion in the spring that effectively argued what we are arguing today. The government voted against it. We have the Parliamentary Secretary to the Minister of Finance getting up and criticizing us. He voted against that motion and so did the member for LaSalle—Émard, the new Liberal leader. They voted against it in the spring, but now they are proposing something very similar to it and swallowing themselves whole.

I will be very interested to see how they vote tonight. It will be amazing. If they vote against it, they will be voting against what the former finance minister, the new Liberal leader, is arguing for. If they vote in favour of it, why did they not support it in the spring? Why would they not support it all those years ago? We have been arguing for this for years.

The Liberals across the way have been playing politics with this and they do not care about doing what is right. They care about doing what is politically convenient for them. It has nothing to do with what is clearly right economically and clearly right from the standpoint of providing public safety. What they are doing is covering their rear ends as it suits them, and I am afraid to say that the public pays a big price as a result of that.

I want to point out that it is not this way in all jurisdictions. My friend has pointed out that the provinces are extraordinarily good about turning about 92% or so of the sales tax, the excise tax, on gasoline back to roads and infrastructure. In other jurisdictions in the U.S. it is something like 84% that is turned back out of their excise taxes. These jurisdictions are very responsible. The only one that is not responsible is the federal government. The Liberals love it when the issue is clouded by several levels of government being involved in taxing and distributing this income.

My friend has pointed out that it is the same thing with health care, where we have different levels of government involved. The Liberals love not having that direct line of accountability between collecting revenues and distributing the services because it allows them to get away with all kinds of actions. They then take credit when it suits them.

We all know that they will put up a sign on a highway saying that a road is funded by the federal government. When it suits them, the signs are up, but on the other hand, 99% of the roads that are built in this country are not built by money that comes from the federal government. So when it does not suit them they are out of it. They do not want to spend that money if they are not going to get a big political bang for it.

It is time to have a little accountability here. Some of that money that goes into excise taxes must start to come back to municipalities and the provinces.

In this case, we would step out of that tax room, vacate it and allow the provinces to take it over, contingent upon an agreement with their municipalities to ensure the money gets back to the municipalities so they can use it for roads and infrastructure as it was intended.

In conclusion, I hope that Liberal members across the way will swallow themselves whole and vote in favour of this motion today

even though they voted, to a person, against it last spring. We look forward to seeing how they will vote on this issue.

• (1035)

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I thank the hon. member for his speech. I want to reiterate to his colleague from the reform party who spoke previously that not just the federal government plays politics with gas taxes.

The provincial government of New Brunswick played a big political game a few years ago with the gas tax when it cancelled the road tolls and said it simply could not allow the road tolls on the Trans-Canada because it would suck \$15 million a year out of New Brunswick taxpayers. So what did it do instead? It applied a 2¢ a litre gas tax for all New Brunswickers. Bernard Lord was complaining that the province could not take \$15 million out of the economy but it sure could take \$30 million out of the economy.

My question for the member is quite clear. With the gas taxes going to municipalities, if that is the direction the federal government will go, how do we ensure that the more rural areas of the provinces, especially those areas in the northern parts of the provinces, get adequate funding for their roads and for future development as well? How would he envision that?

**Mr. Monte Solberg:** Mr. Speaker, I appreciate the question. It asks, how one would ensure that rural areas, and maybe areas where there is not much population but in need of roads into those areas, would be funded?

None of this would stop the provinces from continuing to do that job. We are not suggesting for a moment that the provinces would step out of their role and responsibility for providing roads into these remote communities. That is something they do already. What we are arguing is that there needs to be more money coming in to supplement that. The best level of government to determine what the concerns and priorities are is the municipal level of government.

In the little community I live in, Brooks, Alberta, I have complete confidence in the county, in our reeve, and our mayor and his council to make those kinds of decisions. They hear from people everyday about the potholes, stop signs and what is wrong. I say, let them make those determinations. However, they need the money in order to go ahead and actually bring about some action in accordance with the priorities they have heard from their people.

**Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, the member talks about hypocrisy and scandal. I assume he is looking in the mirror because the Canadian Alliance, the former reform party, has never been a supporter of municipal governments in our country.

I will give members a simple example. A few years ago we had Bill C-10 before the House. It dealt with the issue of payments in lieu of taxes to ensure that we had guaranteed payments to municipal governments for federal properties within their jurisdiction. The party over there voted against it.



*Supply*

That party has not supported national infrastructure programs. That party has a shabby record on dealing with municipal governments. However, I can tell the member that this government is prepared at any time to work with provinces and municipal governments on the issue of national infrastructure. We do not need any lessons from that party, absolutely not.

• (1040)

**Mr. Monte Solberg:** Mr. Speaker, it is passing strange that the member would stand up and proceed to lecture me and my party about our record when it comes to municipal governments.

It is his party that is only providing 2% of all the excise taxes that it collects for municipal projects. To me, 2% for infrastructure is a shabby record. That is a shameful record. I hope the member across the way apologizes by voting for our motion.

**Hon. Steve Mahoney (Secretary of State (Selected Crown Corporations), Lib.):** Mr. Speaker, it is a pleasure for me to rise and speak to the motion.

The Canadian public must look at the motion and wonder why all these members are fighting if they agree on all of this stuff.

It is an interesting problem. Let me take the suspense, about how the government would vote, away from the previous speaker who said he is anxiously awaiting the results of the vote. The government supports the motion.

However, what is interesting about this is that this is clearly a case of Canadian Alliance members seeing where the parade is going, watching it go right by them, and elbowing out in front so that they can pretend to Canadians that they are actually leading this. This is such utter nonsense.

**Mr. Vic Toews:** Shame on the member that he would say that with a straight face.

**Hon. Steve Mahoney:** Well, shame on the member. This is nothing but pure bald-faced political one-upmanship on the part of the Canadian Alliance because it has not got a clue about what these policies will do or what they mean.

Let me tell the House that this is the same party that wants to build a firewall around Alberta. We remember that statement. We remember that desire. I have heard members on the opposite side stand up and say the reason they put this motion is that they want to give this money to the provinces.

I thought we were talking about empowering our municipalities. I thought we were talking about new ways, a new deal for cities, because 80% of the people in this country happen to live in cities.

If it is for cities, then members should read *Hansard*. Why do members opposite stand up and say we need to find more ways to flow money to the provincial governments?

I want to admit one thing to the Canadian Alliance. One of the experiences I have enjoyed in the past six months has been working with provincial and municipal governments in the area of affordable housing. It might come as a surprise that one of the best provinces in Canada, under the terms of the federal-provincial agreement, is Alberta.

A lot of people would be surprised to hear that because at six o'clock at night on the news they see Premier Klein standing up and bashing Ottawa or taking shots at the Prime Minister or playing golf with Mike Harris or whatever. Yet in fact, the minister of housing, Stan Woloshyn, and I have had several excellent meetings. Alberta has actually built 420 affordable housing units. This is not a huge number. However, we must remember we are only talking three million people.

Alberta is building supportive housing and doing partnerships with municipalities. This summer I was in Red Deer with the minister. We opened a supportive housing project in Red Deer with the cooperation of the provincial government, the federal government, the municipality and the private sector. It is leading edge stuff that is coming out of the Province of Alberta.

What we hear in the House is members standing up and not knowing about any of that. They would not be aware that this minister and the minister of housing in Alberta are working extremely well together. They would only want to stand up and get in front of the parade so they can pretend they are actually leading the issue.

What this issue is really about, and the reason that the government and frankly the new regime when it comes in will support, is new partnerships. We must recognize that our municipalities are the economic engines of this country and they need our support.

The reason municipalities need our support would run contrary to what the Canadian Alliance would do in giving more power to the provinces. The provinces, and I talk now not of Alberta but of my own Province of Ontario—this being an election day and an exciting day in the Province of Ontario—as an example. It has downloaded to the municipalities and put incredible pressure on not just the municipalities, but on hospitals and the education system.

The provincial government cancelled the affordable housing program that was in place the minute that Mike Harris took over the premier's office in 1995. The province has downloaded the responsibility. It has downloaded all of the heavy lifting to the municipalities in the province.

Here is the problem. We may have a new government in Ontario today. Some of us are hoping for that to happen. However, whether we do or not, if we were to give a piece of the federal excise tax on gasoline directly to municipalities, not to the provinces as I am hearing members over there say, the provincial government of any particular political stripe could figure out how much money that is and claw it back in some fashion. We have seen that in program after program in the Province of Ontario. It is unacceptable.

• (1045)

There is no point in just shuffling the deckchairs. We have to make sure that whatever amount is finally worked out and committed to be transferred to the municipalities, that it goes to them for their programs that they know how to run and on which they can decide; that it is matched by a like contribution from the provincial governments and the territories; and that it is not clawed back in some other fashion, like the child tax credit, in my view.

### *Supply*

All of the things this government has done, which the opposition of course dutifully fails to recognize, support Canadians, 80% of whom live in cities. Therefore, we could say that it supports cities. The people who get the child tax credit live in our cities. It is frankly one of the greatest accomplishments of the former minister of finance. Yet we hear people say we have not done anything.

The annual assistance rates for children in low income families were increased through the Canada child tax benefit by \$10 billion by the year 2007. This represents an increase of about 100% since 1996 and will have risen to \$3,243 per year for the first child, \$3,016 for the second child, and \$3,020 for each additional child. Is that important to cities?

My mayor, Mayor McCallion, would say that we have a lot of young families. We have our share of the burden of people living in poverty and people struggling to get ahead. Is it important to Mayor McCallion? Is it important to Mayor Fennell? Is it important to Mayor Lastman or the next mayor of Toronto? Is it important to the mayor in St. John's, Newfoundland? Is it important to Mayor Kelly? Of course it is important to all of them that their families get this kind of assistance.

Why members opposite cannot see that as direct assistance by the federal government to the people who live in the municipalities is beyond me. At the end of the day we will not be focusing on helping corporate municipal governments. We are interested in helping the people in those municipalities. We know through partnerships with the municipalities that we can achieve that.

For example, we signed an affordable housing agreement with the province of Manitoba. The federal government would provide Manitoba with \$12.5 million and Manitoba would match that \$12.5 million to create a housing fund of \$25 million to build homes in that province. The mayor of the city of Winnipeg came to the table in the one and only tripartite agreement we have in this country. Mayor Murray signed an additional agreement with Manitoba and with us to add \$17.5 million of municipal money into the affordable housing package. That is \$42 million to build affordable housing.

The city of Winnipeg needs it desperately. It has a serious shortage of housing for urban aboriginals. It has a serious shortage of housing for the working poor. I wish I could take that template from Manitoba and Winnipeg and do it in every municipality across the country. That would be my goal, to use that template as the example of how we can work in partnership with our municipal partners.

We talk about infrastructure. What have we done there? I hear all these stories about how roads are falling apart and that we have not put money into them. Municipalities know that is not true. Is it enough? No, it is never enough. We all know that.

In reality we have committed \$10 billion to infrastructure that has been tripled by partnerships with provincial governments and municipalities to generate \$30 billion in infrastructure programs across this country. If there is one area that I think we need to look at in the infrastructure file however, it is separating out what I call core infrastructure from cultural infrastructure and community infrastructure.

● (1050)

What I mean by that is many of our cities and communities have problems with water and sewers. The pipes are old. In some sections in the city of Toronto they were actually twinning the storm sewers and the sanitary sewers and it was going right into the Don River and into the lake. That is not acceptable in today's environment.

Our infrastructure programs need to focus on core infrastructure, which is sewers, water and roads. Then on the other hand we can deal with the community infrastructure programs for things like a living arts centre, a community centre, or an arena. These things cannot be ignored. We will do that in partnership with our municipalities and provinces.

One of the other really interesting issues is that the Canadian Alliance tries to generate this feeling that somehow we are ignoring the municipalities and at the same time it wants to give all the power and concentrate all the power at the provincial level. We know that is its agenda. We know that it is strictly a regional rump, if you will. It won a couple of seats in Ontario. We know based on the good sense of the people of Ontario that they will not be sending more Canadian Alliance members.

We do not know about the partnership that is on again, off again. I think the parties are in marriage counselling right now to see whether or not they can get together. One of my colleagues says that there are bunk beds over at Stornoway. But the reality is, there can only be one official opposition.

I just received some new information on Manitoba. It is actually \$25 million. I correct myself. It is \$25 million federally, \$25 million provincially and then the city added \$17.5 million. So it is a much bigger pot but the principle is the same. It is a tripartite agreement among all three levels of government. Frankly, that is the direction we need to go in.

The issue of gas tax is the one that is so visible to people. They see the pie chart at the pumps. In my view, if we can do this, if we can have an agreement between the province and the municipality, there has to be transparency. The municipalities should have a political resolution put on the books saying that they wish to collect this gas tax and we should change the pie chart so that people know where the tax money is going.

One of the criticisms that I think is legitimate of all governments in the country is that we tend to put everything into a central pot, a black hole, and then we order our business and we disburse it. Targeting things like a portion of the gas tax is an idea whose time has arrived. It is an idea where the public needs to know that its mayor and council are in fact getting a certain percentage on that pie chart on the gas pump and that the province and the federal government are kicking in a piece. It is all about transparency and understanding where the money is coming from and where the money is going. That is a critical part of it.

It is a much bigger issue than that in terms of the relationship with municipalities. I like to use the example around housing. Affordable housing is an issue that only reaches the front page or the front mindset of people when there is an eviction of squatters, or when there is a demonstration by an anti-poverty group or something like that demanding affordable housing. All of a sudden the media picks it up and all of the politicians and everybody start talking about it. We need to talk about this with our municipalities in true partnership without the stress of those kinds of demonstrations being what drive the issue.

There are 1.8 million people living in core need. This is a disgrace and it is something that I frankly intend to do everything I can to fix. I hope all members would agree with this. In Canada 1.8 million people are living in core need. Core need means that they are paying more than 30% of their gross income for the roof over their heads. They have a home. In Saint John, New Brunswick for example the vacancy rate is 5% and people might ask what the problem is, that there should be lots of supply. Once that is taken out of the equation, the number of homes that are literally unliveable, where the roof is leaking, where insulation does not exist and it is freezing in the winter and people should not be living there, the vacancy rate drops down below 2%.

● (1055)

We have a problem but just because we have somebody under a roof does not mean we have solved it. It has to be decent quality housing, not third world standards like we are seeing in some parts of the country and it has to be affordable.

If a single mom is paying 50% or 60% of her gross income to put a roof over the heads of her and her two kids, that means she has 40% or 50% of her gross pay, maybe as low as 30% of her net pay, left to buy food, clothing and pay for transportation to get to work. It is impossible. I would defy anybody in this place to live with numbers like that. It cannot happen.

Can we solve it alone? No, absolutely not, but the federal government is back in the housing business and we have entered into partnerships with municipalities. It is my hope that if we find new ways to create a new deal for the municipal sector the municipalities across the country will do what Mayor Murray in the city of Winnipeg has done. They will put their money on the table to help build affordable housing.

It all begins at home. If we could elevate in the priority of people's minds the issue of affordable quality housing to the same level as health and education, I think we would start to achieve something. I think it should be there because good health begins at home.

Think about growing up as a child. I would suspect most of us in this place had an address, had a home, hopefully had a mom and a dad, and siblings. Fifty per cent of the people who live in shelters in the city of Calgary actually have jobs. They go to work every day and they come home at night and sleep at the YWCA or at a homeless shelter. That is deplorable. We have to stop that. We have to put in place programs that will help those people.

Some of those people actually have children. They go out of the shelter in the morning, they send their children to school, they go to work at minimum wage jobs and they meet their children back at the

### *Supply*

shelter. Think of the impact on those children when the other kids at school ask them where they live. Does anyone think that those children want to say that they live at the Y? I can guarantee that they do not want to say that. They are embarrassed. Those children love their moms, but they are embarrassed, ashamed.

Imagine the difference, the uplifting feeling and sense of security if, when a child is asked where he lives, he can say, "I live at 21 Birchview", which is where I grew up in Toronto. Imagine that feeling. There are kids in shelters in this country who move 12 times a year. They have no idea what a home is.

Do we want to have a new partnership with the cities? We need the provinces to commit to this full bore. We have agreements signed with provincial governments. They are supposed to match the money that we have provided for affordable housing. Most of them are, with the exception of Ontario again, matching it and building it.

There have been 1,700 homes built in British Columbia in cooperation with the city of Victoria, the city of Vancouver, the city of Chilliwack, and the list goes on. There have been 420 built in Alberta, with the great cooperation of the city of Calgary, the city of Edmonton, the city of Red Deer and the provincial government. In Saskatchewan there are 200 units underway.

In Winnipeg, Manitoba, there are 117 underway. There are many more to come because of the leadership of the head of that municipal government.

In Quebec there are over 1,500. What Quebec did is it got \$160 million from us and in partnerships with the municipalities they matched it, \$120 million from the province and \$40 million from the municipalities. They are building 1,500 units as we speak and are committed to 65.

Nova Scotia is off the ramp. It is going ahead with programs. We are looking at home ownership for the working poor as a pilot project. New Brunswick is on the way. P.E.I. broke ground for seven new homes just last month in Charlottetown in cooperation with the municipality.

Do not tell me the government is not doing it, because I know differently. The government believes in cities and municipalities. More important, we believe in Canadians. We will work with them to build affordable housing and provide fair, just taxation for our municipal partners and our provincial partners to continue building this great country.

● (1100)

**Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance):** Mr. Speaker, I hope every provincial premier in Canada was listening to that tirade of hate about the incompetence of provincial governments in not being able to make a decision regarding such things as the distribution of the gasoline tax. I think that is terrible.

For instance, the member just mentioned that the government will pay its share if the provinces pay theirs. In Saskatchewan we have to try to come up with 40% of a government program in a province that now has less than a million people and many times we cannot do that.

### Supply

If the Province of Saskatchewan cannot determine the percentage of the amount of gasoline tax that comes into that province, or that goes to that city, what he is saying is that the government of Saskatchewan and all other governments are totally incompetent, that this government wants to deal directly with the municipalities. That is not the function of our Constitution and it is not the function of this government. No government can ignore provincial governments.

Let me read very quickly what the motion states: "That, in the opinion of this House, the government should initiate immediate discussions", and members should listen carefully now, "with the provinces and the territories to provide municipalities...".

It has to go through that. We do not go out and say, "Here is your health tax, but you must spend it here and here". It is not done in health, so why would it be done with taxation from gasoline?

**Hon. Steve Mahoney:** I guess I struck a nerve, Mr. Speaker. I am not surprised, but I have to say that I do not know if this gentleman was in the room when I spoke or whether he was in some cloud.

Did I not say that the best province in the country to work with in affordable housing is Alberta? Did I not say that we are building houses with the cooperation of the provincial governments and the municipalities in every province except Ontario? That is my complaint. It is my home province that is not doing the job. I do not know what that was all about. What is he smoking over there? We have a terrific relationship with most of the provincial governments in this country and we will continue to have.

Those guys cannot take yes for an answer. We have said we are going to support the motion. What is their problem? We agree with it. We think it makes sense. The government believes in it.

But let me tell members that we have done a lot of other things that nobody gives us credit for and nobody on that side of the House recognizes. It is time that more of us talked about the positive things the government has been doing in signing partnership agreements right across this land. We are not ignoring the provinces. We are working with them in tripartite agreements with our municipalities to make this country better.

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Mr. Speaker, I am always entertained by the minister when he speaks. Of course he spoke a lot about housing on a motion that deals with gas, so I assume that a lot of those houses would be heated by natural gas.

My concern, and I am going to throw this in before my question, is that he talks about the child tax benefit, which we fully support, but of course the problem in Nova Scotia, as he knows, is that it was clawed back. When the government makes these deals with the provinces, it has to ensure that there is no clawback. He wants to know why the Liberals do not get the credit. That is why they do not get it: because they deal with the provinces and come up with this money, then they turn around and claw it back and the people do not get any benefits.

My question to him is on the motion dealing directly with this. I am thinking of the northern areas of Nova Scotia where the municipalities are not that large and have very sparse populations. If the federal government, through the former finance minister, wishes

to deal directly with the municipalities, how does he envision that those people would get a fair share of the tax revenue in order to build up their infrastructure and to move forward in our economy?

• (1105)

**Hon. Steve Mahoney:** Mr. Speaker, the member is right on when he talks about the problem with the clawback. I could not agree more.

The reason I spoke about housing in this file is that, first, it is my portfolio, but second, whether it is the gas tax, affordable housing agreements, child tax credits or whatever, it is all about a new partnership with our municipal partners. It is all about restructuring how we work together. It does not mean that we have to deal directly with the municipalities. We recognize that we have a Constitution and a responsibility to deal with our provincial partners and our territories. We understand that.

But it means that if we set aside money out of the gas tax that is supposed to go to the municipal treasury, we want to make sure it goes there and does not get clawed back in some other form by the provincial government. That is all. Those agreements have to be put in place to ensure that it happens.

The best way to do that is to get the provincial governments to be partners in all of this and to have them sign on. I understand the problems that have happened in Nova Scotia. I met with the minister, who is now the reappointed minister there, and we are working together, I can tell members, to try to make things happen.

On the issue of rural Canada, let me stress this. I also represent Canada Post. There has been a lot of noise about closing rural post offices. Let me assure the House right now, on the record, that there is no intention by this administration to close rural post offices. That should be made absolutely clear and members can take that to the bank.

Let me say that we will not ignore rural Canada. While only 20% of our population lives in rural communities, that part of our population is a vital part of the character, the soul and the quality of this country and we are committed to working with them as partners as well.

**Mr. Vic Toews (Provencher, Canadian Alliance):** Mr. Speaker, I noted with interest the member's comments. In fact, I found it very difficult to understand exactly what he was saying. In one breath he is saying let us make tripartite agreements with provinces and municipalities and on the other hand he is saying let us give the money directly to the municipalities.

In the province of Manitoba, for example, we see a very important tripartite agreement, but let us remember where that money came from. The federal government cut off all the funding for health care for first nations people who moved off reserve. It cut off that money. Hundreds of millions of dollars were simply cut off. Now it has a new pocket of money and it comes up with \$25 million. It is the money the federal government used to spend for first nations people off reserve, having cut it off and dumped that responsibility onto the province.

I know of what I speak. I was a minister when this government did that to our first nations people and the provincial government of Manitoba. It cut \$100 million and it is now putting back \$25 million, so I say thanks a lot to a government that owes the people of Manitoba at least \$75 million on that deal alone.

**Hon. Steve Mahoney:** Mr. Speaker, I do not know how the hon. member can say he did not understand what I was saying. I thought it was pretty clear.

**Mr. Vic Toews:** Explain it to me again.

**Hon. Steve Mahoney:** If the hon. member would listen and leave the computer alone for a moment, maybe he would understand.

It is very simple. It is about cashflow. When we signed the health accord with the provincial governments, all of the money was put in envelopes and it had to be spent exactly on what it was provided for. That is what I am talking about here.

If we say we are prepared to share a piece of the gas tax with municipal governments, does it make any sense at all to anybody that we would say to the provincial governments to go ahead and pass the money through if they want to? It is not an option. We want to make sure it gets there. We believe that most of the provincial governments will want to do that as well.

We respect the Constitution and the role of provincial governments. It is about the flow of money and where it goes. I do not know how I could be more direct.

Let me also point out that Canada Mortgage and Housing, through the Department of Indian Affairs, funds \$127 million a year for affordable housing on reserve. The hon. member should not tell me that we have abandoned that. Off reserve, particularly in urban areas, we have \$680 million in signed agreements right across the country, and another \$320 million. We are spending \$1 billion and we are working with off reserve native communities as well as on reserve to build them good quality homes. It is all about partnerships, it is all about quality of life and it all leads to a greater Canada.

• (1110)

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, I would like to indicate at the start that I shall be sharing my time with the hon. member for Saint-Hyacinthe—Bagot.

I am pleased to speak to this motion by the Canadian Alliance, a motion that contains many things. Some are good and some are bad. It gives us an opportunity to debate an issue that is essential for the Bloc Québécois and for all Quebecers, namely, the fiscal imbalance.

I would like to read the motion again:

That, in the opinion of the House, the government should initiate immediate discussions with the provinces and territories to provide municipalities with a portion of the federal gas tax.

Clearly, what is good about this motion is that the Alliance, like the Bloc Québécois, recognizes that there is a fiscal imbalance. The provinces and cities have needs which can never be met the way things are going, because of the provinces' and Quebec's lack of financial resources.

### *Supply*

On the other hand, the first bad thing about the Alliance motion is that it invites the federal government to trample on the jurisdictions of Quebec and the provinces. It does say "to provide municipalities with a portion of the federal gas tax", perhaps after discussions with the provinces and territories. We are totally opposed to this direct link between the federal and municipal authorities which bypasses the provinces and Quebec. It runs counter to the Constitution of Canada. We seem to be almost the only ones left defending this document in the House. Section 92 is very clear that municipalities come under provincial jurisdiction.

Secondly, if we were to support this motion we would be playing the Liberals' game, in particular, that of the future prime minister and member for LaSalle—Émard, who is the father of the fiscal imbalance. Many times in his speeches, he has broached the idea of direct payments to municipalities—especially the big cities—out of federal money.

Thirdly, the Bloc Québécois is going to oppose this motion because Quebec is not and never will be a conduit from the federal government to the municipalities and all of Quebec.

Consequently, we will be voting against this motion. We recognize, like the Canadian Alliance, that we are dealing with a situation where the federal government has too many resources in relation to its responsibilities. It should indeed transfer the gasoline tax and tax points to rectify this situation.

The motion should have called for discussions to be held to correct the fiscal imbalance. Repatriating a portion of the gasoline tax would perhaps ensure that the provinces have the means to help municipalities meet their needs and the needs of those who live there. Had this motion been amended accordingly, we would have had no problem voting in favour of it.

As I was saying, this is quite clearly a dangerous motion. The speech by the secretary of state confirmed this impression when he said that they were going to vote in favour of the motion and that it is quite normal for the federal government to send money directly to the municipalities.

This motion by the Canadian Alliance is a bit surprising, because it plays into the hands of the Liberals. It plays into the hands of the future prime minister who, on several occasions, showed his desire to create an alliance with major cities. This must be publically condemned. He said this again recently in Vancouver.

I have other quotes. I will only give a few, but some date back to the spring of 2003, others to this fall, meaning September 2003. Here is the latest quote from September 2003:

I said that we are going to provide Canadian municipalities with a portion of the federal gas tax. But what is really important is that we work with municipal and provincial governments to set the common consensus.

Here the future prime minister is putting himself on the same level as the provinces and municipalities. He continues:

To do this, we will have to sit down and look at the timing and the size of the tax transfer.

This from the member for LaSalle—Émard, the future prime minister. As I was saying, we find this unacceptable because it is inconsistent and would encroach on Quebec's jurisdiction.

### Supply

When we ask the federal government not to interfere in provincial jurisdictions, especially Quebec's, it is not just to defend the 1867 Constitution. In fact, we want to get rid of it. But there has to be consistency on an economic and social level.

When the federal government deals directly with the municipalities, as with all sorts of other public or parapublic institutions, it follows its own agenda that is based on Canada's vision of things, not Quebec's.

● (1115)

When we are talking about infrastructure, especially municipal infrastructure, this has economic and social repercussions. It all has to be integrated into a general plan approved by the Government of Quebec, through the National Assembly, and reflecting Quebec's vision of development.

Not only is this inconsistent, but it also detrimental to other mandates of Quebec and the provinces. For instance, if they go with this alliance that the future prime minister is talking about between the federal government and Canada's big cities, including two major cities in Quebec most likely, this would—if it goes through, which it will not—be detrimental to the regions of Quebec.

If this goes through, the regions of Quebec will inevitably pay the price. The money that will be distributed directly by the federal government, in accordance with Canada's vision, will not be transferred to the Government of Quebec, which would have seen that the money went to the regions, in accordance with Quebec's vision.

As I said, it would have been a good thing if the motion had directly addressed remedying the fiscal imbalance. It is, moreover, noteworthy that the 1.5 cent gasoline tax inaugurated by the future prime minister of Canada, the member for LaSalle—Émard, is a perfect example of just that imbalance. It is a totally pointless tax, having been put in place by the February 27, 1995 budget in order to eliminate the deficit. That deficit was eliminated at least seven years ago on the federal level.

Thanks to this tax, the federal government has been able to help itself to between \$1 billion and \$1.2 billion of Quebec taxpayers' money. That money could have been put to other uses, either by those taxpayers themselves or by being put back into Quebec's tax base. While this is part of the fiscal imbalance, it is not the whole story.

Looking at the way the federal government's revenues and expenditures have evolved over the years, even if we go back only to 2001, we can see that those revenues have risen 53% since the Liberals came to power. From 1993 to 2001, there was a 53% increase in the government's revenues, along with a 3% reduction in expenditures. Essentially, that reduction is in two main areas: transfer payments to the provinces and the employment insurance fund, the contents of which have been quite simply diverted away from the unemployed, employers and the workers paying into it.

If I compare Quebec's program expenditures over the same period, these rose by 16%. Of that increase, 71% went to health services. At the same time, the federal government was cutting back its transfer payments, as I have already pointed out. Cuts in the order of \$24

billion were made, and one-third of that was for Quebec, although we represent only one-quarter of the population of Canada.

This means that the federal government, having withdrawn in order to solve its own financial problems, only shoulders 14¢ of the health care dollar invested in Quebec, and 8¢ of the education dollar, despite the existence of a surplus, year after year. For example, last year, we were told the surplus would be about \$4 billion. In the end, the surplus was \$10.4 billion, exactly what the Bloc Québécois had predicted. As I have said many times, our resources are limited compared to those of the Department of Finance. Thus, it is not an error on the part of the current finance minister or the former finance minister; it is a deliberate attempt to avoid a public debate on these surpluses.

This year, the Minister of Finance announced one day that the surplus would be \$3 billion, but another day said it would be around \$5 billion. He does this to avoid correcting the fiscal imbalance. Given the situation—and Quebecers are dealing with it—it is obvious that the future prime minister does not want to correct the situation despite the consensus in Quebec concerning the existence of a fiscal imbalance. Then, Quebecers ask: When the foundation is cracking, do you fool around patching the walls? Because until the crack in the foundation is repaired, the walls will keep falling apart.

The choice of the Bloc Québécois and of many Quebecers is sovereignty for Quebec—that is, thoroughly repairing the foundation in order to make the walls solid—so that we can develop properly.

● (1120)

[English]

**Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, as the hon. member knows, this government is committed to working collaboratively with municipal governments and the provinces. That is why we have had very successful infrastructure programs over the years.

The member talks about off-loading by the federal government. He talks about trying to balance our books on the backs of the provinces. I would point out to him that the former PQ minister of municipal affairs, Mr. Trudel, on November 28, 1996, withdrew a 43% rebate to municipal governments in the province of Quebec without consultation. This impacted \$76 million on those municipal governments throughout the province, and it meant that those municipalities which depended on this rebate, because of the harmonization of the QST and the GST, had to slash services.

The dependency clearly is that under the PQ in Quebec there was no guarantee of solid funding. Under the national infrastructure programs, this government in joint partnership and with the announcement by the Minister of Finance in February of a 10 year program, which will be of course added to overtime and in which we will be working with our municipal and provincial partners, at least we will have that guarantee.

I would like to have the member respond to the fact that in the province of Quebec under the PQ there was never stable funding by that government and in fact municipal governments. I could quote Mr. Vaillancourt, the UMQ president at the time, denouncing that unilateral move.

*Supply*

[*Translation*]

**Mr. Pierre Paquette:** Mr. Speaker, I am glad the hon. member raises this point. Indeed, Quebec offloaded some of its responsibilities onto the municipalities. However, it was not the Parti Québécois that started this, but Claude Ryan, when he was minister of municipal affairs.

It was the Quebec Liberals who started this practice. They had no choice, since the federal government had cut transfer payments to the provinces. Look at the example for next year: the current finance minister, Mr. Séguin, announced that there was a shortfall of \$3 billion. He said he did not want to touch health or education. We could not agree more.

That leaves \$9 billion where cuts can be made to make up for the \$3 billion shortfall. That is impossible. The timing is good, since the fiscal imbalance, or the portion paid to Quebec, is \$2.5 billion. If the federal government were to transfer the tax points to the provinces, Quebec in particular, we would not be having financial difficulties

All the provinces in Canada are having financial difficulties, except Alberta. Ontario is running a deficit and Quebec will probably run one next year. The federal Liberal government and the future prime minister, the member for LaSalle—Émard, are mostly to blame.

[*English*]

**Mr. Bryon Wilfert:** Mr. Speaker, the member talks about a fiscal imbalance. When the government inherited the \$42.5 billion deficit in 1993, that party never talked about the fiscal imbalance. However now that this government has turned in six budgets with surpluses, he now talks about the fiscal imbalance.

The member knows quite well that the province of Quebec, in fact all provinces, have the same fiscal capacity as the federal government. If there is a fiscal imbalance, it is only in the minds of the members across the way. The reality is the Quebec government and every other government can work to raise their revenues because they have that power. Fortunately now in the province of Quebec we have a government that we can deal with and that we can sit down with and discuss these kinds of transfer issues.

• (1125)

[*Translation*]

**Mr. Pierre Paquette:** Mr. Speaker, I want to remind the parliamentary secretary that Quebec's current finance minister is Mr. Séguin. He wrote this report at the request of the Parti Québécois government. This report, which clearly proves that there is a fiscal imbalance, has received broad support throughout Quebec.

The only ones who disagree are the federal Liberals. Liberals in Quebec unfortunately march to the same drummer. As a result, we will not be told tales. The federal government has managed to eliminate its deficit by offloading it on to the provinces. It still is.

For example, here is a quote from the Canadian Medical Association report. This is not the Parti Québécois or the Bloc Québécois speaking. This comes from a brief tabled by the association before the Standing Committee on Finance. Here is what it says:

Instead of reinvesting in public health, the federal government is planning to reduce departmental spending in this sector. According to the main estimates, expenditures on public health in current dollars will decrease in 2005-06, to their lowest level in ten years.

The current government is continuing to pass the buck on to the provinces and Quebec. It has the money to put things right, but it has chosen to make the debt and income tax cuts its priorities.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, that speech was so enthusiastic, how can we not be too? And how can we not be floored by what we are hearing from the other side of the House?

Earlier, I heard my hon. Liberal colleague say that the provinces had the same means as the federal government. That is not true. The provinces have backed into a corner and left hanging, so much that most of the provinces are currently having serious financial difficulties.

Quebec's financial problems are due to the lack of stable federal transfer payments, and these transfer payments have shrunk drastically, particularly since 1995.

The person responsible for these cuts, the person responsible for the problems inflicted on Quebec and the provinces, with the exception of Alberta, is the hon. member for LaSalle—Émard. He was the finance minister. When he becomes leader of the Liberal Party, he will not be a greenhorn; he will not be a political virgin. He will be a man who can never shake his past.

It is a disgrace that here we have a man who claims to want to head this government announcing his intention to negotiate directly with the municipalities, to transfer part of the gasoline tax to the municipalities, whereas that same man has deprived the governments of Quebec and the provinces of some \$25 billion since 1995 in net transfer payments. Those payments are for health care, among other things. Sick people have to be dealt with. There have been \$25 billion in cuts to transfer payments for health care, education and assistance to the most disadvantaged members of our society.

He has just said that the Government of Canada intends to invest part of the gasoline tax in the municipalities. If he were serious, and not merely seeking a higher profile, seeking to increase the popularity of his so-called new government, he would remedy the problem of the fiscal imbalance.

There is nothing theoretical about this problem. Too much money is going into Ottawa's coffers in proportion to its responsibilities, and not enough into the coffers of Quebec in proportion to its huge responsibilities: health, education and assistance to those who are the least well off. He could solve this problem.

That is where the problem lies: too much money in the federal coffers in relation to its responsibilities. So much money, in fact, that they keep making announcements: direct payments to the municipalities, direct investment in education and so on. Let the federal government start interfering in the education of my granddaughter, who is seven, and I will be quick to tell it to mind its own business. There is a Constitution, after all.

### Supply

As my colleague from Joliette has said, this is rather strange. We are sovereignists. We want to get out of the system, and yet here we are, because of these repeated encroachments on provincial areas of jurisdiction, the only ones in this Parliament calling for the Canadian Constitution to be respected. What a ridiculous situation. There is a contract, and when there is a contract, there are certain rules that have to be followed.

Section 92 of the Constitution is very clear on this: municipalities are a provincial responsibility. So let the federal government stop its constant interference. If it wants to solve the problem, I have a little recipe for success to suggest to the member for LaSalle—Émard, the future prime minister and former finance minister, he who is responsible for the catastrophic state of the public finances of the provinces and of the Government of Quebec. I have a suggestion for him. It is nothing new, but it is one of those tried and true recipes.

When Quebec's current minister of finance signed the report that bears his name, the Séguin report, he said that there were two ways the situation could be settled once and for all. The first option would be for the federal government to transfer tax points, particularly income tax points. We will come back to that one in a moment because it is a problem related to the great imbalance in the income tax system. The second solution he proposed would be to give us the revenues from the GST.

By doing that, the problem would be solved once and for all. There would be no more fiscal imbalance and the provinces and the Government of Quebec could live up to their responsibilities and could settle the problem once and for all.

It goes on and on. The revenues from the GST increase each year, just like income tax. And there is the big problem. If there is too much money going to Ottawa, that is a major factor. In fact, there are two factors: cuts, which we will come back to shortly, and tax structure.

If we take the example of Quebec, federal income tax is 58% of the income tax collected in Quebec, while 42% goes into the coffers of the Government of Quebec. Federal income tax and revenues from the GST increase the most, year after year.

• (1130)

The current fiscal imbalance is only the tip of the iceberg. This will continue because of the tax structure itself.

As a result, 58% of the tax base is growing. That is higher than the federal government's other tax revenues. That is a lot of money, year after year.

There was a \$10 billion surplus for the last fiscal year. My colleague, the member for Joliette, estimates it will be \$6 to \$7 billion for next year. It could be more, since it seems there has been an economic recovery over the year.

If this were settled, in other words, if the GST revenues were given to Quebec, there would no longer be any problems with the municipalities. I can understand the municipalities because the municipal representatives in my riding tell me they would appreciate having more money. I understand that, but the most effective, stable and intelligent way to find a sustainable solution to the problem is to resolve, once and for all, the inequities between the federal tax

revenues and those of the Government of Quebec and of the provinces.

If not, we will be no further ahead. We have to beg the federal government for money. Quebec's taxpayers want health services and education. They want us to support the less fortunate, and for the municipalities to be able to provide services directly to the public.

These problems have to be resolved once and for all. The only way to do so is to give back the Government of Quebec and the provinces their share of the taxes paid by Quebecers and Canadians. This share has to be given back to the governments that provide the most direct services, in other words, the Government of Quebec and the provincial governments.

I support the municipalities that are asking for money. I understand them, since they provide services at a grassroots level, close to the people. They want money and we will do what we can to make sure they get more, but in accordance with the contracts; otherwise, there will be anarchy. At present, the main contract that should guide the federal government is section 92 of the Constitution.

Transfers of money should not involve the ridiculous sums that the member for LaSalle—Émard was proposing, that is, a portion of the federal gas tax. It has to be a considerable amount to settle the fiscal imbalance once and for all. The money has to be paid to the Government of Quebec and the provinces. There should not be any negotiations without consulting the governments.

Quebeckers realize that Quebec's identity is being undermined as a result of these efforts to curtail the powers of the National Assembly, the only assembly where all members are Quebeckers, the only national voice—it is called the National Assembly—the only voice of the Quebec nation. This also means that the primary instrument for our long term survival is being rendered ineffective. That is what they are doing. That is what the hon. member for LaSalle—Émard is doing. The National Assembly's powers are being curtailed, when they should be reinforced.

Consequently, this motion is unacceptable. The Bloc Québécois will fight so that Quebec taxpayers get what is rightfully theirs. It is not normal that the federal government should overtax, and it is not normal that federal initiatives should deprive Quebec of its resources, when the feds have money coming out of their ears. We must provide services to the public. People want their money's worth.

Consequently, if we resolve the fiscal imbalance, municipalities will not have any more problems. The members opposite think this is hilarious, but we have news for them. We will be there during the next election campaign. We will campaign on real issues. We will say that the hon. member for LaSalle—Émard, the former finance minister and future prime minister, is responsible for all the problems. We will say that, because of him, health and education are underfunded. We will say that, because of him, plans for parental leave fell through in Quebec. We will say that, because of him, there is not enough social housing, and that he is telling shameless lies when he says he wants to resolve the problems, because he caused the problems related to the fiscal imbalance.



*Supply*

•(1135)

**The Acting Speaker (Mr. Bélair):** I would remind hon. members to choose their words carefully. What the member for Saint-Hyacinthe—Bagot has just said verges on the unacceptable, and I would remind hon. members to take care.

The hon. member for Joliette.

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, since February 2003, certain Liberals have been telling us that the problem in health has been solved because an arrangement has been reached between the provincial premiers and the federal government. I would remind hon. members that this was accomplished because we had a knife held to our throats.

Does the hon. member for Saint-Hyacinthe—Bagot think it is normal for the present finance minister to make use of thinly disguised blackmail, telling us that if the surplus exceeds \$3 billion, then the promised \$2 billion will go to the provinces for health services? If it is under that \$3 billion figure, tough luck, the provinces will have to scrape up the money somewhere, perhaps through cuts in other areas such as the municipalities, in order to be able to deliver health services. Does he find this normal?

**Mr. Yvan Loubier:** Mr. Speaker, I thank the hon. member for Joliette for his question. No, it is not normal. It is not normal that we have just heard the members opposite talking about stability in financing. I was listening to the parliamentary secretary, who was talking about stable arrangements and other things. There is nothing more unstable than federal transfer payments.

One year, they were \$800 million. Two years ago, an envelope of \$800 million was provided. Now they say for next year, “We’ll see...”, because we do not know what the financial situation will be. How can anyone manage a country that way? How can anyone manage Quebec that way? How can anyone run a health system that way, knowing only that this year we have \$800 million and next year we do not know how much we will have?

Doctors have to be hired; investments have to be made in medical equipment, which is amortized over 10 or 15 years; and no one knows if there will be enough money to maintain the contracts and invest the funds needed to finance the medical equipment. That is no way to manage. It cannot be managed from day to day, depending on varying surpluses. This is shameless blackmail. But we have to expect that this blackmail will become institutionalized.

They have money coming out their ears and they are feverish with the need for visibility, on the other side of the House. They want the minister to make an appearance when he hands out a cheque; they want the Canadian flag everywhere, and hospitals are nearly wallpapered with Canadian flags. They have now gone into the primary schools. It is amazing. But it is obsessive.

Services as essential as health and education cannot be managed on a day-to-day basis, or with a knife at our throats, which is what the finance minister tells us every day, when he says, “We will see, but we do not know”.

[English]

**Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, the hon. member seems more concerned about dogma and about a bankrupt philosophy than he

does about the state of municipal governments in the province of Quebec. I use the example of the PQ in 1996 cancelling a 43% rebate to municipal governments without any consultation.

If he was really concerned about the state of infrastructure, concerned about the state of cities in the province of Quebec, he would be working with the federal government and with the UMQ and others in Quebec in order to make sure that we have stable funding, but he is concerned about jurisdiction. He is not concerned about the roads. He is not concerned about the playgrounds. He is not concerned about the sewers. He is concerned about ideology, an ideology which has been certainly repudiated in the fact that the treatment of municipal governments under the PQ was abysmal.

I would like him to comment.

•(1140)

[Translation]

**Mr. Yvan Loubier:** Mr. Speaker, is it dogma to be concerned about the sick, who do not have adequate care because of federal cuts? Is it dogma to deny young parents an adequate parental leave system, when we are perfectly entitled to \$50 million from the employment insurance fund, the one that gets pilfered every year? This year, \$3 billion will be stolen. Is it also dogma to denounce the actions of the federal government?

Is it dogma to say that all the provinces, except Alberta, are currently having financial difficulties because of the \$25 billion in cuts, since 1995, to transfer payments for health, education and social services? Is that dogma? Is it not a question of being concerned about the well-being of others? The member’s remarks are shameful. This is not dogma.

The Bloc Québécois serves Quebeckers, and Quebeckers only. We lay awake at night worrying about them. We dream about improving their well-being.

I do not know what the member dreams about. In any case, his virtual country does not resemble the real one. The real country has an unacceptable poverty rate for a country like Canada. In reality, people, especially the elderly, do not have adequate care and do not receive a guaranteed income supplement because this entitlement was hidden from them for years. That is the real country.

[English]

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, it is with pleasure today that I rise to discuss and to support the motion to see a gas tax transfer to Canadian municipalities. It is one element of fiscal imbalance that exists. I agree very strongly with my colleagues from Quebec that the issue of fiscal imbalance in Canada between the federal government and the provincial governments is a reality and I agree with the provincial Liberal minister of finance in Quebec.

[Translation]

I agree with the Quebec finance minister, Yves Séguin. The fiscal imbalance must be addressed. It is not fair for the federal government to have almost all the powers to levy taxes and for the provincial governments to be responsible for providing all the essential services such as health and education.

*Supply**[English]*

It is wrong to have a government federally that has the power to raise money and has most of the tax levers, and then to have provincial governments with so much constitutionally enshrined responsibilities to provide the essential services of health care and education. These are growing costs. The cutbacks from the federal side in terms of the transfers to the provinces, combined with the rapid growth in costs of providing the essential services at the provincial level have led to a tremendous fiscal imbalance between the federal and provincial governments. I will be coming back to that later in my comments.

First, the responsibilities of municipal governments in terms of the expenses to provide necessary infrastructure and investment have grown significantly over the last 10 years or 20 years. The municipal governments have even fewer fiscal levers than the provincial governments.

When there are federal cutbacks which lead to provincial cutbacks and ultimately to less money for municipalities, the buck stops at the municipal level. There is really no place except for property taxes for municipal governments to turn to try to raise funds.

The infrastructure programs have been flawed by partisanship in a lot of cases and political interference. That is one of the flaws of it. We have municipalities that know exactly where their infrastructure investments have to be made and ought to be made but then we have the role of the federal government which is getting more involved than it ought to be in terms of the direction of infrastructure money. I do believe that partisanship has played a role in terms of the infrastructure programs that has reduced the ultimate effectiveness of the infrastructure programs.

With the infrastructure programs there is the issue of the candy toss approach. These programs appear every several years and there is a rush by municipalities to submit applications for funding. To have that sort of cyclical approach to important infrastructure funding and investment is simply wrong.

There should be an ongoing program or vehicle through which municipalities can obtain the funding they need to make the types of important investments that are required. It ought not to be cyclical in this sort of candy toss approach where there is a rush for the money every several years when these infrastructure programs appear. This would be a step in the right direction.

We also have to recognize that the municipalities and the municipal governments that are closer to the people being affected by these decisions have a better capacity to determine where to spend the money. There is a democratic accountability issue too, that the same government that has the responsibility to provide the service ought to have the ability to raise the revenue. Without that there is no democratic accountability. It is hard to hold a politician at the municipal or in fact provincial or federal levels accountable for the decisions being made.

I also believe we should work with the provinces and consider the idea of federal tax free or federal tax advantaged municipal bonds. These exist in the U.S. Tax free municipal bonds have helped municipalities across the United States raise billions of dollars for infrastructure investment. The beauty of that system is it represents

an indirect transfer from the federal government to the municipalities because of the federal tax free nature of the bonds.

The power ultimately is with the municipal unit, the municipal government and the municipal leaders who can determine how much money they need and where the investment will take place. These bonds are regulated through bond rating agencies. It is good from a Canadian investor perspective. It provides another relatively safe and secure investment for Canadian investors.

• (1145)

These bonds would be good for the investment community. They would be good for municipalities and really good for all Canadians. Canadians would find that they would be well served by their municipalities having the capacity to raise the money and invest in the types of infrastructure requirements that they know are the appropriate ones for their unique situations.

That is an idea that we ought to study in this place and in committee. We could determine whether or not it would be possible and what the advantages or perhaps the disadvantages would be of a federal tax free or a federal tax advantage to the municipal bond approach here in Canada. It would be just another idea that we ought to be considering when we are talking about finding ways to address municipal infrastructure.

The infrastructure issue is extraordinarily important. We have had a tremendous deficit in infrastructure funding and maintenance across Canada. I do not think there is a municipality in Canada that has not faced significant problems in terms of meeting basic infrastructure. We are talking about sewage and water type infrastructure requirements. These are not the types of requirements that can be ignored.

The cost of not dealing with them on an ongoing basis from a preventive maintenance perspective and an ongoing investment perspective is compounded by a decline in the infrastructure. It is bad economics to let the infrastructure requirements of our municipalities grow, and in fact, to let the quality of Canadian infrastructure decline.

Whether we are talking about highways, sewage systems or water systems, it is simply bad economics not to provide a funding mechanism through which provincial or federal governments can raise the money they need to pay for the essential infrastructure that their constituents require.

I would like to return to the federal-provincial fiscal imbalance issue. It does not make a lot of sense to have a federal government that has not been very good at dealing with issues such as trade disputes, has yet to provide a coherent foreign policy that is in Canada's national interest, and has not been able to invest in or manage a military effectively. It does not make a lot of sense to have a government that has not been very good at those purely federal areas of trade, foreign policy and the military, just to give three examples.

To have a government that has not been good at those areas interfere in areas that are purely under provincial jurisdiction, such as health care and education, does not make a lot of sense to me. It does not demonstrate a respect for the constitutionally enshrined jurisdictional rights of the provinces.

Beyond that, it is bad economic policy because in the same way that municipal governments have a better ability to recognize their own infrastructure needs and the best way to meet those needs, provincial governments in many cases have a better ability to analyze their own unique situations and to provide unique and, in some cases, novel approaches to health care and education.

It should not be a constant battle between a federal government that wants to have the control over the constitutionally enshrined jurisdictional enshrined areas of health care and education. It simply does not make sense from a fiscal perspective to have that level of interference.

We need to provide more respect for the provinces. We must encourage the provinces to try new approaches, whether it is in health care or in education.

We must keep in mind that medicare, our national socialized health care system, evolved from an experiment in the Province of Saskatchewan. Provincial experiments, whether in health care, education or other areas of public policy, can lead to national policy. However, that can only happen if we encourage provinces to try new approaches.

We must respect provinces not just in terms of them being best able to analyze their own situations and make the appropriate investments in the right areas, but also to respect the potential role for provinces as laboratories in public policy, and to, in fact, harness that sort of entrepreneurial approach that can occur at a provincial level that is more difficult to emulate at the federal level, particularly in the areas of health care and education.

• (1150)

Therefore, I think we need a new approach in federal-provincial relationships. They should be based on respect and a recognition of not only what is the appropriate role from a constitutional perspective for provinces but from a functionality perspective.

We should look at how we can develop better public policy in a wide range of areas by working with the provinces as laboratories for new approaches in public policy and best practice approaches. We should encourage the sharing of information between provinces and where there is a role for the federal government, for instance, to help identify best practice models from around the world.

I would assert that there could be a role where the federal government identifies some of these best practice models from around the world, whether it is in health care or education or any other area, even in terms of new approaches to infrastructure investment and makes available to the provinces, on a pilot program basis, funding if the provinces want to try a new approach in a particular area.

That would be very different than ramming down the throats of the provinces grandiose federal schemes to address issues. It would enable provinces to try new approaches on a voluntary basis and to participate in or to utilize some of the great ideas that have been developed outside of our borders to address some of these issues. That is just another idea on how we ought to consider federal-provincial relations.

### *Supply*

One of the things we should always consider is the principle of democratic accountability. I will give an example in terms of federal-provincial relations. Currently, say in the Province of Ontario, if an individual goes to a provincial MPP and complains about the health care system, that provincial MPP will say that it is not the fault of Ontario, that it is the federal government that cut the transfers to the province. The same constituent then goes to the federal government MP in the Province of Ontario and complains about the health care system and the cuts to the transfers to the provinces. That federal MP might just say that it is not the federal government's fault, it is the fault of the provincial government. There is endless finger pointing. At the end of the day, the constituent does not know who to blame or where the accountability lies.

The provincial governments that face electorates every three to four years—and God help the provincial governments that do not do their utmost to provide the best quality in health care and education because those are two areas of public policy Canadians are very demanding of—face electorates based on those issues.

Therefore, it stands to reason that they are going to do their best to provide the best quality education and health care to their constituents in those provinces. As such, if they were to have access to the funding to provide those services, I think we could have a lot of trust in provincial governments to do their utmost to provide the best services.

We must get away from that patriarchal approach of the federal government, that sort of nanny state, and the federal government knows best approach on a wide range of these issues. It is not only consistent with respect to provincial jurisdictional rights but beyond that, it is good policy and will result in better services, better infrastructure, better health care, and better education for Canadians.

For a variety of reasons, it makes sense to find ways to provide a better ability for municipal and provincial governments to raise the money they need to provide the services they require.

Another debate we can have at another time in the House is how we can change Canada's equalization system to get back to the original principles of providing equal levels of services with equal levels of taxation across Canada and change it from what it is today.

• (1155)

It is a static approach that needs to be updated. It is an approach that is designed to take recipient provinces and find ways for them to grow their economies and prosper. The objective is to grow from being recipients to being contributors to equalization as an end game as opposed to accepting that the equalization system will continue to provide these equal levels of taxation on services. Instead of being satisfied with that, provinces would actually focus on changing equalization so that we strengthen the ability of the provinces to grow their industrial base to go from being recipients to being contributors.

That is a debate for another day, but it is an important one, particularly in light of the recognition that tax levers have a greater impact on growth and prosperity than would have been the case 10 to 20 years ago.

*Routine Proceedings*

This is about respect for municipal governments. It is about enabling municipal governments to raise the money they need to invest in the infrastructure their constituents require. It is good fiscal policy. It is good from a democratic accountability perspective and we are supportive of this motion.

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I rise on a point of order. I wish to seek unanimous consent of the House to revert to statements by ministers to permit the Minister of National Defence and a spokesperson for each party to comment on that which the Minister of National Defence will briefly describe to the House.

**The Speaker:** Is there unanimous consent to revert to statements by ministers at this time?

**Some hon. members:** Agreed.

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## ROUTINE PROCEEDINGS

[English]

### NATIONAL DEFENCE

**Hon. John McCallum (Minister of National Defence, Lib.):** Mr. Speaker, I want to express my appreciation to all the parties in the House for promptly setting time aside today to deal with a matter that is close to the hearts of all Canadians.

It is my sad duty to inform the House and the people of Canada that casualties have been sustained by Canadian soldiers serving in Afghanistan.

While on patrol today, two soldiers were killed and three were wounded. All the details are not as yet clear, but I am told that the injuries are not life-threatening. It appears that casualties occurred as a result of a vehicle striking an explosive device.

The names of the casualties are Sergeant Robert Alan Short and Corporal Robbie Christopher Beerenfenger. The injured soldiers are Corporal Thomas Jared Stirling, Master Corporal Jason Cory Hamilton, and Corporal Cameron Lee Laidlaw.

• (1200)

[Translation]

I know that I speak on behalf of all members when I express great sadness at this news. I know too that our sadness is nothing compared to the pain being felt by their families and friends.

[English]

Our decision to deploy troops to Afghanistan was made in full and resolute knowledge that it would be a dangerous mission. The campaign against terrorism was joined from the beginning. Canada has been on the front lines, with ships patrolling the Persian gulf and troops on the ground in the troubled nation of Afghanistan, defending our values, and doing our duty.

The mission in Afghanistan is fundamental to Canada's security. Even though it is not immediately evident, when our soldiers patrol the streets of Kabul, they are also keeping the streets of Canada safe.

As they have done so many times before, Canadian Forces are helping to secure and rebuild a wartorn country. They are, quite literally, saving lives.

Sadly, today we have seen there is a price to pay for trying to help others. But it remains our duty to protect the Afghan people.

Even though we knew that our soldiers would be in harm's way, it does not lessen our shock as we try to absorb this terrible news. It is a painful reminder that defending our values and doing our duty as a nation can come with a very high price.

Earlier today, I spoke with Lieutenant General Hillier, Chief of the Land Staff, and he told me that the army has three priorities at this time: first, to return the deceased with dignity; second, to mourn with the families while supporting them in their grief; and third, to say farewell with respect.

[Translation]

I am certain that I speak for all Canadians when I say that we support the Canadian Forces, and that their priorities are ours too.

[English]

**Mr. Jay Hill (Prince George—Peace River, Canadian Alliance):** Mr. Speaker, I appreciate the sentiments and the words of the hon. Minister of National Defence on behalf of the government.

Today is a national day of mourning. It is the second time Canadians have been killed in pursuit of a lasting peace in wartorn Afghanistan.

On behalf of the Canadian Alliance, as Her Majesty's official opposition, I wish to extend our heartfelt condolences to the families and fellow soldiers of those who lost their lives this morning. I also wish to extend our sincere best wishes for a speedy and full recovery to those injured.

While we may have many questions surrounding this tragedy, today is not the day for them or for recrimination. Today is a day for mourning our loss.

When our Canadian forces personnel undertook this mission, they understood the risks and dangerous conditions in Afghanistan. However, no one can be truly prepared for the pain and grief felt by soldiers and the nation as a whole that they so proudly serve.

I want to close by once again offering the official opposition's most sincere and heartfelt condolences to the families.

[Translation]

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, we got the terrible news this morning during a session of the Standing Committee on National Defence and Veterans Affairs. We had just begun to sit when we heard the news.

It brought back memories of the day we learned the bad news about the four lives lost in Operation Apollo. We always find such news profoundly distressing and are at a loss for words to express our dismay.

I am sure the families are hard hit by this terrible news, but I am relieved to hear that every effort will be made to repatriate the bodies with honour and respect.

Missions of this type are often seen as peacekeeping missions, but this mission to Afghanistan was far from that. It is in a way a mission of stabilization, but its main purpose is to help establish security. This incident proves that the situation in Afghanistan at this time is very dangerous. Our military personnel are over there to do what is necessary to restore security. In so doing, they are serving Quebeckers and Canadians. Sometimes we find it hard to grasp the fact that people need to go so far from home in order to help make this world a safer place to live in.

That task puts people in danger of losing their lives. And unfortunately, lives are lost.

On behalf of the Bloc Québécois, I wish to extend our sympathies to the families of these soldiers, and to tell them how devastated we are by today's news. We must keep in mind that they fell in the service of justice and love on this planet. People like them are often needed in order to restore the security that is necessary if we are to live—as soon as possible, we hope—in a world of peace and love. They have made the supreme sacrifice to achieve that goal.

We in the Bloc Québécois wish the families to know that we share their sorrow and that our thoughts are with them. We will never forget that their loved ones died in the performance of their duty in order to achieve love and justice on this planet.

• (1205)

[English]

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, it is with a heavy and saddened heart that I rise today to address the House after learning of the death of two of our Canadian heroes who were killed today, along with three others who were injured, as a result of a landmine explosion in Kabul, Afghanistan.

On behalf of myself, my colleagues in the Progressive Conservative Party of Canada and indeed all Canadians, I want to pay tribute to those two fallen Canadian soldiers and their families. I also extend our collective prayers for a speedy recovery to the three other Canadian soldiers who were injured as a result of the explosion.

Our nation has sent over 1,800 brave men and women to serve in Kabul with the mission of bringing stability to this part of the world. The work is tough, the task is daunting and the job is challenging, to a point beyond what many of us can even imagine. The loss which we are all feeling today in the House is certainly a loss for all Canada.

Those who serve in our armed forces are the best of what Canada has to offer. I congratulate those who remain in Afghanistan, Iraq and other places around the world, representing our great country abroad. I wish them all Godspeed.

To conclude, I once again want to pay specific attention to the two heroes we lost today. We are saddened, we are grateful and, most of all, we will never forget the loyal service these two soldiers gave to their country because in the end they gave the ultimate sacrifice.

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, on behalf of my leader, Jack Layton and the federal NDP caucus, I want to join with colleagues in the House today in mourning the loss of Sergeant Short and Corporal Beerenfenger, and to extend to their families our sympathy and our respect for the sacrifice that their

### Supply

family members have made and for the ongoing sacrifice that they will make as a result of the events in Afghanistan today. We also of course wish a speedy recovery for those who were injured in this event and we hope that soon they will be back to full health.

We have a peacekeeping memorial and we have it because Canadian peacekeepers and peacemakers put themselves in harm's way on a daily basis when they take part in these kinds of operations. It is something we should show great respect for, and today we realize once again and very painfully that this is the kind of danger that attends this kind of activity on the part of Canada. However it is something these soldiers do willingly, something they volunteer for, and we should take every opportunity to pay our greatest respects to all who volunteer, particularly to those who have paid the supreme sacrifice.

Today we say, as we say on November 11 and on so many other occasions: at the going down of the sun, and in the morning, we will remember them.

• (1210)

**The Speaker:** I believe it would be appropriate if hon. members would rise to observe a moment of silence out of respect for those we have lost.

[Editor's Note: The House stood in silence]

**The Speaker:** I wish to inform the House that because of the ministerial statement government orders will be extended by 11 minutes.

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## GOVERNMENT ORDERS

[English]

### SUPPLY

ALLOTTED DAY—FEDERAL GAS TAX

The House resumed consideration of the motion.

**Mrs. Bev Desjarlais (Churchill, NDP):** Mr. Speaker, I am pleased to have the opportunity today to speak to the motion of the official opposition regarding dedication of gas taxes to the provinces and municipalities.

First I want to say that after we just heard the statements, it is hard to get back at each other over the spending of government funds, so hon. members should just bear with me if they can please.

There is no question that we have heard a number of speakers this morning talk about the serious consequences of not putting the needed resources into infrastructure throughout the country. I listened to my colleagues from the west talk about the serious conditions of roads and the number of deaths that have occurred as a result of the conditions of those roads. I, too, agree that something has to be done.

### *Supply*

The New Democratic Party and our leader, Jack Layton, who was actively involved in the Federation of Canadian Municipalities as its chair or president for a period of time, know full well the seriousness of the government not putting enough dollars into highways and other types of infrastructure. We have focused on that for a great amount of time in the last while because of what we have heard from Canadians. They have said very strongly that if something is not done now, we are in serious trouble. It is recognized that there is already a crisis.

The motion this morning from the opposition party reflects the view that a number of us have had over the last few years, and that is there has to be a dedication of a percentage of the gas tax revenue. The reason a lot of members of Parliament and parties have started to say that we need to have it dedicated is because we have had a series of governments in place which have not put the dollars back into the provinces and municipalities. The dollars have not gone back to the provinces and municipalities for the infrastructure needed.

While this country was being built over the course of the last century and on, Canadians paid their taxes, provincial and federal, and they saw the benefit nationwide. They saw roads being built, rail being put in place, universities being built and water and sewer projects happening throughout the country. We were building a country with strong foundations. We all know that over the course of time there will be deterioration and we have to keep putting dollars into those roads, universities and water and sewer projects to maintain them or maybe there has to be some expansion as well.

I hate to take everybody back to the 1950s, but around that time 100% of gas tax revenue went back into highways. A long time has passed but that does not mean that the work still does not have to be done. Canada did not end in 1950. The maintaining of the infrastructure did not end in 1950. It continued on. Over the course of time we have seen less and less money go into it from the tax revenue. That would not be bad if the money went into infrastructure from the overall budget.

As a member of a party and as an individual, I understand the need to have one bit of money and not dedicate necessarily specifics in each area. I understand that from the perspective of the federal government. However I understand people do not trust the government to put the money there any more. That is the problem.

•(1215)

There is no faith that the federal government is going to assist or give back to the people of Canada in the form of dollars to support their infrastructure needs. They are rightfully not trusting the government to do that because such a limited portion, and I think it is only 26¢ on the dollar of gas tax revenue, only 26¢ goes back per dollar nationwide for those needs. We have to ask what we are going to do and how we are going to maintain this infrastructure. I fully understand why things have had to change and people now want a commitment, a promise from the government that this amount of money has to go in.

As I said, only 26¢ on the dollar goes back nationwide and quite frankly, it is not fairly divvied up across the country either. There are the western provinces, and I am not moaning about the western provinces, but it is the reality as the facts and figures are there. The western provinces get far less of the revenue for highways than

provinces further east. The facts are there. One has to wonder how the government decides this. Is it based on the amount of roads that are there or the work that has to be done or is it based on some other reason? I hate to even get into it, but the facts are there. The province of Saskatchewan has the greatest amount of roads in the country and gets very little of the revenue dollars or funding from the federal government for roads.

We have heard the arguments come out about whether the revenue we are taking in should be given directly to the cities, whether we should give it directly to the municipalities or whether it should go through the provinces. We have to look at the whole picture to sort it out if we reach that situation.

Quite frankly I will certainly support this motion and I believe my colleagues in my caucus intend to support this motion because we are hearing back from the municipalities that this is what they want to see. They want to see the dollars dedicated so they know they have some stable funding.

The question now is, do we give this money directly to each municipality, the tax revenues that they take in from the sale of gas? Do we give it back individually to each area? Do we give it back to the provinces or do we put some other form of payment in place?

Being from a northern rural area, I do not think that it is entirely fair or even feasible to suggest that we expect those areas to fund their infrastructure needs out of those dollars that they get back. The reality is that there are much greater costs incurred by northern rural areas for their roads. If it is intended that they have to pay for them, they would not have the tax revenues to do that.

I had wanted the opportunity to question my colleague from the Conservative Party. He suggested that everything has to go back through the provinces because we can trust the provinces to do what they want. I think he was talking about education. I had to chuckle. As much as I recognize that we have the provincial jurisdictions and believe there has to be agreement between the municipalities, provinces and the federal government, I could not help but chuckle when he was talking about the provinces knowing what we need in the area of education. One of the biggest issues happening here in Ontario as will be indicated today from the vote is the serious deficit in funding and education by a Conservative government in Ontario.

The bottom line is we have to have some safeguards in place to ensure that the dollars that should be dedicated to a certain area, whether it be education or infrastructure, are there. There have to be some safeguards in place.

I am happy and extremely proud to say that within the province of Manitoba the dollars are going to where they should be going. The province of Manitoba, from its tax revenues, puts almost 100%, I think the percentage is in the high 90s, of its gas tax revenues into highway infrastructure. That has only started since 1999 when a New Democratic Party government came into place in Manitoba. Prior to that, that was not happening. The Conservative government that was in place was not putting that money into highways and infrastructure.

*Supply*

•(1220)

We all need to be clear that there have to be some safeguards in place so that the dollars will be there. Dedicating a portion of the tax certainly would do that. We could come up with numerous facts and figures and maybe we do need to reinforce and emphasize some of those today.

The Federation of Canadian Municipalities indicated, after the last budget, that there was a \$57 billion shortfall in infrastructure funding.

**The Deputy Speaker:** Order, I wonder if the hon. member for Churchill could assist the Chair. Is she splitting her time or is she taking the entire 20 minute slot for herself? That is quite appropriate, but I would just like verification.

**Mrs. Bev Desjarlais:** Mr. Speaker, my colleague, knowing that I had so much to say on this issue, has indicated that I could have the whole time. So I will do my best to fill it.

There were some comments that were made after the last budget came out. The budget's biggest failure was on community infrastructure, which Winnipeg mayor Glen Murray called a joke and the Federation of Canadian municipalities called doomsday. It simply fails to deliver on the expectations of communities, big and small, and fails to recognize the reality of a \$57 billion infrastructure deficit in Canada. The funds are absolutely inadequate.

For example, a recent water plant in Winnipeg would cost \$204 million. Cleaning up the soil on LeBreton Flats in Ottawa will cost \$100 million. Ottawa's light rail needs \$66 million. The Halifax harbour project would cost \$300 million.

This indicates that there is a serious deficit in the federal government giving back to taxpayers the dollars that it is taking in tax revenues.

Again I emphasize that no one has suggested we should not have any taxes whatsoever, but there is no longer trust in the government to put the dollars back into areas that need to be funded.

We talk about the dollars going back into highways. A few years back I asked a question in the House. At that point in time, 38% of the national highway system did not meet minimum standards. The roads were causing serious accidents and a number of deaths, I think 200 deaths on the roads each year in Canada. Twenty-six cents of every loonie is all that the government is committing to roads from the tax revenues when there was such a serious need.

The government's answer in a lot of these cases has been to suggest public-private partnerships, toll roads, that somehow that is the answer to putting the dollars back in and suggests it is only the users of those roads that should have to pay for them. That really would defeat the whole purpose of building a nation and all of us realizing that we benefit from what happens throughout our nation.

If we suggest that toll roads are the answer to funding roads and highways, it just would not work in rural and remote areas of Canada. Quite frankly, and this may shock people here, that is still most of Canada. We have our larger centres, but the majority of our country is still rural and remote and the roads that get us there need to be maintained. Tolls on those roads just would not work. We need other options, such as a portion of the tax revenues going back to the

provinces and the municipalities, to make sure that those roads can be maintained.

There is another area that I will mention because there has been such a failure of dollars going back to infrastructure in the country. I know this motion was intended to look strictly at highway funding, but housing is another area that has been sadly lacking.

We are the only G-7 country, I believe, that does not have a national housing strategy. Every province has indicated a need. I am sure most municipalities have indicated a need for affordable housing within Canada and little funding for it. This is an area to which the government may have to look at dedicating some dollars on a regular basis.

If we listen to what Canadians are telling us, we cannot help but accept that there have to be changes to the way business is done.

I have to admit it has been really interesting to listen to the new leader of the Liberals and the way he has been talking in the last while. Quite frankly, almost all of the socially minded comments that he has made have come almost directly from Jack Layton's speeches that have been taking place since January of this year. It has been fun for our caucus. We have to wonder what party he really is running for.

•(1225)

The new leader of the Liberals has indicated that he is going to dedicate some of the dollars for municipalities. He was finance minister for many years and made massive cuts across the board, to infrastructure, to education and to the health care sector. He also made cuts in certain levels of taxes for certain groups, mostly corporations, but did nothing in the way of returning tax revenues back to provide services for Canadians.

It is going to be fun when the new leader is in this place in February. We will literally have him on the hot seat. It is going to be a tender spot for him once he gets back here on a regular basis because of all the promises he is making. We have often said that during elections, Liberals talk like New Democrats, but once they get into government they act a lot differently.

That is what we are going to see in the future. We will hear a lot of talk about what the Liberals are going to do, but they will not follow through. We need only look at the record of the Liberal government. We need only look at the record of the new leader of the Liberals, who once was the finance minister and made massive cuts. From that record, we know that the government is not committed to returning tax revenues back to the provinces and municipalities. It is not committed to doing what is right for Canada and for Canadians. I do not know where the Liberals' agenda is, but I do know it has not been to support services in Canada.

When talking about the budget and infrastructure funding, there is always a little note about water and sewer services throughout the country. Something like 1.5 million Canadians in communities across Canada still dump waste water into oceans and rivers. Canada is quite rich in resources and we consider ourselves somewhat advanced and civilized, yet the waste water of 1.5 million people is being dumped into oceans and rivers.

### Supply

Why is that happening? Because municipalities cannot afford to put in place some of the needed infrastructure so that it does not happen. They are unable to afford it because the federal government is taking dollars out of the pockets of Canadians, out of municipalities, out of the provinces, and it is not returning those dollars so that programs and services can be put in place for Canadians.

I want to emphasize again the \$57 billion shortfall in infrastructure. What the government has done comes nowhere near meeting that. There is a need to invest \$2.4 billion over the course of 10 years. If the government invested that amount, it would meet a lot of those infrastructure needs. The government needs to be reminded of that.

We will certainly be supporting this motion moved by the official opposition party. It is good when we have a motion before us on an opposition day that we can all support. In this case it will definitely benefit all Canadians.

• (1230)

**Mr. Chuck Strahl (Fraser Valley, Canadian Alliance):** Mr. Speaker, before I join the debate, I wish to express my personal condolences to the families of those soldiers who gave their lives in the pursuit of the war on terrorism. I think many of us feel caught in a quandary here today. We must debate the issue of the day, but all of it seems so unimportant compared to the tragedy we have heard about. I extend my sympathies to the families and I know they will understand that we must continue with this business today even while we mourn collectively as a nation for their loss.

We are talking about transportation taxes generally today and about the desirability of making sure that the federal tax collected on gasoline is returned for infrastructure development, especially to the municipalities, which desperately need it.

I would say that really what we need to start off with is an acceptance that this is philosophically the right thing to do. Either one believes it or not. Those in the Canadian Alliance believe it is the right thing to do and that it is a proper role for the federal government to make sure that infrastructure in the country is developed properly and that the money goes in a non-partisan and non-politically directed way to benefit all Canadians, not just those with good political connections or those who elect members of the governing party.

It is important that we believe this at the very beginning of this debate. If one does not believe that, argues with it and thinks it is a bad idea, then of course the rest of the discussion is moot. I hope that Canadians will see here today an acceptance of the idea that the money raised in gasoline taxes should be used primarily to benefit infrastructure on behalf of all Canadians.

Mr. Speaker, I want to be clear that I am splitting my time with a colleague today.

Again, this has been a long-standing policy of the Canadian Alliance and its predecessor, the Reform Party of Canada, back to 1989. We have been asking the government throughout our unelected and elected history to get with the program, to listen to the Canadian Automobile Association, to the official opposition, to Canadians and to municipalities, which have been asking year in and

year out for it to do the right thing and allow federally collected gasoline taxes to go back to the people who need to develop the infrastructure.

Frankly, we have not had a lot of success. We have asked for it repeatedly, but in the last 10 years we have not received any acceptance from the governing Liberals to go with this at any time.

I will work back through a little of the history. I think it is important that people understand what has gone on here. First, we had a motion here last June very specifically asking all people in the House to support the idea that Canada's infrastructure needs should be met at least in part by a regime of stable funding, and we said that this stable funding should happen by reducing the federal excise taxes on gasoline and allowing the provinces, in conjunction with the municipalities, to take up that tax room and make sure the municipalities have that tax for infrastructure and municipal development.

The government opposed that. It would not support this as recently as last June, but it deserves a second chance. We brought forward the motion again today. The words for the motion today are basically taken from a speech by the member for LaSalle—Émard, who keeps saying how supportive he is of this and yet never seems to be able to actually vote for it. Thus, the wording of today's motion is:

That, in the opinion of the House, the government should initiate immediate discussions with the provinces and territories to provide municipalities with a portion of the federal gas tax.

Let us not wait for the next election. Let us not wait until the member for LaSalle—Émard actually gets the reins in his hands; he has the bit in his teeth already but not the reins in his hands. We could start this immediately. We do not have to wait until the Grey Cup game. We do not have to wait for anything to happen. We could start immediate discussions. We could phone up all the provinces and let them know that the only item on the agenda is that the government wants to make sure they get the gas tax, and quickly.

• (1235)

It can be done before the next federal budget. We do not have to wait for the election. We do not have to campaign on this. We can all agree to it here. We can get the provinces on side; the municipalities are already there. Let us make it happen. Let us not wait for the member for LaSalle—Émard or anyone else. Let us just do what is right because it is the right thing to do.

Unfortunately, in June of this year it was not right. The member for LaSalle—Émard did not support our motion and neither did the Liberal Party of Canada. Just prior to that, last spring, the current finance minister said he opposed sharing fuel tax revenue. That is the Liberal position. He said the money goes into consolidated revenue and goes to good things like health care and it goes into social programs and that is where it is going to stay.



We do have to fund health care and we want to have stable funding there as well, but again there is a philosophical disagreement here. On this side of the House we say we should get out of the business of taxing gasoline and allow provinces and municipalities to work together to make sure it goes to infrastructure development. We already have a surplus in other areas. We argue that we should use that surplus to fund health care and other high priority items, but we should not use the gasoline tax, because that long term infrastructure development is important for all Canadians as well and that is where the money should come from.

It is interesting to note that back in May 2001 the Canada Transportation Act Review Panel said that the federal fuel tax is undeniably part of the price paid for road use. Yet the member for LaSalle—Émard, who was finance minister at the time, did not push to recognize that those taxes should go for road improvements and for infrastructure development. The government did nothing with it. In fact, the government continues to oppose the idea.

The Parliamentary Secretary to the Minister of Finance in May of this year said that the money goes into consolidated revenue and that is where it should stay. The current Minister of Finance said about the member for LaSalle—Émard, and this is interesting, “I think [the member for LaSalle—Émard] is being politically opportunistic” in talking about transferring gasoline tax. The current finance minister says the provinces are not going to agree to this and if they do it would be very difficult to implement. He says the member for LaSalle—Émard knows it is “bad public policy” and he does not think the member has “any expectation that he will ever be called on to do it”.

The current finance minister is not in favour of transferring gasoline taxes, but we are going to give him another chance. We will let him review the debates today. We will let him listen to the Canadian Automobile Association, the Union of B.C. Municipalities, the Federation of Canadian Municipalities and Canadians from coast to coast who are saying that we need to have infrastructure development and it needs to be done in a way that is predictable, long term and stable.

As for the words from the current finance minister to the member for LaSalle—Émard, that is the current Liberal government policy. We are hoping, of course, that on Tuesday when this vote comes up it will be the Liberals' chance to see the error of their ways and to finally do what the member for LaSalle—Émard is campaigning on right now, which is a promise to deliver to the municipalities a portion of the gas tax. Let us not wait until the election. Let us do it Tuesday, and let us, if necessary, run roughshod over the current finance minister. That fight is over. We should just get on with it.

We had supply day motions brought forward back in 2000. The member for Prince George—Peace River brought forward a motion to reduce gasoline and diesel fuel taxes; that was in a period of high prices for gasoline. We should get on with it. We should give that money to the consumers, to the provinces and to the municipalities for infrastructure development and use it to develop roads.

It is interesting that the federal taxes were not always as high as they are today. The person who jacked them up to make them as high as they are is the member for LaSalle—Émard. He put on an extra 1.5¢ per litre tax when he was finance minister. The reason? To retire

### *Supply*

the debt. The debt, according to the former minister, went away in 1998. Since then, what has he been doing? He has been putting that money into general revenue. For what reason? To retire the debt.

But the Liberals have never met a tax they were not in love with. Who originally brought in the federal gasoline tax? It was Mr. Turner, another Liberal finance minister and prime minister. It is a pattern here. They see a tax, they see an opportunity and they put it on. They promise they will take it off, but is like income tax. They said that income tax would be eliminated after the war, but the Liberals have never met a tax they did not like.

• (1240)

What we are facing here today is basically a situation where the rubber meets the road, to use a transportation analogy. The member for LaSalle—Émard says while campaigning right now that he wants to do this. For nine successive budgets he refused to do it, but there is always a second chance on this road to Damascus. He can have a change of heart. On Tuesday he can support this motion, give that gasoline tax to where it belongs, to the provinces and through them to the municipalities, for infrastructure development. It is the right thing to do. Let us do it on Tuesday. I hope the member for LaSalle—Émard will be here to support it with full colours.

**Mrs. Lynne Yelich (Blackstrap, Canadian Alliance):** Mr. Speaker, it is my pleasure to rise today and join my colleagues in contributing to the debate on the motion before us, which reads as follows:

That, in the opinion of the House, the government should initiate immediate discussions with the provinces and territories to provide municipalities with a portion of the federal gas tax.

The issue raised by this motion is the extent to which gas taxes collected by the federal government do not find their way back to the provinces and municipalities, at least directly.

For example, in my home province of Saskatchewan, and I am here in its best interests, the federal government collects on average about \$248 million per year in fuel taxes. Only about 10% of this or about \$25 million is returned to the province each year. In contrast, the Saskatchewan provincial government commits to expenditures on transportation equivalent to between 90% and 100% of the fuel tax it collects. In the United States, 84% of federal fuel tax is earmarked for specific highway improvements.

Based on these figures it is fair to say that there is greater room for further contributions by the federal government. My contribution to today's debate will focus on Saskatchewan's infrastructure issues relating to roads. Such infrastructure is crucial in my province.

Saskatchewan has a small population. Our communities are widely dispersed throughout the province. We are served by 198,000 kilometres of road. Of these, 162,000 kilometres are in rural areas. Excluding those roads that are entirely within municipalities, there are about 100,000 kilometres of road to maintain on an annual basis.

### Supply

One of the contributing factors to high road maintenance needs is that trucks, cattle-liners and other heavy vehicles are routed to rural municipal roads and provincial highways considered to have particularly thin membranes. As a consequence, numbers of rural municipal roads are in significant states of wear and disrepair. With the closure of smaller rail lines and general compressions in rail transportation, more is being transported from within and from Saskatchewan by truck, making maintenance of the road infrastructure all that more important.

Due to their perilous financial circumstances, Saskatchewan governments cannot easily fund the cost of maintaining provincial road infrastructure. In some years the government has simply said that it has no money to maintain road infrastructure.

For example, in April 1998, the provincial government advised rural municipalities that no further funding for municipal road construction and maintenance was available. In that year, the provincial government was only able to contribute roughly half of the \$56 million considered essential to maintain Saskatchewan rural roads. It is circumstances like these that cause municipalities in Saskatchewan to seek some form of financial relief.

From the federal government perspective, the argument is that funds are returned to the provinces indirectly, through either federal-provincial equalization payments or other transfers. The problem with this approach is that infrastructure needs of provinces and municipalities differ depending on their geography and their ability to raise further revenue. In Saskatchewan, there are great infrastructure needs, yet the province is limited by its significant debt position from raising further taxes.

Transportation is vital to the economic health and prosperity of Saskatchewan, yet we see example after example of how the road system in particular is deteriorating. Last month, the Canadian Taxpayers Federation nominated a Saskatchewan highway as the worst highway in Canada. In fact, of the 100 or so highways nominated, 12 were in Saskatchewan.

The Saskatchewan director of the CTF said that some of the highways have deteriorated to a point where they are dangerous, and that the state of our highway system sends the wrong message to families and businesses interested in coming to the province. In fact, the roads are so noticeably bad that a long time American tourist was moved to write a letter to the editor of a major Saskatchewan newspaper saying that he probably would not be coming back to spend his vacations in the province.

• (1245)

Saskatchewan simply cannot afford to lose that kind of business. That is the message I hear from my constituents. They do not understand why Saskatchewan has such bad roads when they pay so much for fuel. I might add that I think Saskatchewan has one of the highest fuel prices in Canada. I will save that argument for another time.

Motorists know that they are being heavily taxed by the federal government each and every time they fill up at the pumps. Why is more of that money not coming back into the highway and road system? Why is the federal government not ensuring federal

reinvestment in the transportation system at the provincial and municipal levels?

Those are excellent questions and are ones that could be largely resolved if the government followed the direction of the motion before us today. The federal gas tax plus the GST cost the average Canadian more than \$220 last year. In 2001-02 Canadian motorists paid \$4.7 billion in federal gas excise tax. They paid an additional \$2.2 billion in GST on gasoline during the same period.

I would like to remind the House that there was a time when the Conservative federal government promised that the GST would be revenue neutral and in the unlikely event that there was an increase in tax dollars collected, the surplus would go toward debt reduction.

We all know what happened to that subsequently. The GST became such a major source of government revenue that our Liberal government, having promised to get rid of it, found it could not without significantly increasing taxes in other areas.

My point here is that governments often make empty promises as to how increased tax dollars will be used. We saw this again in the mid-1990s when federal gas taxes were increased as a deficit reduction measure.

The government is so proud of the fact that it has delivered balanced budgets, surpluses in fact for the past several years, yet the deficit fighting tax increases remain in place.

The motion serves to redirect gas tax revenue to where it is needed, at the municipal level, rather than to a purpose it no longer serves. As my colleague from Port Moody—Coquitlam—Port Coquitlam noted earlier this morning, Canada's road system is comprised of 900,000 kilometres of roads, highways and bridges and of those no less than 2% are federally owned.

Despite its nominal responsibility for roads, the federal government keeps nearly half of the revenue generated by gasoline taxation. Very little of that amount is reinvested into highways and infrastructure.

Canadian motorists and taxpayers deserve better than this. They do not want their tax dollars disappearing into federal government coffers never to be seen again. They want and they deserve a fair and accountable taxation system that supports a sustainable infrastructure on which we all depend.

I hope the federal government, in the vote on Tuesday, will consider that the motion is very important for municipalities and for Canadians. Municipalities are looking forward to perhaps the motion being passed. Then they can take care of their own infrastructures.

I would remind the House that motorists paid \$4.7 billion in federal gas excise taxes in 2001-02. They paid \$2.25 billion in GST on gasoline in that same period. Motorists paid \$6.95 billion in gas taxes and GST on gas in 2001-03. The federal gas tax cost the average Canadian \$149.21 last year. The federal gas tax plus GST cost the average Canadian \$220 last year. Gas taxes vary between 35% and 45% of our total cost at the pump. In other words, the money from every second or third fill-up of gas is going to taxes. U.S. gas taxes in total are roughly 25% of the pump price.

That brings us to the federal spending on roads and transfers to provinces, \$118 million. That is 2.51% of the amount the feds collect in gasoline taxes was invested into roads. That is 1.71% of the amount the feds collect in gasoline taxes plus GST on gas. Canada's infrastructure transfers to provinces, roads, conference centres and waterworks equals \$800 million.

• (1250)

I am pleased to have joined this debate this afternoon. I sincerely hope we will see a successful, overwhelming support for this motion on Tuesday when we vote on it.

**Mr. Chuck Strahl (Fraser Valley, Canadian Alliance):** Mr. Speaker, I would like to thank my colleague for putting into the record some of the astronomical dollar figures which are collected by the federal government. It reminds me again of the Liberal tendency to take any revenue it can get.

Another example would be the employment insurance premiums. Once the Liberals have a fund that is sufficient enough to cover EI, do they stop collecting or reduce the premiums? Of course not. They keep the premiums jacked up and put them into consolidated revenue. They spend the money on programs we never asked for and frankly were designed by someone far from the land we love.

Just to put a human face on those kinds of dollars, I would like to ask the member to comment on this. Last weekend I was part of a group of concerned citizens who took part in a cavalcade from Harrison Lake to Pemberton: up the back way, up the west side of Harrison Lake, alongside Lillouette Lake and up into the interior of British Columbia to the town of Pemberton.

Many of us think it would be a good idea to develop that into a secondary highway. It would be secondary access into that whole region. It would be an outlet if there were a problem on the Sea to Sky Highway. More important, it would be an opportunity to provide highway access to some aboriginal communities and other communities along the way. Right now they not only have no year round road access, but they have no telephones, no electricity and no way of communicating with the outside world. In each of these aboriginal communities, there is about one satellite telephone because cellphones do not work. That is it for communication. When the snows come, they are finished. They sit there and hope that nobody gets sick.

One thing they have been complaining about for many years is the need for federal government help to build a secondary highway so they can have some of the things that we take for granted in some of the larger centres. That is why I am a little nervous of the Liberals, especially the member for LaSalle—Émard. He talks about this program for cities, which might be interesting and have some good ideas in it, it is hard to say. However there is a lot more to this country than just cities. In fact highway construction is generally between cities and no one wants to grab that bull by the horns.

The cavalcade went by several aboriginal communities in a region that if it were developed would provide jobs and access to education. Right now when the roads open it is a two hour bus ride each way for their kids to go to school. Then they wonder why they cannot stay in school. They cannot take the punishment of driving up and down those roads, and that is when the roads are open.

### *Supply*

There is a price tag of about \$2 million on this highway. A lot of it will fall on the shoulders of the provincial government, which is proper. It is a provincial jurisdiction. However in British Columbia alone last year, Ottawa collected \$495 million in gasoline taxes and it returned to British Columbia \$13 million, or roughly 2.6% of the total budget.

My point and my question for my colleague is this. When we talk about putting money into infrastructure, we are not just talking about the glory of paved roads. We are talking about changing the lives of people and giving communities life that otherwise would fall by the wayside. I know the problem Saskatchewan has with retaining people, farmers and young people is in part because of transportation. Could the member give us some details as to whether this is as big an issue and problem in her province as it is in mine.

• (1255)

**The Deputy Speaker:** The hon. member for Blackstrap has one minute to respond.

**Mrs. Lynne Yelich:** Mr. Speaker, I want to talk about Saskatchewan roads. As I said earlier, we were voted as having one of the worst roads in Canada, so I really cannot answer that in one minute.

However what I can do is read into the record just to show what it is doing to our tourism. We had an American tourist who was so upset with our roads. He came every year to a tourist point in Saskatchewan. We do have nice places in Saskatchewan to visit and one of them is Elbow. Mr. Robert Ronning from North Dakota said in a letter:

For seven of the past 10 years, I and eight or nine friends have visited Elbow. We have rented condos, swam in the pool, golfed and fished on Lake Diefenbaker. This is truly a remarkable area. A real diamond in the rough.

The one thing I cannot understand is the condition of the area roads. We always take three or four boats with us, but the road conditions chip up both our boats and cars.

Several years ago, Highway 42 by Brownlee had about five miles of bad asphalt returned to gravel.

Now, there is 15-plus miles of gravel. I thought going from gravel to asphalt was progress, not going from asphalt to gravel.

I could read on and on. This letter is a very sad reflection of how our infrastructure is crumbling.

The parliamentary secretary mentioned that the taxes went into consolidated revenues which went into such things as health care. We could not get an ambulance over these roads to get to a health care facility. Therefore, our roads—

**The Deputy Speaker:** I regret to intervene but members will recognize that the difficulty when time slots of 20 minutes are shared, the question and comment period is shared for at least five minutes. Whether one member owes another member some time, I will leave that for the parties to resolve.

**Mr. Alan Tonks (Parliamentary Secretary to the Minister of the Environment, Lib.):** Mr. Speaker, I welcome the chance to speak to today's opposition motion for two reasons.

### *Supply*

First, the issue of healthy and prosperous municipalities is a subject that is very close to my heart, having spent 25 years in the municipal field. Indeed it is of real national importance that cities can be looked upon as needing very special consideration by the federal government. We all could benefit in this House from the insights that can be shared in terms of ideas that could help serve the needs of cities better.

There is no question that Canada's cities and communities face significant challenges in providing the level of service and support that their citizens, and I might say 80% of all Canadians who live in cities, deserve. Perhaps working in partnership with the provinces and territories a share of the federal gas tax might offer an avenue to provide some of the additional resources that cities are looking for. It is something that we on this side consider certainly worth looking at.

This leads me to the second reason that I welcome the opportunity on behalf of the government to participate in today's debate. I believe it would be both timely and useful to provide the House with an important element of context about our government's fiscal intact performance, a context that in view of the discussion that has been raised with respect to the expenditure of money in the programs that general revenues support, should frame any discussion touching on federal taxation.

As hon. members know, since the beginning of our mandate in 1993, two of the government's core priority areas have been sound fiscal management and fairness in the taxation system. Both of these are extremely closely linked. The government understood from the start that we could never ease the overall tax burden on Canadians while running massive consistent deficits which were eating up 36¢ of every tax dollar in interest costs. A deficit dollar borrowed is nothing less than taxes deferred until tomorrow which future generations would have to pay and with the added cost of interest charges. That deficit would handcuff all levels of government, including cities, and Canadians from achieving today and in the future objectives for a high quality of social and environmental life.

That is why in the early years of our mandate while we did bring in targeted tax relief especially for families with children, our chief focus was on the tough action needed to get federal spending under control. The government succeeded, achieving Canada's first federal surplus in 1997-98 after 28 years of consecutive deficits.

One might ask what this has to do with federal taxation. The answer should be obvious. It was only after the government had put the country's books in order that we could afford to begin to bring down the tax burden for all Canadians. The government was successful in bringing that tax burden down.

In the 2000 budget the government launched a five year \$100 billion tax reduction plan, the largest in Canadian history. That plan strengthened the foundation for economic growth and job creation in this country, allowing Canada to frequently lead the industrial world in growth during a difficult period in the world economy while at the same time helping low and middle income Canadians.

The benefits of this plan are already clear and concrete. It provided tax relief of \$17 billion in 2001 and \$20 billion in 2002. This will continue to grow, providing further tax relief of \$24 billion this year and rising to more than \$30 billion in 2004.

● (1300)

Let me humbly remind the House of some of the key elements contributing to this historic and ongoing tax reduction plan.

The government restored full inflation indexation of the personal tax system as of January 1, 2000. This meant that inflation no longer represented an automatic and hidden tax increase.

Effective January 1, 2001 personal income tax rates for all taxpayers were lowered. The 17% rate was lowered to 16%. The middle rate, which had been 26% in 1999, was lowered to 22%. The top rate was reduced from 29% to 26% on income between \$60,000 and \$100,000.

What does this mean for individual Canadians and families? It means that by 2004-05 we will have reduced federal personal income taxes by 21%. That is one-fifth on average. Families with children will benefit even more with average tax savings of 27%.

The government's five year tax reduction plan has also been promoting economic growth and jobs by creating an advantage for investment and entrepreneurial initiative in Canada. We reduced the 28% general corporate income tax to 23% and it is legislated to fall further to 21% next year.

In the 2003 budget the government provided further support to small business and entrepreneurs, including an increase in the small business deduction limit from \$200,000 to \$300,000 over four years. This will result in an annual savings of up to \$9,000 for many local Canadian companies.

Another measure eliminates the \$2 million limit on the amount of small business investment eligible for the capital gains rollover. This will help small firms to access the risk capital that is so important to expansion, growth and the pursuit of new markets. The government announced that we are phasing out the federal capital tax over a period of five years and eliminating it next year for medium size corporations.

As a result of the government's corporate tax initiatives, effective this year Canada's average federal-provincial corporate tax rate is below that of the United States. I have heard some comparisons to the American tax system. By 2008 the positive difference between Canadian federal-provincial and American federal-state corporate tax rates is expected to reach 6.2% in Canada's favour. This is not affected by current tax changes proposed by the United States administration. Our tax reduction action has not stopped there, though.

We have increased the limits of tax assisted savings in registered pension plans and registered retirement savings plans, RRSPs.

*Supply*

We will be cutting employment insurance contribution rates by a further 12¢ to \$1.98 per \$100 of insurable earnings for 2004. This is the 10th premium rate cut since 1994. It will bring yearly savings for workers and employers to over \$9 billion. While this rate reduction applies to everyone, it will be particularly beneficial to small business, a key economic engine for so many smaller municipalities and communities.

Moving on, I think we would all agree that children, young people, play a special role in any community. We have consistently enhanced the Canada child tax benefit to help low and middle income families with children. Under action contained in last February's budget, the maximum Canada child tax benefit is now projected to reach \$3,243 for the first child in 2007, \$3,016 for the second child and \$3,020 for each additional child. This will bring the estimated annual support delivered through the child tax benefit to over \$10 billion. That is an increase of over 100%, in other words, double since 1996.

• (1305)

I have covered a lot of ground because our record of positive action in the tax arena is extensive and dramatic. Let me conclude by assuring all hon. members and all Canadians that our government remains committed to maintaining, and improving on, a tax system that is fair, efficient and competitive in order to best serve the needs of citizens in every community, rural and urban.

There is a companion commitment that is also part and parcel of a fair, efficient and competitive system, one that we must not lose sight of during debates such as today's debate. That is the absolute importance of ensuring that further changes to the tax system and any action to strengthen our cities in no way jeopardizes our ability to maintain balanced budgets or better.

All of us in the House and every Canadian can remember the painful price that years of deficits exacted. It was paid through high taxes and high interest rates. We shall not and must not let that destructive deficit cycle return to haunt us. That means that any tax change or action we pursue today or in the future must be consistent with fostering a vibrant economy, in particular by ensuring affordability and prudent fiscal planning.

I am sure the hon. member proposing today's motion will agree with those principles completely. We do welcome this debate in order to understand completely how we can develop the partnerships that will build a high level, a legacy, of quality of life for all Canadians.

• (1310)

**Mr. Ted White (North Vancouver, Canadian Alliance):** Mr. Speaker, I listened to the entire speech given by the member opposite. I heard him go all over the map talking about taxation issues without really addressing the motion before us today. I will read our earlier motion for his benefit:

That, in the opinion of the House, Canada's infrastructure needs should be met by a regime of stable funding and that accordingly, this House call on the government to reduce federal gasoline taxes conditional on an agreement with the provinces, and with the creation of this tax room the provinces would introduce a special tax to fund infrastructure in provincial and municipal jurisdictions.

I have just one question for the member. Why did he vote against this almost identical motion in June that was put forward by the

Canadian Alliance and today he is going to vote for it? Can he give us any rational explanation as to why he has flip-flopped on that issue if it is not simply to put up a smoke screen for his soon to be prime minister, the former finance minister, who has suddenly glommed on to this Canadian Alliance policy?

**Mr. Alan Tonks:** Mr. Speaker, I do not think the issue before us is about my personal voting behaviour or the member's.

The member is quite right. What is before us is the relationship in this country of a progressive and dynamic taxing strategy that would serve all Canadians. Part of the strategy is it would trickle down to the cities and would be directly related through the gas tax for matters related to urban and rural growth and sustainable development as it relates to transportation infrastructure. That is the issue.

Also, the reason perhaps the motion is more supportable is it was not clear in the first motion that the Alliance made but it is now more fundamentally clear. I believe that a very strong case has been made. We must be absolutely clear and sincere about this and look at it within the context of the motion and today's events, but we must also look at it within the capacity for us to have a sustainable taxing strategy.

I hope that answers both aspects of the member's question.

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, I listened to the Liberal member's speech. He should know that his party got elected by being very opportunistic. Since he was talking about taxes, I would remind him that the GST is still here.

In fact, the member for LaSalle—Émard, who was a co-author of the red book 10 years ago, said at one time that this stupid tax must go. Yet he raised \$190 billion from Canadians during his tenure as the finance minister.

Gasoline taxes in British Columbia raise about \$750 million. On top of that, the GST is about \$378 million. In total, taxes on gasoline raise about \$1.1 billion. Of that amount, the federal government spends only 2.5% on road and infrastructure development; whereas the provinces, which share 50% of the taxes, spend about 91%. In the United States, the government spends or invests about 84% of all the gasoline taxes on road and infrastructure development.

I would like to ask the member, since he talked about taxes in his speech, about GST being charged on taxes. The way the government calculates the price on gasoline, all the taxes are added up and then it charges GST. Those taxes are neither goods nor services.

Can he justify the government ripping Canadians off by charging GST on taxes?

• (1315)

**Mr. Alan Tonks:** Mr. Speaker, the previous questioner chastized him for straying into tax areas and straying away from the intent and context of the Alliance motion.

I will try not to be strayed in a second way by the member's question, but I will attempt to answer it.

### Supply

I do not think it behooves us to try to understand the differences between American tax systems and how that government flows money through the states in sheer percentage terms because, just as there is a difference in the total array of tax supported services in the United States and a difference between that and Canada, so too is there a difference between the provinces in Canada.

I do not want to attempt to evade the question, but the issue here is to get closer to the principle of where taxes are raised from and apply them to services that will stimulate development and growth in a sustainable way in those areas. That is the issue and intent of the Alliance motion.

My reading of what is happening in British Columbia, since the member is most fluent with that, is that the province, while it has dedicated a portion of the gas tax, has not increased the total envelope with respect to the support of the transportation system, be it transit or roads. We still have an inequitable taxing situation, even in the hon. member's province.

The bottom line is that we can do better, in terms of sustainable development, in terms of meeting our Kyoto commitments, and in terms of using transportation technology to stimulate growth and employment. We can do it through a better knowledge and application of the taxation system.

I thought that is what the Alliance motion was attempting to do. If it is attempting to do that, and I believe it is, then the government is prepared to look at that very seriously.

**Mr. Gurmant Grewal:** Mr. Speaker, I did not get an answer. How can the Liberal member justify a GST on taxes?

We understand the GST on gasoline. But I did not receive an answer to my question relating to the GST on taxes.

Moreover, the government is very greedy when it comes to taxes. It imposed a deficit financing tax on gasoline. The deficit is gone, but the deficit financing tax is still here.

So, if the government is not greedy, what is it? Why is there a GST on taxes?

**Mr. Alan Tonks:** Mr. Speaker, I am sure the hon. member would appreciate that this is not a debate that will be in a progressive way made better, or more intellectually positive and accurate, by having my opinion on whether the government is greedy or not.

The issue is whether we have a progressive taxation system that creates a stimulant to creating opportunity for all Canadians and a better quality of life. The Alliance motion attempts to deal with that and then places the onus on government to come up with a taxation system and instruments that will achieve that end.

That is the issue that is being debated in the House. The country has an intimate and vested interest in seeing an outcome that is made in a progressive way. Regardless of whether it is fair, greedy or treating people as equal or unequal, those are important issues and are the principles that we deal with in making our taxation system a progressive one.

Part of that is to use that progressive instrument to work with cities and provinces in partnership to build a better quality of life through better decisions in transportation.

• (1320)

**Mr. David Chatters (Athabasca, Canadian Alliance):** Mr. Speaker, I am pleased to engage in the debate today. It never ceases to amaze me that the government's hypocrisy has no bounds.

I thought I saw it all when two years ago the government voted against same sex marriage and then only a few days ago the government suddenly reversed its position and voted for same sex marriage.

Certainly, that was bad enough. However, the motion today is even worse. It was only in June that the Canadian Alliance introduced a motion in the House with this very same proposal and the government voted against the motion. Today, the government appears to be prepared to make the switch and support the motion.

It is really not hard to tell that there is not only a transition happening in the Liberal leadership, but an election is certainly in the air to encourage the government to do that.

However, the issue of gasoline taxes and where the taxes go is not a new debate in Canada. The Liberal government under former Prime Minister Trudeau many years ago placed a gasoline tax to pay for the creation of Canada's national oil company.

The government likes to play semantics with that tax. The reality is that that tax has never been removed. The purpose of the money may have switched in a different direction, but certainly the tax never disappeared and remains with us to this day. It goes into general revenue of course.

Then the new leader of the Liberal Party, the next Prime Minister, put a 1.5¢ a litre tax on gasoline to eliminate the deficit when he was finance minister. The deficit has been gone for a number of years. Amazingly, the tax remains.

The hypocrisy around the issue from government members, in particular the speech by the member for Erie—Lincoln I heard this morning, is quite amazing.

We are building a huge deficit in this country. Maybe the member for LaSalle—Émard has solved the fiscal deficit of the government. In fact, over the last many years we have been building a huge infrastructure deficit. It is the infrastructure not only of our roads but of our urban infrastructure, and the member referred to it earlier as our core infrastructure. There is a huge and growing deficit that needs to be addressed.

I guess I must applaud the government for coming around to that point of view. Again, I think it is hypocritical because it only does it when there is an election coming up. I am afraid that after the election if the government's position can flip that quickly one way, it can quickly flip the other way.

We must come up with a proposal. We had a proposal and, as a matter of fact, our proposal is Canadian Alliance policy no. 15 in our policy sheet. It proposes:

We will ensure that taxes which are imposed for a specific purpose should be used for that purpose alone, should be removed once no longer required, and not be allowed to be put toward general revenue.

This has been the Canadian Alliance policy for many years. It is a policy that we will implement when the Canadian Alliance becomes the government.

On the other hand, it is very hard to tell what is the government's position on this issue. The current Minister of Finance is quoted in a number of places saying that he does not support the proposal. He stated:

I know that the provinces really like the tax points, but sometimes, they forget about them. They really like them because they want us to impose the taxes and then let them spend the money.

• (1325)

Of course that is the old Liberal mentality: that government does not give money to anything unless it is tied with strings in some way that benefits the government itself. The Liberals find it difficult to dedicate money to anything that does not return a benefit for them. I think they forget sometimes that the money they are spending is not really their money. It belongs to the taxpayers. And there is only one taxpayer in the country.

While this country's huge infrastructure deficit continues to grow, so does the amount of money the federal government collects in gasoline taxes, both in excise tax at the pump and in GST. As my colleague just pointed out, there is GST on top of the excise tax and it is big. I believe the figures show that in this current year revenues from the excise tax and the GST will amount to \$7 billion a year. While a minuscule amount of that is returned to some provinces for road infrastructure or infrastructure projects, the amount is very small.

In spite of the fact that there is an equalization program in the country which is designed to let all provinces provide relatively equal services to their citizens, amazingly enough in my province of Alberta the federal government collects half a billion dollars in gasoline taxes and does not return one red cent to that province for road infrastructure. I think the figure is that 98% of what the government does return, the paltry amount that it does return to fund infrastructure, goes to Quebec, Ontario and Atlantic Canada.

There is a real and fundamental unfairness in that formula. I think anyone could come up with a better and fairer scheme than that one.

Of course the government will always rave on about its notorious infrastructure programs that it has been implementing since 1993. While the programs did garner some popularity with municipalities across the country, mainly because the municipalities were desperate for money, those programs were tied to a sharing formula of one-third, one-third and one-third. In many cases, municipalities could not come up with the kind of money they needed to fund one-third of the projects and, therefore, that infrastructure could not be funded through the program.

I think our proposal is a good one. We appreciate that the government is coming around to our way of thinking and is prepared to support the motion, but I urge Canadians to look closely at the record of the government and the incoming prime minister, to look at the record on this issue and so many others. I suggest that the government is not to be trusted just because it chooses to make promises that Canadians across the country like to hear at election time. Its record of fulfilling those promises once it is elected is really quite dismal. I do not expect that on this issue it will be any different

### *Supply*

than it was on the idea to scrap the GST or any of the other promises the government has made over the years.

Our proposal to take an amount of three cents a litre, which has been suggested, is reasonable. The federal government should vacate that tax room on the condition that the provinces collect the three cents and pass it on to municipalities specifically for infrastructure funding. It would provide a long term and stable source of income for municipalities and would be a much fairer and more equitable system across the country than the political patronage system we have now. I urge all members to support our motion.

• (1330)

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, I do appreciate the remarks by the hon. member, who is the senior critic for natural resources. I have three questions for him.

Briefly, the federal Liberals are charging GST on taxes. I have never heard of any country in the world where the government charges a tax on top of taxes. I would like to find out if the member thinks it is unfair to charge GST on other taxes.

Second, we know that there is a deficit financing tax on gasoline. When the deficit is gone, the specific tax applied for that particular purpose, that is, to eliminate the deficit, has to be gone. It is still on. I would like the member's opinion. How can the Liberals charge a tax for a specific purpose but when the purpose is fulfilled shamelessly continue ripping off more money from Canadians?

Third, gasoline prices have gone up recently. In the month of August, they were 10¢ higher and in some places 15¢ higher than prices in the previous month. We also know that the Liberal government is charging the GST on gasoline, when the Liberals of course said before the election that they would eliminate the GST. The GST and other taxes on gasoline amount to several billion dollars in an average year. That comes to about \$220 per person in Canada.

We also know that taxes are about 35% to 45% of the cost of gasoline at the pump. In the United States, that figure is about 25%. The taxes are already higher in Canada and, on top of that, there are taxes on taxes. Therefore, my third question is about whether the government has a motivation to keep the gasoline prices high so it can take in more money in the form of taxes and throw it into the black hole here, which is mismanagement of the government, unaccountability, fraud, corruption, and all kinds of things, as we know. Does the member think it is in the government's best interests not to lower the price of gasoline at the pumps? Does he think the government would rather keep it high?

**Mr. David Chatters:** Mr. Speaker, there were a number of questions. Of course most Canadians, when they discover they are paying a tax on a tax, are outraged at that idea. It is fundamentally unfair and most are surprised that it is not criminal, as a matter of fact, or that it is not illegal. But of course it is not. The government knows no bounds when it comes to collecting taxes.

### Supply

One thing Canadians have learned over many years is that once a tax is imposed upon Canadians, it is rarely, if ever, removed. After all, income tax in this country was only a temporary tax too at one time; it certainly was never removed. I think that on the Liberal side the idea is quite foreign that once the objective of a tax is met the tax should be removed.

I would suggest that the government can be compared to a drug addict or an alcoholic; it is actually addicted to taxes. It does not know how to operate without taxes and in fact cannot operate without collecting more and more taxes. I warn the Liberals, though, that like an alcoholic or a drug addict, one day they will find there will not be any more and they will crash down very hard.

As for their policy on taxes, they have, up to this point at least, consistently suggested that they do not support the concept of dedicated taxes at the same time that the former finance minister was imposing a dedicated tax to pay down the deficit. Again, it is nothing but hypocrisy. They support any kind of tax as long as it serves their purposes, whether it is dedicated or otherwise.

I think the idea of providing some long term and stable funding for municipalities to begin to rebuild their infrastructure is a good one. Liberals should support it and they should make that very clear.

• (1335)

**Mr. Gary Lunn (Saanich—Gulf Islands, Canadian Alliance):** Mr. Speaker, I am pleased today to rise to discuss the motion calling on the government to “initiate immediate discussions with the provinces and territories to provide municipalities with a portion of the federal gas tax”.

Every summer I get calls to my office about the price of gasoline. As everyone knows, more Canadians drive in summer than at any other time, and with the increase in demand comes an increase in the price. Gas is not cheap in any part of the world. At times this summer in Victoria, where I live, it was over 90¢ a litre.

Many people claim collusion: How could these prices be so high and someone not be to blame? Some Liberal members, like the member for Pickering—Ajax—Uxbridge, are known for their conspiracy theories, this despite the fact that review after review consistently finds no evidence of price fixing. If the member for Pickering—Ajax—Uxbridge wants to point the finger, he should be pointing it at his own side of the House. But to do that, he would have to admit some pretty unpleasant facts. Maybe I could try to help that member. I will point out some of these facts.

These are numbers that are in the public domain and of which everybody is fully aware. Right now the federal government collects over \$7 billion a year in gasoline taxes; let me repeat, \$7 billion a year. Only 4% of this \$7 billion is actually invested in transportation. This money does not go to make our roads safer. It does not go to make them more efficient. The money does not go to help with environmental problems or to combat pollution caused by vehicle traffic. Where does the \$7 billion go? It goes straight to general revenue and it is used by the government in any way it sees fit.

In contrast, the total amount spent by provinces on transportation is roughly \$12 billion, despite the fact that they only bring in about \$10 billion in direct revenue. In short, the provinces are subsidizing

the federal government's spending and picking up the tab from their own scarce revenues.

My home province of British Columbia, I would submit, is probably one of the worst treated. B.C. collects about 12% of the total gasoline tax revenue nationally and sends it down to Ottawa. Twelve per cent of all the national gasoline tax collected is collected by British Columbia, yet as I have already indicated, only 4% of this amount will ever be used on roads. Even more startling, of that 4%, almost all of it is spent in the province of Ontario. Virtually none of it ever sees the province of British Columbia. Not only is B.C. subsidizing the feds, but it is not even getting its share of the measly, pitiful 4% the feds actually spend on roads with the gasoline tax they collect. We do not even get our share of that.

Taxes should be transparent. A much greater portion of our road taxes should actually be used in maintaining our roads.

I would also like to touch on one more important aspect of this debate: the double taxation. As the member for Athabasca just pointed out, we are charging a tax on a tax. This is incredible. Can members imagine taxing a tax? It is a seriously and fundamentally flawed practice. Although our motion today does not specifically address this issue, I think it is important that it be raised.

Charging GST on gasoline is questionable, but then charging GST on the excise tax is unbelievable. It is absolutely incomprehensible that the government would actually start taxing Canadians on taxes. We repeatedly have called upon the government to eliminate this practice. The former finance minister, the member for LaSalle—Émard, has had 10 years in this place to fix that, to stop taxing on tax, but he has failed to do it.

• (1340)

The Canadian Alliance solution proposed today shows there is a better, more honest approach to gasoline taxation. We are saying that if the federal government collects money for transportation, that is where it should be spent. The feds could free up at least a portion of the gas tax and provide it to the provinces for infrastructure. In this way we could provide the provinces with a reliable and stable source of funding for the roads, for our infrastructure and for our transportation system. Just as important, the funding would be transparent and directly linked to the users who benefit from such infrastructure.

Provinces and municipalities could then distribute the funding in the best way, as they are closest to the people and to the areas that need the most work. They know where the problems are, where the hot spots are, where fatalities happen on various highways and which roads need work. They should be the ones directing where these improvements are made and what the priorities are.

We have deliberately kept this motion non-confrontational, although I think a 3¢ to 5¢ a litre, as suggested by our leader, is reasonable. We have left these amounts for the federal government to negotiate. We have created this motion so the government can support it. We are here to provide a genuine, real alternative to the problem that the government has caused to ensure that our roads are safe, efficient and environmentally friendly.



There is some talk that the government may support the motion, and I hope it does. I hope the members opposite will support the motion.

However on a factual basis, I go back to the record. The member for LaSalle—Émard has been in the House for 10 years, and was finance minister for the majority of those years. He has had ample opportunity to correct this practice. Motions have been before the House in the past. I look at the record and there are lots of examples.

On March 13, 2001 the Liberals supported a motion to establish a sex offender registry. February 5, 2002, less than a year later, they voted against a motion to establish a sex offender registry. In 1993 the Liberals made the following promise in their red book:

A Liberal Government will appoint an independent Ethics Counsellor to advise both public officials and lobbyists in the day-to-day application of the Code of Conduct for Public Officials. The Ethics Counsellor will be appointed after consultation with the leaders of all parties in the House of Commons and will report directly to Parliament.

On February 8, 2001, that same motion, word for word, was put forward by the Canadian Alliance. It was the identical phrase that was in print in the their red book. Nobody can argue that. There was no interpretation. There was no misleading information. This was their promise. When we put their promise to them for a vote in the House of Commons, what did the Liberals do? They voted no. That is where the credibility comes in.

I genuinely think it is a serious issue. It is the backbone of our transportation across the country. We should be putting the funds there so the infrastructure can be kept up. My province of British Columbia, as I said, does not even get its mere pittance of the 4%.

I have talked with the member for LaSalle—Émard who has refused to deal with this. One of the members opposite talked about how the Liberals eliminated the \$42 billion deficit between 1993 and 1999. They did that through 69 different tax increases in various forms. They did not eliminate the deficit. The Canadian taxpayer did. These guys are addicted to taxes. They raise them day after day.

I would argue that we should not have the mentality of punishing people who are successful. That is the philosophy of the government and nothing will ever change. Its philosophy is to punish people who are successful, these people who are creating jobs for people, these entrepreneurs, these small businesses. The more successful a person is, the more the government wants to punish them. The fundamentals are all wrong.

Let me conclude by saying that the Liberals, as hon. members know, cannot keep their hands out of the cookie jar. They can talk a good fight before the writ is dropped, but if Canadians look for tax fairness, I can only say look at the record of the member for LaSalle—Émard. He had nine years as finance minister to be fair with them in their taxes, to be honest in how they were collected and to rein in the government spending. He failed on every count. The only thing that has happened with gasoline taxes is they have gone up 17% during his watch.

● (1345)

Liberals do not care from where the funding comes, whether it is income tax, gas tax or even if it is a tax on a tax as long as it feeds the beast. They are general revenue junkies. They change their tune

### *Supply*

once every four years, but for 35 days. Then later it is the same old song and dance. I remind all Canadians to look at the record and the facts, they speak for themselves.

**Mr. Darrel Stinson (Okanagan—Shuswap, Canadian Alliance):** Mr. Speaker, I listened to the member's speech very intensely. I make it a habit at least once a year, sometimes twice a year, of driving across Canada on the Trans-Canada Highway.

It was introduced, as the member probably remembers, because it was supposed to be the lifeline of Canada, the backbone, the vein to keep Canada's transportation on the move. This is probably now the seventh year that I have driven across Canada and I find the Trans-Canada Highway a national disgrace. I have seen backwoods highways in far better condition than many parts of it.

The member mentioned tax upon tax. He mentioned that the government was creating a system in fuel tax of adding tax upon the tax to increase its taxation level. To me that makes Jesse James look honest. There are a lot of organizations that would have loved to have done that but most of them are behind bars now or have been convicted of criminal activity.

When the fuel tax was introduced to Canadians, we were given the assurance that it was to be used for the infrastructure of highway programs. The member mentioned that the government had become addicted to taxation and would use it as a cash cow. That is what it is.

When we stop to think about it, the federal government's responsibility pertains only to the Trans-Canada Highway and to some extent to the main arteries leading to the Trans-Canada Highway. Yet it collects fuel taxes from every fuel station in Canada, whether it be on these arteries or on the Trans-Canada. What it is doing in reality is taking the fuel tax from all other areas that could be better put to use in the upkeep of highway infrastructure in municipalities.

To me this is an illegal taxation on the people of Canada. The areas being taxed are off the Trans-Canada or out of the area of where the feds will spend any money, let alone 4%. They will not spend one dime in these areas to keep up the infrastructure. Could the member comment on this?

● (1350)

**Mr. Gary Lunn:** Mr. Speaker, first let me applaud the member for taking the time to drive across Canada on our infrastructure system, on our national highway. I think every member in the House should do it. If they did, they would actually see how bad the road systems are in places. There are places where there have been improvements and they have done work. However there are lots of places where they have not. If we speak with local people, they know where people have been killed. There has been a tremendous loss of life in certain spots. I know that has happened in my home province in my own area. Why? Because the resources have not been put into the highway structure.

As the member pointed out, it is the backbone of our transportation system. Of course something like 80% of our population lives within a few hundred kilometres of the 49th parallel, our southern border, and this is the main artery which connects Canadians from coast to coast. It is critical that we do this.

*Supply*

I also want to respond to something else he mentioned. He pointed out the tax on the tax and this being an illegal practice. I will quickly point out that the government makes the laws. I do not know if it is technically illegal but it is morally wrong. We have seen how the government spends taxpayer money, whether it be Shawinigate, the billion dollar boondoggle, the advertising scandals and the billions of dollars on the gun registry. That borders on corruption. I think if anyone did that in the private sector, that individual would be put in jail. This is just another example of how the government has absolutely no respect for taxpayer dollars.

This is about having respect for taxpayer dollars and how they are collected. Again, the gasoline tax shows that it does not have an ounce of respect for how it spends taxpayer money. It goes into a cookie jar, then the government gets its sticky fingers all over it and does whatever the hell it feels like doing with it.

[*Translation*]

**Mrs. Marlene Jennings (Parliamentary Secretary to the Solicitor General of Canada, Lib.):** Mr. Speaker, since I have only seven or eight minutes left, I will try to be brief.

[*English*]

I welcome the opportunity to speak the opposition motion for two reasons.

First, the issue of healthy and prosperous municipalities is in my view of real national importance and can benefit from this House's insight and ideas. There is no question that Canada's cities and communities face significant challenges in providing the level of service and support that their citizens deserve, as has been mentioned several times in the House. Perhaps working in partnership with provinces and territories a share of the federal gas tax might offer an avenue to provide some of the additional resources that the cities are looking for and require. It is certainly, in my view, worth considering.

This leads me to the second reason I welcome the opportunity to participate in today's debate. I believe it would be both timely and useful to provide the House with an important element of context about our government's fiscal and tax performance, a context that unfortunately has not been provided by members of the opposition. It is a context that should frame any discussion that touches on federal taxation.

[*Translation*]

As you know, since we first took office in 1993, healthy financial management and the fairness of the income tax system have been two of our highest priorities as a government. The two are closely linked. We understood right from the start that we could never lighten the overall tax burden of Canadians if we continued to accumulate deficits that eat away 36 cents in interest charges from every dollar of taxpayers' money.

Accumulating deficits by borrowing is nothing but a twisted way to bring in more income tax by adding interest charges. That is why, in the early years of our mandate, although we introduced targeted tax relief—for families with children, for example—we put our efforts into the difficult task of regaining control over federal spending. We have achieved this goal—I think even the opposition

cannot deny that—and in 1997-98 produced the first federal budget surplus in Canada, after 28 consecutive years of deficits.

• (1355)

[*English*]

Some might ask what this has to do with federal taxation. I would argue that the answer should be obvious. It was only after we had put the country's books in order that we could then begin to bring down the tax burden for all Canadians, and bring it down we did.

Very quickly here are a couple of initiatives that the government has taken to bring down the tax burden for all Canadians.

In the 2000 budget we launched a five year, \$100 billion tax reduction plan, the largest in Canadian history. The benefits of this plan are already clear and concrete. It provided tax relief of \$17 billion in 2001 and \$20 billion in 2002. This will continue to grow, providing further tax relief of \$24 billion this year and rising to more than \$30 billion in 2004.

We also restored full inflation indexation of the personal tax system as of January 1, 2000. This means that inflation no longer represents an automatic and hidden tax increase. As well, as of January 1, 2001, personal income tax rates for all taxpayers were lowered. The 17% tax rate was lowered to 16%. The middle rate, which had been 26% in 1999, was lowered to 22% and the top rate was reduced from 29% to 26% on income between \$60,000 and \$100,000.

That means, for individual Canadians and families, by 2004-2005 we will have reduced federal personal income taxes by 21%. That is one-fifth on average. Families with children will benefit even more with an average tax saving of 27%. However that is not all.

[*Translation*]

We have also reduced the general corporate income tax rate from 28% to 23% and have drafted legislation to reduce it to 21% next year.

[*English*]

To support small businesses and entrepreneurs, we also included an increase in the small business deduction limit from \$200,000 to \$300,000 over four years, resulting in an annual savings of up to \$9,000 for many local Canadian companies.

I cannot go through all of it, but we have done much in order to reduce the tax burden on Canadians and to ensure that we can continue to fulfill our electoral promises, including on the—

**The Deputy Speaker:** Order. The member will have approximately 14 minutes remaining when the House resumes this debate.

We will now proceed to statements by members.

*S. O. 31*

## STATEMENTS BY MEMBERS

[*English*]

### CANADIAN FORCES

**Mr. Dominic LeBlanc (Beauséjour—Petitcodiac, Lib.):** Mr. Speaker, we are all saddened by the news of the two Canadian soldiers that were killed today by a landmine explosion in Kabul, Afghanistan while on a routine patrol around the capital. Three other soldiers were injured in this terrible accident.

Canada has close to 2,000 troops deployed in Kabul on the campaign against terrorism, providing peace, security and a better future for the Afghan people.

[*Translation*]

For years, landmines have killed and mutilated too many people, in Afghanistan and elsewhere. Today's events are further justification of Canada's leading role in having landmines banned around the world.

In this very difficult situation, our sympathies go out to the families of the brave Canadian soldiers who were killed and those who were wounded.

\* \* \*

[*English*]

### HIV-AIDS

**Mr. Deepak Obhrai (Calgary East, Canadian Alliance):** Mr. Speaker, having witnessed firsthand the ravages of AIDS in Africa, the Canadian Alliance Party and I would like to join the worldwide call to address the HIV-AIDS crisis through cheaper drugs.

During my visit to Kenya where I spent considerable time, I saw how in a few short years AIDS had become a human tragedy, leaving behind orphans, widows and economic slowdown.

The Canadian Alliance supports efforts by the government to facilitate the delivery of drugs to developing countries to deal with public health emergencies, such as the HIV crisis in Africa.

Our party also believes that we as policy makers must strike a balance between developing new drugs and providing those drugs at affordable prices.

People's lives are at stake. Canada has always stood with the disadvantaged. The time has come for Canada to stand again and take a lead.

\* \* \*

• (1400)

[*Translation*]

### 15TH ANNUAL FONDATION MIRELLA & LINO SAPUTO GOLF TOURNAMENT

**Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.):** Mr. Speaker, on August 7, the Saint-Raphaël golf club hosted the 15th annual Fondation Mirella & Lino Saputo golf tournament. All the proceeds raised went to the charitable activities of this foundation, headed by Mirella Saputo. Over the years, this woman

has earned a reputation as a devoted benefactor of the underprivileged of Quebec.

Since its creation, the Fondation Mirella & Lino Saputo has collaborated with numerous associations working to ensure the well-being of young children, teenagers and seniors. This foundation also works with non profit organizations helping hospitals and community facilities.

I want to pay tribute to this couple and thank them for their great generosity to the most vulnerable members of our society.

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[*English*]

### WOMEN'S HISTORY MONTH

**Ms. Anita Neville (Winnipeg South Centre, Lib.):** Mr. Speaker, October is Women's History Month in Canada. The Government of Canada established this month in 1992 in order to explore the role of women in our nation's history.

While we pay tribute and celebrate our women heroes and trailblazers, politicians and activists, artists and athletes, this month is also an opportunity to gain a greater understanding of the lives lived by all Canadian women.

The everywoman's voice lends great insight into the social, cultural and political climate from which these heroes rose.

There is a tremendous amount to learn about our history. What better way to do it than through the lens of our nation's grandmothers, mothers and daughters?

It is important to engage in conversation with the women in our lives to learn of the social and political changes they have witnessed and to learn firsthand the ways Canada has been shaped during their lifetimes.

I invite all Canadians to celebrate Women's History Month this October, to re-examine our past, to honour the contributions of our foremothers and to celebrate their achievements.

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### NUNAVUT LITERACY WEEK

**Ms. Nancy Karetak-Lindell (Nunavut, Lib.):** Mr. Speaker, Nunavummiut are currently enjoying activities in support of Nunavut Literacy Week which started Sunday, September 28 and goes until October 4.

Literacy is at the heart of a strong education for children, youth and adults together. In Nunavut we are proud to promote reading as a fun and important part of learning.

On Wednesday, October 1 Nunavummiut were encouraged to read for a 15 minute period, whether it be a fun comic book, a classic novel or an exciting mystery.

Reading is fun and exciting and can take us into another world. Often we are surprised by how much education we have received just by reading.

*S. O. 31*

Nunavut Literacy Week is not just about letters, pages and memory. It is about enriching one's world with knowledge.

Congratulations and thanks to all supporters and participants of the week-long event.

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**SEX OFFENDER REGISTRY**

**Mr. Kevin Sorenson (Crowfoot, Canadian Alliance):** Mr. Speaker, the official opposition's demand for a retroactive national sex offender registry has repeatedly met with fierce opposition from the Solicitor General.

The Solicitor General has argued that making it retroactive would be constitutionally impossible. He contended that this argument was based on the best legal advice there is. In fact, on May 15 in the House the Solicitor General emphatically stated:

We do not intend to make our legislation retroactive for very good reasons.

Yesterday however, in the face of mounting pressure from his provincial counterparts, the Solicitor General did an about-face and now apparently is prepared to broaden the registry to include sex offenders currently serving sentences. Quite obviously, those very good reasons and the best legal advice were not so good after all.

Next time, listen to the Canadian Alliance. Our advice is great and it is free.

\* \* \*

• (1405)

[*Translation*]

**ALLIANCE NOVARE**

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, the Université de Sherbrooke and Bishop's University are having an increasing impact on Sherbrooke's economic and social development. Last Monday, the official launch of Alliance Novare was attended by members of the chamber of commerce.

This project bridges the gap between research and industry. Novare Capital will buy shares in companies in this sector, and the resulting profits will fund university research. We are witnessing the birth of a real mechanism to confirm our region's reputation as an academic centre.

We are blessed with entrepreneurs and a dynamic region, top level researchers and a quality research infrastructure and, as Mr. Racine mentioned, the stars are aligned for a successful future.

Congratulations to all the visionaries who contributed to the birth of this project: Bruno-Marie Béchard, President of the Université de Sherbrooke; Jean Nicholas, former Vice-president of Research, Janyne Hodder, Principal of Bishop's University, and Serge Racine, businessman. I thank them all.

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**LAVAL IN BLOOM**

**Ms. Raymonde Folco (Laval West, Lib.):** Mr. Speaker, on September 14, the winners of the Laval in Bloom beautification competition were announced. Every year for the past 18 years the City of Laval is awash in colours.

Again this year, residents, businesses and government agencies got involved in making Laval beautiful. Throughout the city, magnificent landscaped gardens could be admired all summer long.

Congratulations to those who made Laval a wonderful place to live for the eighteenth year in a row.

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**PERFORMING ARTS**

**Ms. Carole-Marie Allard (Laval East, Lib.):** Mr. Speaker, yesterday winners of the 2003 Governor General's Performing Arts Awards were announced. These awards are presented in recognition of a prestigious career in the arts.

The 2003 award recipients are: Pierrette Alarie, internationally renowned soprano; Dave Broadfoot, comedian and writer; Douglas Campbell, actor and innovator; Norman Jewison, movie producer; Micheline Lanctôt, screenwriter, director and internationally renowned actress who captivates audiences; and Ian Tyson, visionary singer and songwriter.

I would like this House to take this opportunity to thank each of these winners for their remarkable contribution to the arts in Canada, the social fabric of our communities and the cultural image of our country abroad.

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[*English*]

**CANADIAN FORCES**

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance):** Mr. Speaker, the Canadian Forces are among the finest in the world. Our soldiers have always served bravely and selflessly.

The current mission in Afghanistan is a dangerous yet important one. Canadian soldiers are helping to maintain peace while a battered country struggles to rebuild. Today we learned that two soldiers were killed and three others injured when their jeep hit a land mine.

It is never easy being the spouse or family of a soldier. To all the families from base Petawawa who anxiously await news of their loved ones, please accept my personal heartfelt condolences.

Canadians appreciate the sacrifice of our men and women in the military. They chose to defend our country, putting their personal safety at risk. They leave behind parents, friends, children, wives and husbands to protect families in other countries.

On behalf of the Canadian Alliance, I offer our sincere sympathies, thoughts and prayers to the loved ones of those soldiers involved in this tragic incident and pray that the rest of our troops will come home safely.

### THE ENVIRONMENT

**Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, I rise to congratulate the Prime Minister on having received a major award earlier today. The Canadian Institute for Environmental Law and Policy presented the Prime Minister with the award for advancing the environmental agenda.

This is the first time in the 33 years of the institute that this particular award has been given. The Prime Minister receives it for his distinguished record on promoting environmental legislation, for creating new national parks in his early years as Minister of Indian Affairs and Northern Development, and for his ratification of the Kyoto protocol last year.

It is fitting that while the Prime Minister was in Toronto to receive the award, he dedicated the first ever urban national park, Downsview Park.

I am sure my hon. colleagues will join me in congratulating the Prime Minister on receiving this prestigious award.

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### HURRICANE JUAN

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, last weekend hurricane Juan heavily damaged the Halifax area, Musquodoboit Valley and coastal Nova Scotia. Several days after the hurricane, tens of thousands of people remain without power and more than 2,500 homes are in need of serious repair.

Silos have been toppled, barns can no longer house cattle and timber fell. One early estimate suggested the damage could be as high as \$100 million. Many fishermen and coastal businesses have lost thousands of dollars worth of boats, wharves and equipment, losses that will not be covered by many private insurance companies.

The federal government has a responsibility to come to the financial assistance of individuals affected by disaster. Military personnel are on the ground, but promises that financial assistance will come once assessments have been made hold little water. Two years later Nova Scotians are still waiting for federal assistance that was promised after September 11, 2001.

The Progressive Conservative Party urges the government to provide the people of Nova Scotia timely financial assistance and not more broken promises.

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• (1410)

[Translation]

### ARTS AND CULTURE

**Ms. Pauline Picard (Drummond, BQ):** Mr. Speaker, the greater Drummond area's reputation as an economic force in Quebec is already beyond dispute.

But today, I am pleased to tell hon. members about the numerous excellent cultural activities the region offers. For example, the Centre culturel de Drummondville has been nominated for the ADISQ gala for the fifteenth time in thirteen years. This year's nomination is for top entertainment presenter of the year, in recognition of the excellence of its programming and event marketing.

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The centre received the same award in 1989. This year, it is in competition with Rouyn-Noranda's Théâtre du cuivre, Joliette's Centre culturel, Laval's Corporation de la salle André-Mathieu, and Haut-Richelieu's Société pour la promotion d'événements culturels.

Drummondville is also in the running for album of the year—original soundtrack. Michel Cusson has two albums in contention, *Séraphin, un homme et son péché* and *Bunker, le cirque*.

My best wishes to all these nominees from my area.

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[English]

### METEOROLOGICAL SERVICE OF CANADA

**Mr. Alan Tonks (York South—Weston, Lib.):** Mr. Speaker, the Meteorological Service of Canada is mandated to help Canadians prepare for and mitigate the impact of severe weather events.

With the aftermath of the tragedy of hurricane Juan's destructive fury in Atlantic Canada, we should remember to thank the staff of the Meteorological Service for providing accurate advanced warnings to the citizens of Nova Scotia, Prince Edward Island and Newfoundland and Labrador, and allowing them to prepare to take protective action.

Personnel in the Canadian Meteorological Centre in Montreal, the Canadian Hurricane Centre in Halifax, and other offices across the region continue even now to provide the support required by emergency services.

I would ask that members of the House commend the dedication of these meteorologists, their expertise, their 24-7 vigilance, their constant attention to details, and their professionalism.

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### CANADIAN FORCES

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, today Canadians mourn the loss of Sergeant Robert Short and Corporal Robbie Beerenfenger, killed by an explosive device on a road deemed clear of landmines.

My colleagues and I extend our deepest sympathy to their loved ones and their military colleagues on this terrible loss.

To Corporal Thomas Stirling, Master Corporal Jason Hamilton and Corporal Cameron Laidlaw, we wish to extend heartfelt wishes for a full and speedy recovery.

This tragedy underscores the need for an even greater persistence by Canada and our landmine treaty partners to eradicate landmines from this earth. Every year the world mourns 15,000 to 20,000 new landmine victims, most of them civilians. Two and a half decades of war have left Afghanistan riddled with 10 million killer landmines, claiming 150 to 300 lives, many of them children, every single month.

*Oral Questions*

In the name of humanity and in the memory of our fallen soldiers, let us redouble our efforts to create a world free of violence, hatred and war.

\* \* \*

[Translation]

**SEARCH AND RESCUE OPERATIONS**

**Mr. Georges Farrah (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, Lib.):** Mr. Speaker, this past Monday morning, the Canadian Coast Guard and the Department of National Defence were jointly involved in a search and rescue operation in response to a distress signal from a vessel foundering off Anticosti Island.

Their intervention on September 29 was prompt and effective. Three Coast Guard vessels, the *Wilfred Templeman*, the *Louisbourg* and the *Québécois* were dispatched to the area. The first Canadian Forces plane reached the site at 8:30 a.m. to take part in the operation, followed by the first Canadian Forces helicopter at 10:55 a.m. The captain of the ship in distress was located on shore by the helicopter at 11:25 a.m. Regrettably, the other two crew members could not be found.

Those are the facts. Yesterday, the hon. member for Delta—South Richmond stated that the distress call went unanswered. In reality, rescue operations were set in motion in less than four minutes.

You can see, Mr. Speaker, that Canadian Coast Guard resources were available in the Gulf of St. Lawrence and were put to good use.

It would be a good thing if the hon. member for Delta—South Richmond would look at the facts before using a member's statement to criticize the excellent work being done by the Coast Guard in Quebec.

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●(1415)

[English]

**FIREARMS REGISTRY**

**Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance):** Mr. Speaker, the Liberal government is busy naming institutions and landmarks after Pierre Trudeau. I recommend that the Liberal government officially consider naming the firearms registry after Pierre Trudeau. In so many ways it represents the Trudeau legacy.

Here is a short list. The gun registry is a symbol of arrogance. The gun registry is a symbol of elitism. The gun registry is a symbol of incompetence. The gun registry is a symbol of big government and wasteful spending. The gun registry is a major interference in the day-to-day lives of ordinary Canadians.

If the Liberal government were to name the firearms registry after Pierre Elliott Trudeau, I am sure it would find much support among opposition members. Unfortunately, the legacy will be short lived because the Canadian Alliance, upon forming the government, will repeal the gun registry.

**ORAL QUESTION PERIOD**

[English]

**MEMBER FOR LASALLE—ÉMARD**

**Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, on November 14 the new Liberal leader will officially take his office. Two days later he will hold his first ministers' meeting.

This continues the pattern that he has had of running a phantom government, being a leader when it is convenient, being a peekaboo Prime Minister, not accountable to Canadians, and not accountable to this House.

My question for the government is really quite simple. Is the government still committed to being here in the House in November after the new Liberal leader is selected?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, I think all of the House is preoccupied today with the death and injury of Canadian soldiers in Afghanistan. That will undoubtedly be on our minds for the rest of today.

The government is committed to first of all, tending properly to the affairs of state and ensuring that Canadians receive the government that they deserve and expect; and second, ensuring that the transition to a new government is done smoothly and appropriately.

**Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, the House will note that the Deputy Prime Minister did not answer my question.

The new Liberal leader is hard at work running his parallel government, planning first ministers' meetings, working on the next budget, touring disaster sites and promising funds, and making all kinds of promises to other groups.

In other words, he is taking all of the power of the Prime Minister while refusing any accountability for the powers that go with that office.

I will give the Deputy Prime Minister another chance to answer my question. Is it true that the government will prorogue the House after the new Liberal leader is chosen so that he can continue to avoid questions on his policies?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, this is a little silly. There is only one government at a time.

The member for LaSalle—Émard may well become the Prime Minister at some point after November 15 at which time he will appear before the Governor General and be sworn in as Prime Minister with a government.

He will appear before the House of Commons where he will need to have the confidence of the House. I have little doubt that will be achieved. He will be available as will members of his government to answer questions in the appropriate fashion.

In the meantime, does he have any questions to ask this government?

*Oral Questions*

**Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, my question is pretty clear. It is whether this government will make its new leader accountable to the Canadian people. That is the question it will not answer.

[*Translation*]

The new Liberal leader is promising to spend taxpayers' money and to change legislation. He will have the power, as Prime Minister, but no accountability.

How will Canadians be able to hold the new Liberal leader accountable for all these promises and actions?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, when there is a new Prime Minister, he will come to this House and answer questions. For now, there is another government and that is how it will be until the transition takes place.

If the member has questions for this government, he can ask away. Apparently everything is going so well that he has no questions.

\* \* \*

• (1420)

[*English*]

**VOYAGEUR COLONIAL PENSION FUND**

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, I have a question and I hope I get an answer.

The new Liberal leader remains unaccountable to Canadians, to the House, and to his former employees. His Voyageur bus drivers watched in horror as their pensions shrank 30% after OSFI terminated their pension plan.

Yesterday, six years after the Voyageur disaster, OSFI's annual report said it was going to change regulations to require pension plan sponsors to "fully fund promised benefits on termination of the plan". It is a little late for Voyageur employees.

Does this not mean that OSFI is acknowledging that what the new Liberal leader let happen to his bus drivers should have been illegal?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, it is unfortunate when members use the privileges of this House to say things in the depth and extent of their allegations that would clearly be actionable if said outside the House.

The member has engaged in correspondence with OSFI. He has clear responses to the questions that he has posed to OSFI. It is an overseer, and is independent from the government. It has responded fully to the questions that he has put to it.

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, I have already said these things outside the House. I want some answers. The minister said he was going to give us answers. Where are they?

OSFI kept silent on this for years, much to the relief of the new Liberal leader. He got \$82.5 million out of his OSFI-controlled pension while his Voyageur bus drivers watched their pensions drop 30%. Now, after all of this has come to light, OSFI is saying, oh well, it should have been illegal.

My question to the finance minister is this. Why was this not illegal six years ago when Voyageur employees were getting stiffed by the new Liberal leader?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, I know we can never presume that a member would mislead the House, so I can only assume that the growth in the length of the member's nose is a surgical implant, because what he says is quite simply untrue.

There were two pension plans. They were overseen by OSFI in accordance with the law. They were entered into as contracts between companies and their employees and they were operated fully in accordance with the agreements and with the law.

\* \* \*

[*Translation*]

**FORMER PRIVACY COMMISSIONER**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, first, on behalf of the members of the Bloc Québécois, I want to offer our condolences to the families of the two soldiers who died under tragic circumstances today in Afghanistan.

That said, the government cannot deny that George Radwanski's working conditions were negotiated by Eddie Goldenberg, at the Prime Minister's Office. The Prime Minister's Office, the Treasury Board and the Privy Council did not want to disclose who recommended that George Radwanski maintain two principal residences over three years, at a cost of \$85,000, when the initial agreement was for one year.

Can the President of the Queen's Privy Council for Canada tell us if he recommended that George Radwanski be allowed to shuttle back and forth between Ottawa and Toronto for three years, at the taxpayers' expense, thereby signalling that all kinds of abuses—

**The Speaker:** The hon. Leader of the Government in the House of Commons.

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, as the hon. member doubtless knows, since it was already stated in this House only yesterday, there is a measure to provide accommodation in Ottawa to senior government officials, particularly those appointed by an order in council for a relatively short period and who live in another city in Canada.

Other officers of Parliament had received similar benefits previously. The hon. member is well aware of this. It is in *Hansard*.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, first, I would appreciate it if the government House leader could tell us who else has received the same privileges and the same excessive privileges, for three years. He said that there are others. He should give us the list. We would be interested in knowing the names.

Someone made this decision and allowed George Radwanski to do something for three years that he should have done for just one. I am asking again if the President of the Privy Council was the one who made that recommendation?

*Oral Questions*

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the hon. member is still talking about excess. Of course, when it comes to excess, the government does not associate with anyone who might improperly use the benefits of his post. Furthermore, the Auditor General has already tabled her report on this, after being asked to investigate by a committee of this House. This Parliament was responsible for initially approving the hiring of that individual.

I have already told the hon. member that this was not a new housing practice and that it has existed for quite some time.

• (1425)

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, even though he is not allowed to answer, the President of the Privy Council is shaking his head to indicate that he was not the one who made this decision or gave such authorizations.

There must certainly be someone in the government who made a decision about extending these privileges. The first excess concerned housing and travel between Ottawa and Toronto.

It is not complicated: we are asking who, in the government, decided that George Radwanski would have special benefits?

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, perhaps the hon. member, with all his worries, did not hear the answer I gave to his leader a few minutes ago. In any case, I will be pleased to repeat it.

Such benefits have been granted in the past to heads of government agencies who did not live in Ottawa. I have been told that this benefit is available to any man or woman in this type of position, and that it can extend up to three years. I indicated that other cases have been raised in this House in the past.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, on behalf of those who are listening at home, and who realize that Mr. Radwanski has unacceptably wasted tax dollars, and on behalf of the members of this House, what we want to know today is this: if it was not the President of the Treasury Board, and not a cabinet minister, then who, in the Prime Minister's Office, made this decision? That is clear enough.

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, once again, it is important to add that this is not about a senior official of the government but a senior officer of Parliament, an employee of this House and the Senate as well.

I told the hon. member that the benefit in question, a housing allowance, is not without precedent. That does not mean that if there were excesses in other areas we would approve of them. Of course we would disapprove of them; we have all done so.

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[English]

**GOVERNMENT ASSISTANCE**

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, hurricane Juan may be the worst storm to ever hit Nova Scotia. Will the Prime Minister commit to an advance disaster assistance payment from the federal government to the province of Nova Scotia and will he

commit to the immediate payment of the four outstanding claims for previous disasters dating back to 1999?

**Hon. John McCallum (Minister of National Defence, Lib.):** Mr. Speaker, I am aware that this is an extremely serious problem. I was there yesterday and I also saw the fine work that was being done by more than 800 sailors and soldiers in the area. I spoke to the premier of the province and he and I both agreed that now is not the time to be dealing with money.

The province is eligible for DFAA assistance, but the immediate priority is to get the power back and to get the roads running. After that, we will deal with the money.

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, going back to 1999 and five disasters later, there has never been a good time for this government to pay its bills or to deal with money. It is about time that this government pays its commitments to the province of Nova Scotia. The federal disaster financial assistance program does not currently cover claims related to agriculture or the fishery. Both these sectors have sustained incredible losses due to hurricane Juan.

Will the government commit to including both agriculture and the fishery under the disaster assistance program?

**Hon. John McCallum (Minister of National Defence, Lib.):** Mr. Speaker, contrary to what the hon. member just said, this government has worked in an extremely productive way with the premiers and ministers of provinces where disasters have struck.

I know this first-hand from the very positive comments received from the premier of British Columbia during the forest fires, from the premier of Nova Scotia yesterday when it came to the hurricane, and also from Premier Eves, still today the premier of Ontario, in terms of the power failure.

We have done our job. Our military has done a fantastic job. We will be there with the money for Nova Scotia and for Prince Edward Island.

\* \* \*

• (1430)

**VETERANS AFFAIRS**

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, on a day when Canadians are still dying in the service of their country, it might be a good day to fully honour the memory of those who volunteered to do likewise many years ago and restore the veterans independence program to all the widows who deserve it and who were wrongfully cut off.

Now the Minister of Veterans Affairs says that he has the heart but he does not have the money. Yesterday the Prime Minister said to his caucus that he was going to find the money.

I wonder if the Minister of Veterans Affairs can get up today and say, "This debate is over, all of us here agree that those widows should get the money to which they are entitled".



*Oral Questions***Hon. Rey Pagtakhan (Minister of Veterans Affairs and Secretary of State (Science, Research and Development), Lib.):**

Mr. Speaker, let me remind the member of what I have said over the last few days: that we were confronted with six urgent veterans' needs as well. The veterans independence program was one of them. We allocated half of what we have for the VIP, as we announced, and the other half of the total budget that we had at that time for the other five urgent needs of veterans, for their children to get benefits when their parent is killed in the line of duty, to extend in-house benefits for the other veterans and former prisoners of war.

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** That is the problem, Mr. Speaker, with asking questions of this government. It cannot make any decisions because it has to check it out with the provisional government and clearly the provisional government has not made that decision yet.

So I say to the Minister of Finance with respect to the \$2 billion that was promised to the provinces for health care, can he tell us, as a representative of this government, whether this government intends to honour that promise and have that \$2 billion flowing toward the health care of Canadians?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, I have said repeatedly in the House that we will fully honour the promise. The promise is exactly as it was written in the health accord: that if in January the government has apparently a budgetary surplus in excess of the normal contingency, up to \$2 billion will be made available to the provinces for their additional health care costs. It is pretty clear. It is now October. It is still not January. The determination has not yet been made. We will fulfill our obligations to the letter of the agreement.

\* \* \*

**JUSTICE**

**Mr. Kevin Sorenson (Crowfoot, Canadian Alliance):** Mr. Speaker, the Canadian Alliance demand for a retroactive national sex offender registry has repeatedly met with fierce opposition from the Solicitor General. The Solicitor General argued that making it retroactive would be "constitutionally impossible". In fact, on May 15 in the House, he said, "We do not intend to make our legislation retroactive for very good reasons".

To the Solicitor General, why the flip-flop?

**Hon. Wayne Easter (Solicitor General of Canada, Lib.):** Mr. Speaker, I still have very grave concerns about the Canadian Alliance proposal on the sex offender registry on full retroactivity. That concern still exists, but when we met with the federal-provincial-territorial ministers in Charlevoix, Quebec, yesterday and the day before, we were able to come to an agreement with them on a number of fronts. We are willing to look at partial retroactivity, with provincial agreement.

**Mr. Kevin Sorenson (Crowfoot, Canadian Alliance):** Mr. Speaker, when the Solicitor General's provincial counterparts took a look at the national sex offender registry as proposed by this government, they had grave concerns.

The Solicitor General announced yesterday that he is now prepared to tinker with the registry to include some sex offenders. If he really wants to protect society from the worst kind of criminals,

why does he refuse to place all high risk offenders on the national sex offender registry?

**Hon. Wayne Easter (Solicitor General of Canada, Lib.):** Mr. Speaker, when we tabled the legislation in May, we tabled it on the basis of a consensus that we had with the provinces and territories at that time. That consensus has somewhat changed as a result of the meeting over the last couple of days.

We are still moving forward with the sex offender registry as tabled. I indicated to the provinces that we would take a look, try to take a look at exploring the possibility of an amendment to bring in those individuals who are currently within the correctional system. We will do that and we will move forward.

\* \* \*

● (1435)

[Translation]

**TAXATION**

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, with the meeting of finance ministers only a few days away, the Quebec minister has again demonstrated the great harm being done to government finances in Quebec, and has pointed out that this situation could deteriorate still further if the federal government does not pay out all the money for health services that it promised.

Will the Minister of Finance admit that there is fiscal imbalance in Canada, that this situation needs to be corrected, and that the solution does not lie in such formulas as "Well, if there is a big enough surplus, I will hand over a bit of money, but if not, you will just have to fend for yourselves"?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):**

Mr. Speaker, the Government of Canada ensures that we continue to have a surplus, while the other G-7 countries are struggling with huge deficits.

We have been able to do this because we have never followed the Bloc Québécois' advice and have made every effort to manage public funds in a very prudent manner. This is the best way to help the provinces' treasuries, because it keeps interest rates low and maintains confidence in the economy.

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, with behaviour such as this denial of the existence of a fiscal imbalance, the minister and the federal government are maintaining a good image while putting all the pressure on the Government of Quebec and of the provinces. These have no choice; they have to deliver services, whether or not there is any money.

Does the minister share the opinion of Yves Séguin, that the federal government is taking the provinces for fools?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):**

Mr. Speaker, in the years to come, transfer payments to the provinces will go up about 6% annually, while federal revenues are expected to rise about 2% if all goes well. We are, therefore, doing everything we can to help the provinces as much as possible.

*Oral Questions*

Moreover, why is it that the Minister of Finance wants to meet with his counterparts? To ensure that Canada remains the only economy in the industrialized world that has the great pleasure of having a surplus it can argue about.

\* \* \*

[English]

**CANADA CUSTOMS AND REVENUE AGENCY**

**Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance):** Mr. Speaker, yesterday the Minister of National Revenue did not deny allegations that she waited 15 days before acting on the theft of 120,000 tax files.

Now new allegations have been brought forward that this was not the first time this tax office in Laval has been broken into. In fact, we have been informed that this may have happened on a number of occasions. Will the minister confirm this information?

**Hon. Elinor Caplan (Minister of National Revenue, Lib.):** Mr. Speaker, I said yesterday that the member opposite was wrong when he suggested that action was not taken immediately. The facts are that as soon as the motion detector went off the police were notified in 30 seconds and within 15 minutes they were on the site. I was notified of this the next day and by that time we already had, on site, IT specialists and reconstruction experts working on that.

I can tell the member that while we have had break-ins across the country and at Laval, this is the first time that a server which had information out of the Laval office—

**The Speaker:** The hon. member for Edmonton—Strathcona.

**Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance):** Mr. Speaker, obviously the problem is much bigger than we knew about and this minister herself has not taken care of the buffet of problems in her own department.

I know that the minister obviously has no idea about what happened when it came to the break-ins at that particular department. According to the *Public Accounts of Canada*, there were 27 occurrences of laptop theft within CCRA during the 2001-02 fiscal year, more than in any other department.

If the minister is so concerned about protecting the information of Canadians, why did she wait until this latest theft to institute new security measures?

**Hon. Elinor Caplan (Minister of National Revenue, Lib.):** Mr. Speaker, first I want to say to the member that all of the losses due to theft are reported in public accounts, not only by CCRA, but by every department of government. Not only are government offices vulnerable to break-ins, but so are businesses and homes. Unfortunately, it is a reality.

Every time there is a break-in, security on that site is examined. The national review that I have called for is looking at each site, site by site, as well as our policies and procedures.

I want to say to the member opposite that he is wrong when he suggests that we are not doing our job. We are. We are concerned about the loss of—

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

● (1440)

[Translation]

**BIOCHEM PHARMA**

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, yesterday, Jean Bédard, researcher emeritus with BioChem Pharma, declared that if the minister lets this core group of researchers scatter, it will be extremely difficult to reassemble it from scratch later on.

Is the Minister of Industry able to assure us that, in his negotiations with Shire, he will not accept any settlement unless he has a guarantee that the intellectual property on certain patented medicines that Shire now owns will go to the firm that relaunches BioChem Pharma?

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, I share the concerns expressed by the hon. member about the future of our researchers here in Canada. This is a very important issue for me and I will do my best to ensure not only that the patents and the researchers remain here in Canada, but also that Shire honours its commitments.

● (1450)

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, the money is available and there is a highly qualified workforce. The only thing missing is the intellectual property rights.

Can the minister guarantee that there is no question of ending negotiations with Shire before obtaining these rights from the company?

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, I can assure the hon. member that we will do everything possible to protect intellectual property and to retain the jobs and opportunities here in Canada.

\* \* \*

[English]

**FISHERIES**

**Mr. John Cummins (Delta—South Richmond, Canadian Alliance):** Mr. Speaker, the allocation of halibut between commercial and sport fishing fleets on the west coast has been in dispute for a number of years.

In an effort to resolve the dispute, the Department of Fisheries and Oceans appointed an independent arbitrator to meet with fishermen on both sides of the issue and recommend a solution. The transparent arm's length process was completed a year ago.

Fishermen are here in Ottawa today anxious to know when the minister will implement the arbitrator's findings. The minister has had the arbitrator's recommendations for a year. When will he implement them?

[Translation]

**Mr. Georges Farrah (Parliamentary Secretary to the Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I also had the opportunity to meet the representatives of the Pacific Halibut Management Association. We know that the minister must make a decision shortly.

As the hon. member indicated, a very transparent process was put in place last year. In the coming weeks or days, the minister will be in a position to make known his decision on this conflict.

[*English*]

**Mr. John Cummins (Delta—South Richmond, Canadian Alliance):** Mr. Speaker, the parliamentary secretary was a participant in a fisheries committee fact-finding trip to the east coast recently.

In community after community fishermen complained about the failure of the department to make fishery allocations in a fair and transparent manner.

Would the parliamentary secretary not agree that the Kelleher arbitration on Pacific halibut was an open and fair process and would he urge the minister to implement those recommendations as soon as possible?

[*Translation*]

**Mr. Georges Farrah (Parliamentary Secretary to the Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I cannot presume to know what the minister's decision will be, but we realize the urgency of the situation.

As I indicated in my first answer, I agree that a very transparent process was put in place last year. The fishers alluded to this, I think.

As a result, there is no problem with regard to the process, and I can confirm that a decision will be made in the very near future.

\* \* \*

[*English*]

#### INFRASTRUCTURE

**Ms. Anita Neville (Winnipeg South Centre, Lib.):** Mr. Speaker, two weeks ago in response to a question in the House, the minister of industry referred to infrastructure investments as they related to the highway in Banff National Park.

I wonder if the minister could update us on the progress in this regard.

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, I want to thank the member for the question. I also want to thank the transport, health and heritage ministers for their assistance in this matter.

Banff National Park is obviously a treasure. It is a great source of tourist activity. It is a wonderful place to visit. We will twin the Trans-Canada Highway through the province. I am sure the House welcomes that news.

It is important because the infrastructure fund is there. The infrastructure fund that the federal government commits is there to do national projects like this one. We will commit additional money as required. Details will be announced as we confer with officials. This is good news for Canada.

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#### VETERANS AFFAIRS

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, my question is for the Minister of Finance.

#### Oral Questions

Since May 12, 2003 the Prime Minister and the government have been chastised about their shabby treatment of our 23,000 veterans' widows by not including them in the VIP program. The Prime Minister has been shamed into taking over this file and it is now reported that he will fix this injustice. Well, it is about time.

Has the Prime Minister told the Minister of Finance when these war heroes should get their cheques and if so, what is the date and will he do it before the House rises in November?

**Hon. Rey Pagtakhan (Minister of Veterans Affairs and Secretary of State (Science, Research and Development), Lib.):** Mr. Speaker, I think we have to remind the hon. member that Canada can take pride that we have taken care of our veterans. Last weekend I met with over 300 Korean war veterans.

I must say in all modesty that they approached me to say, "Thank you, Minister. The Government of Canada is taking care of us".

\* \* \*

#### NATIONAL DEFENCE

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, that is what I would expect, that Mr. Manley would not answer the question.

**The Speaker:** The hon. member for Saint John may have had trouble hearing the answer, given all the noise coming from that end of the Chamber. I was having difficulty. But she knows she cannot refer to other hon. members by name and she would not want to breach the rules in that respect. She is the hon. member for Saint John and she has the floor and we will go by that kind of nomenclature please.

**Mrs. Elsie Wayne:** Mr. Speaker, our military is so strapped for cash that it had to buy used submarines. Then its helicopter replacement program requires that we buy the lowest priced compliant bid. Now we learn that the government is looking for used air frames for our aging Hercules.

When will the government stop short changing our military men and women and when will it make an honest and stable—

**The Speaker:** The hon. Minister of National Defence.

**Hon. John McCallum (Minister of National Defence, Lib.):** Mr. Speaker, I thank the hon. member for her question. I know she is a strong supporter of the Canadian Forces. I thank her also for her remarks earlier today regarding the tragic death of two of our soldiers in Afghanistan.

With regard to her buffet of questions, I might simply mention that I am seized of the Hercules issue. We are moving very quickly to make substantial progress in this area. As a result of meetings I have had with my officials, we have increased the serviceability rate by 50%, so substantial progress is being made.

*Oral Questions***AGRICULTURE**

**Mr. Dick Proctor (Palliser, NDP):** Mr. Speaker, the Minister of Industry will be aware that within the cattle industry there is growing belief that the \$460 million in federal and provincial moneys in compensation for the mad cow crisis was inequitably distributed.

There is a widespread feeling that packing plants indirectly benefited most by ensuring prices remained artificially low, thus guaranteeing that maximum federal and provincial dollars were spent.

Will the minister responsible for the Competition Bureau ask the bureau to investigate whether there was indeed collusion and price fixing within the meat packing industry this summer?

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, this is the first I am hearing of it, but if the member will share with me some details of his question, I will be happy to look at it and speak with him about it.

\* \* \*

[*Translation*]**HEALTH**

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, more than two years ago, the Minister of Health received a mandate to take action on fetal alcohol syndrome warning labels.

I have received petitions with thousands of names. The Canadian public and the government committee support this initiative. The medical association of the minister's own province of Alberta, is disappointed with her inaction.

When will the minister implement this simple measure in order to save lives?

[*English*]

**Hon. Anne McLellan (Minister of Health, Lib.):** Mr. Speaker, first of all let me acknowledge the hon. member's longstanding commitment to the fight against FAS and FAE. Our government has in place a national strategy in relation to the fight against this completely preventable disability.

We are working with our provincial and territorial counterparts. We are reviewing the research. Some recent research would indicate that perhaps mandatory labelling on alcohol is not the most effective way to reach those threatened populations.

I think it is incumbent upon all of us to work together to ensure that we find the most effective ways to reach those—

**The Speaker:** The hon. member for Port Moody—Coquitlam—Port Coquitlam.

\* \* \*

**JUSTICE**

**Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance):** Mr. Speaker, date rape drugs are a real and dangerous threat to women in Canada. Colourless, odourless and tasteless, these drugs are slipped into drinks to render women unconscious so they can be sexually assaulted and raped.

There are three easy things that the government can do to fight date rape drugs: one, reclassify them as a weapon in the Criminal Code; two, launch a national campaign to educate women on the dangers of date rape drugs; and three, streamline the collection of data on sexual assaults and rapes so that these prosecutions can go forward and be successful.

Will the minister do any of these three things to protect women?

**Hon. Martin Cauchon (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I would like to thank the member for his efforts in that area. It is a serious question that he is raising.

We just had an FPT meeting which took place in Quebec. We have been talking about a number of offences.

As the member knows very well, every year we are moving forward with an omnibus bill in terms of the Criminal Code, amending that legislation. We will sincerely have a close look at those recommendations.

**Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance):** Mr. Speaker, I appreciate that the minister will have a close look at this, but the government can take these easy steps today.

The cowards who use date rape drugs need to be told through the law, with stern punishment, that this is not an acceptable way to behave in our society.

While the government is looking at the Criminal Code, and I appreciate that, there is one simple thing that the justice minister can commit to today. That is to work with provincial governments to educate women on the dangers of date rape drugs while he is looking at the law on the other side.

Will the minister, with the provinces, commit today to educate women about the predators and cowards who are out there and to educate women on the dangers of date rape drugs?

**Hon. Martin Cauchon (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, as the hon. member knows very well, there are already charges that can be used within the Criminal Code in order to challenge and to charge those people.

With regard to better education through the national crime prevention program in cooperation with the provinces and territories we can have a look at that in order to proceed with an education program. We will have a look at that. I thank the hon. member for his concern.

\* \* \*

[*Translation*]**HIV-AIDS**

**Ms. Jocelyne Girard-Bujold (Jonquière, BQ):** Mr. Speaker, we fully agree with the decision to allow the poorest countries, notably those in Africa, to have access to patented drugs for their fight against AIDS. Pharmaceutical research companies have also promised to do their part.

That said, can the Minister of Industry guarantee that this offer to the poor countries will be carried out in accordance with the Patent Act, which protects intellectual property?

*Oral Questions*

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, the answer is yes. We are currently working with all the stakeholders in order to comply with the Patent Act, while at the same time making it easier for these countries to access the drugs that they need.

**Ms. Jocelyne Girard-Bujold (Jonquière, BQ):** Mr. Speaker, can we get a formal commitment from the Minister of Industry that he will not jeopardize the provisions of the Patent Act, which protects intellectual property?

**Hon. Allan Rock (Minister of Industry, Lib.):** Mr. Speaker, we intend to fully respect the Patent Act. I have here a press release sent yesterday by an association of patent drug companies expressing its enthusiasm for this initiative.

\* \* \*

[English]

**TAXATION**

**Mr. David Chatters (Athabasca, Canadian Alliance):** Mr. Speaker, the former finance minister indicated in the past that once the deficit was eliminated, the 1.5¢ per litre deficit reduction tax would be removed. The current Minister of Finance has discounted this possibility.

Given the government's support for today's supply motion, it has become clear that the new Liberal leader is now in control.

When will the 1.5¢ deficit reduction tax be eliminated?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, first of all, I know the member would want to be entirely accurate in what he said. If he would look at the 1995 budget, he would see that there was no commitment to eliminate the 1.5¢ per litre tax when the deficit was eliminated.

If he wanted to be fair, I think he would also acknowledge that in the 2000 budget the government brought in the most extensive set of tax reductions in the history of Canada, amounting to \$100 billion over five years. That is the reward for eliminating the deficit.

**Mr. David Chatters (Athabasca, Canadian Alliance):** Mr. Speaker, a spokesman for the former finance minister is proposing in conjunction with the NDP a national commission to review and regulate fuel costs. This proposal certainly harkens back to the days of the national energy program.

When will the government come clean on its hidden agenda to regulate gasoline prices?

**Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.):** Mr. Speaker, I am sure the hon. member is aware that the regulation of retail prices in Canada is a responsibility of provincial governments. There is no intention on the part of this government to interfere with the marketplace with respect to prices in the retail sector.

\* \* \*

●(1455)

[Translation]

**SHIPPING INDUSTRY**

**Mr. Christian Jobin (Lévis-et-Chutes-de-la-Chaudière, Lib.):** Mr. Speaker, the shipping industry is an important asset for the

greater Quebec City and Lévis area, on both sides of the river. More than 16 million tonnes pass through the port authority's docks.

Yet this industry has been having problems for several years. In order to maintain the water depths in the navigation channel at the levels marked on the charts, the river must be dredged regularly. This dredging has always been paid for by the Canadian government. For some years—

**The Speaker:** I am sorry, but the allotted time has expired. Perhaps the hon. parliamentary secretary has another speech to give.

**Mr. Georges Farrah (Parliamentary Secretary to the Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I would like to comment on the excellent contribution made by the hon. member for Lévis-et-Chutes-de-la-Chaudière with respect to the shipping industry. He is a real asset to us in the caucus and on this side of the House.

With respect to dredging, we have met with the industry. As you know, since 1996, all costs have been borne by the industry. The industry has made a number of requests, including one that we guarantee that costs will be stable in future years. We agreed to this request, as of last year, in order to make the industry more competitive.

\* \* \*

[English]

**AGRICULTURE**

**Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance):** Mr. Speaker, Saskatchewan bison, sheep and cervid farmers desperately need to sell their meat to international markets. The problem is that there is no federally licensed slaughter facility in Saskatchewan.

What is the agriculture minister going to do to help these Saskatchewan farmers market and export their products?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, we will certainly continue to emphasize and demonstrate to the purchasers of ruminant products around the world that we and our industry have been providing for the safety of ruminant products including those that the hon. member is referring to.

The provinces have provincially inspected plants. Those are privately owned. There are federally inspected plants. I do know that some of the owners of those plants are looking at changing the status of their plants to federally inspected plants. In so doing we will work with them to assist them in any way we can.

**Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance):** Mr. Speaker, border restrictions are a major problem, not just for selling their products but also for qualifying for compensation.

*Business of the House*

The compensation program demands that bison, sheep and cervid butchering happens at an approved facility, the meat is sold and that it is documented. With the glut of meat on the market right now producers cannot do this.

What is the agriculture minister going to do to ensure that these Saskatchewan producers are compensated?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, I certainly do not think that the hon. member is suggesting that slaughtered meat that is sold is not inspected and not slaughtered whether it be in provincially or federally inspected plants. I know she is not saying that.

However the business risk management programs are there. She could encourage those provinces that have not signed it to sign the agreement so that the money can be moved.

I will repeat it again. We have hundreds of millions of dollars to assist farmers as their incomes change because of circumstances like this. We would sincerely like to move that money to farmers.

\* \* \*

• (1500)

[Translation]

#### CINAR

**Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ):** Mr. Speaker, reliable information suggests that the RCMP has concluded its investigation in the CINAR case and that it has submitted a report to the Minister of Justice.

Since the government promised to report as soon as possible, I want to know whether the Minister of Justice received the RCMP report concerning CINAR and whether he intends to follow the recommendations in the report.

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, if the hon. member is referring to the answer I gave in the House a few days ago, I promised to say more the next day, which I did. He probably read *Hansard*, as we all do every day, and in light of his question, he knows that this is an RCMP case and that we will not be commenting on it.

\* \* \*

[English]

#### JUSTICE

**Mr. Chuck Cadman (Surrey North, Canadian Alliance):** Mr. Speaker, a drunk 17 year old crashed his \$70,000 BMW at 140 kilometres per hour while street racing, killing his passenger. He was convicted of criminal negligence causing death. The sentence was eight months open custody and four months of house arrest.

Under the Youth Criminal Justice Act police are hesitant to charge. Prosecutors are frustrated because judges' hands are tied for sentencing. These problems were predicted long before it became law. Why did the justice minister not listen to the front line justice personnel?

**Hon. Martin Cauchon (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, under the new justice system, judges have all the tools that they need in order that we have

in place a good justice system. As we all know, it is possible as well to have an adult sentence.

As I said earlier there was a conference that just took place in the province of Quebec. The information that we have is that the implementation of the new criminal justice system is going smoothly. Indeed, it appears that we have in place quite a good piece of legislation with a nice philosophy as well for all Canadians.

**The Speaker:** It being Thursday, I think we have one additional question from the hon. member for Saskatoon—Rosetown—Biggar.

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#### BUSINESS OF THE HOUSE

**Mrs. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance):** Mr. Speaker, I guess it is my duty today to ask the House leader what the business is for the rest of the day, the rest of this week and next week?

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I guess this is the supplementary question to the lead-off of her leader earlier this day. He wanted to know the business of the House as well.

I am pleased to inform the House that we will continue today debating the Alliance motion endorsing Dalton McGuinty's election platform, which we have been doing for the day. Later tonight Mr. McGuinty will be the premier.

Tomorrow we will resume third reading debate of Bill C-13, the reproductive technologies bill. When this bill is completed, we will then turn to Bill C-32, the Criminal Code amendments.

On Monday, should it be necessary, we would return to Bill C-13 followed by third reading of Bill C-36, the Archives and National Library bill.

We would then proceed to the report stage of Bill C-19, the first nations fiscal legislation. If necessary, I would then return to Bill C-32, the Criminal Code amendments, followed subsequently by Bill S-13, the census records bill.

I will be seeking also cooperation of colleagues across the way to further our discussion on Bill C-41, the technical corrections bill that we discussed informally earlier this day.

On Tuesday, we will debate the third reading of Bill C-17, the public safety bill.

[Translation]

Starting on Wednesday, I hope we will be in a position to deal with bills that have come out of committee, as well as dealing with any of the business just listed that has not been completed.

I would also like to indicate to the House that we have had conversations about the future of Bill C-38, concerning the use of marijuana. We also intend to put this bill before the House in the very near future.

*Points of Order*

• (1505)  
[English]

**POINTS OF ORDER**

## OFFICE OF THE PRIVACY COMMISSIONER

**Mr. John Williams (St. Albert, Canadian Alliance):** Mr. Speaker, I rise on a point of order with regard to funds spent by the Office of the Privacy Commissioner for the fiscal year 2002-03 without authorization of Parliament.

The Auditor General's report on the officer of the Privacy Commissioner of Canada, which was tabled in this House this week, reports at section 110:

Each year, every organization in the federal government must submit its financial statements, which ultimately are tabled in Parliament as part of the Public Accounts of Canada. Organizations must prepare these statements in accordance with the government's stated accounting policies as contained in Receiver General directives and Treasury Board guidelines. The financial statements must present the organization's financial position at year end and details of its spending. Moreover, the statements must present the information completely, accurately, and fairly.

## Section 111 of the report states:

We found that despite these requirements, the preparers of the Office of the Privacy Commissioner's financial statements for the fiscal year ending 31 March 2003—the Director, Financial Services, the Chief of Staff, and the Executive Director—knowingly omitted about \$234,000 of accounts payable at year end. The false financial statements were submitted in June 2003.

## Section 112 of the same report goes on to state:

The effect of the omission was to mislead Parliament by creating the impression that the Office of the Privacy Commissioner had spent only the amounts authorized by Parliament for the 2002-03 fiscal year...

## Marleau and Montpetit state at page 697:

No tax may be imposed, or money spent, without the consent of Parliament.

## Marleau and Montpetit also state at page 704:

—appropriations are always made with a time limit; the spending authorization provided under an appropriation act expires at the end of the fiscal year to which the Act applies.

Since the Financial Administration Act prohibits any payments to be made out of the Consolidated Revenue Fund without the authority of Parliament, where did this money come from?

The money was spent in the fiscal year 2002-03 without the consent of Parliament.

The last sentence in section 112 of the Auditor General's report states:

The Director, Financial Services told us the chances had been slim that the strategy of deferring liabilities to the new fiscal year would be uncovered because the Public Accounts statements had not been audited in a long time. We found the discrepancy during our audit and brought the matter to the attention of the Interim Privacy Commissioner, who ensured that immediate corrective action was taken.

The Interim Privacy Commissioner has assured us that immediate corrective action has been taken and the expenditures in excess of the amounts authorized by Parliament are to be included in the *Public Accounts of Canada* for the year ending March 31, 2003, when they are tabled in this House at a later date.

The question is for the President of the Treasury Board who must rectify the problem that the main estimates and supplementary for the year 2002-03 which have already been approved contain no mention of the \$234,000 omitted by the former privacy commis-

sioner. Since we cannot have multi-year appropriations, the government must solve this procedural and constitutional problem of obtaining Parliament's approval for funds that were spent in 2002-03.

We just cannot accept gross mismanagement and falsification of financial information as a rationale for the government to spend money that has not been appropriated by Parliament.

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I will endeavour of course to verify with officials of the Treasury Board to ensure that all the information provided to this House was factual and correct. Beyond that we do know there is a report of the Auditor General regarding how this office was administered during a certain tenure, and we know what she had to say about that and even the advice that she sought elsewhere in that regard.

Obviously on material of that nature, we would not be able to comment but we will nevertheless endeavour to verify to the extent that any information made available to the government was transmitted to this House with the greatest amount of reliability, which is our duty as a government.

• (1510)

**The Speaker:** It is not clear from the point of order raised by the hon. member for St. Albert what steps, if any, he wishes the Chair to take in the circumstances, but I can say this to the House. I am sure that the President of the Treasury Board was thrilled to hear the hon. member's point. To ensure that this whole matter is brought to her attention, as I believe it has been as a result of the report of the Auditor General to which the hon. member for St. Albert referred in his remarks, the government House leader has indicated that the matter will be looked into.

If additional submissions to the House are required in respect of this matter, I am sure we will hear from the President of the Treasury Board in that regard. If not, and the matter is in fact looked after in some other way, I am sure we will hear about that as well.

I am certain the hon. member for St. Albert, with his usual diligence as chair of the public accounts committee, will ensure that this matter is investigated as thoroughly as necessary to ensure that there is no wrongdoing. The hon. member has power to correct these things and I know he will exercise those powers judiciously properly to ensure that the matter is remedied and rectified. He can count on the assistance, I am sure, of the government House leader, of the President of the Treasury Board and, of course, of the Speaker in dealing with the matter should it be necessary to return to the House for further assistance.

In the meantime we will let events take their course and watch them with greater interest now that we have had this point brought to the attention of the House. As I say, the President of the Treasury Board, thrilled as she is, will the matter with great care here on in, I am quite sure.

*Supply*

## GOVERNMENT ORDERS

[English]

### SUPPLY

#### ALLOTTED DAY—FEDERAL GAS TAX

The House resumed consideration of the motion.

**Mr. Ted White (North Vancouver, Canadian Alliance):** Mr. Speaker, today we are debating a motion from the Canadian Alliance regarding the use of federal gasoline taxes.

I noted earlier in the day that the member for Erie—Lincoln said that we were chasing the parade on this issue. He has it backwards. The Reform Party was talking about this issue 10 years ago. The trouble is that his party is full of slow learners. They take a long time to get with the program and to understand exactly what are good ideas in this world.

All his blustering when he delivered his speech earlier today was simply a smokescreen designed to try to cover up the flip-flop that has taken place on the opposite side. In June of this year they voted against a motion that is almost identical to the one that we put forward today. In addition, I think he is trying to cover for the former finance minister, soon to be prime minister, who suddenly has stolen this Canadian Alliance idea and is out there peddling it as if it was his own bright idea.

Any researcher looking through the archives of the *Hansard* records of this House will see that what I am saying is absolutely correct. That side of the House has consistently argued against what the former finance minister, soon to be prime minister, is now promoting. We have always supported that approach.

However I am not sure that we can even trust the new prime minister to follow through on the promise, and I will tell the House why.

I was in Vancouver last week when he delivered his speech to the union of municipalities. I heard him say that he would give them a portion of the federal gas taxes, no matter how long it took. What exactly does that mean?

First, what percentage of the gas tax is he promising? He says a portion. That could be 1%, or .5% or 100%. We have no idea what it means. Second, he said, "No matter how long it takes". What does that mean? Is it 10 years, 20 years or thirty years? We have absolutely no idea what that commitment means.

I have never seen so much ado about nothing. Everybody is excited. The media is charged up and the municipalities are charged up about this new promise that has been made by this soon to be prime minister without actually promising anything at all, not a single solid piece of concrete material of which we can use to critique or approve. There is no percentage, no amount and no time frame. Heaven knows what that might mean. It might mean exactly nothing. The new prime minister might find 101 reasons to never implement his promise. I will believe it when I see it.

In the meantime I will continue to promote the Canadian Alliance policy which is something I have been doing for the last 10 years.

For example, earlier today I looked back in my files and found recent mentions I made of this issue in columns that I wrote for my local newspapers in North Vancouver. I found interventions I made in the House in the last few years. I can get some examples.

On November 3, 1999, I wrote a column for my local newspaper in which I pointed out that while the price of gasoline at the time was 57.4¢ a litre. It is amazing. In the Vancouver area it is close to 80¢ a litre today but in 1999 it was 57.4¢. Of that 57.4¢ price, 13.7¢ was going to the federal government. Unfortunately, the federal government, those Liberals, were returning less than 2% of that amount for our roads.

On September 18, 2000, I stood in the House and made the following statement:

Mr. Speaker, this year alone the Liberal government will take more than \$350 million from the people of B.C. in the form of fuel taxes. That is an annual tax grab of \$20 million more than the entire Vancouver area budget for new highways to the year 2005. Yet the Minister of Transport stubbornly refuses to return to B.C. a single cent of those taxes in support of our transportation network.

While greater Vancouver residents line up in gridlock on a four lane Trans-Canada Highway built back in the 1950s, the minister pumps our fuel tax money into election goody projects elsewhere.

Our taxed-to-the-hilt drivers have had enough. They are sick of topping up the minister's pork barrel every time they gas up and they are not going to take it anymore. They want their share of the national highways funding returned to B.C. and they want it now. When exactly is the minister going to deliver?

On September 27, 2000, I wrote an article for the local newspaper talking about the federal gas tax, much the same as the earlier one I quoted.

Then again, on March 14, 2001, I stood in the House and asked a question of the finance minister. The exact text is recorded in *Hansard* and I stated:

Mr. Speaker, there is a transportation infrastructure crisis on the lower mainland of Vancouver, but the government continues to suck \$360 million a year in gas taxes out of British Columbia. That is more than five times the annual highway budget for B.C. How could the Minister of Transport justify this \$360 million tax grab when he does not return a single cent of that money to B.C. for highways?

It is interesting that although I asked the question of the Minister of Transport, it was the then minister of finance who stood to answer the question. The then minister of finance, the soon to be prime minister, gave this answer in the House on March 14, 2001. He said:

Mr. Speaker, the hon. member knows that the government does not operate and no government can operate on the basis of dedicated taxes.

That is what he stood and said and now he is out there with our policy pretending it is his own, that he is going to give some of those taxes to the municipalities.

Then he said:

If we look back over the course of the last seven years, the fact is that the government has invested very heavily, whether it be in the Canada Foundation for Innovation or the national child tax benefit. A multitude of moneys is going to universities in British Columbia. Right across the board, we have reinvested enormous sums and ought to do so in British Columbia.

● (1515)

He completely ignored the highways question, other than saying that his present policy at that time was completely unacceptable.



There is some evidence just from my own files of the number of times that I have raised this issue since 1999. For government members to stand there and say that we have never raised this issue is absolute bunkum.

The member for Erie—Lincoln also went off on a bit of a tangent talking about low cost housing. I feel compelled to respond to some of the comments he made.

One of my colleagues in the House, the member for Edmonton Centre-East, has carried out more than five years of extensive research on this particular subject of homelessness. He has turned up some interesting statistics which I would like to put on the record in response to the member for Erie—Lincoln.

There is no shortage of federal money. We will acknowledge that. Presently, 780 million tax dollars are being spent on new or expanded shelters and \$680 million is poised to go into the building of so-called affordable housing. That is \$1.46 billion and is equivalent to \$103,180 for every one of the 14,150 homeless persons identified by Statistics Canada in the year 2001.

We have already committed enough money to give every homeless person \$103,180. There are many people in Vancouver who are not homeless and who are buying apartments for that price. There are plenty of other smaller cities in Canada where people can buy an apartment for a whole lot less than that.

How come the government cannot solve the problem with \$103,180 for every homeless person? The reason is because, without any rules or guidelines for restraint, it continues to write cheques for extravagant projects that may be designed for low income, but they are certainly not low cost.

I will give one example. Don Mount Court on Dundas Street East in Toronto is a project completely off the rails. Heated sidewalks that were installed in the entrance to this building have been left running continuously for years. The hydro bills are so extreme in that building that taxpayers have had to bail out the cost every year since it was introduced. For the people who live there it is a very low cost, but for taxpayers it is absolutely outrageous. The fact is that the money is being wasted on hydro, and it is probably the money from this tax that is collected on gasoline in B.C. that is subsidizing heated sidewalks in Toronto.

The incompetence is unbelievable. It is time the government adopted more of our policies and got this country back on track.

• (1520)

**Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance):** Mr. Speaker, one of the concerns that I have had, and I raised it in my speech on this issue of gasoline taxes, is a problem in British Columbia that is constantly perpetuating and I would like the member for North Vancouver to talk about it.

British Columbia's economy has been affected largely because of the NDP. It was not helped by softwood lumber and certainly was not helped by a number of things that have happened in B.C.'s semi-recent past.

British Columbians seem to get so worked up about singular problems in its transportation infrastructure. We get angry about the Island Highway. We even get angry about fast ferries. We get angry

### Supply

about the potential selling-off of the management of the Coquihalla Highway. We also get angry about the Richmond airport's Vancouver line and whether or not that should go forward.

However there is something that certainly British Columbians need to appreciate and this point needs to be driven home. These are battles in a larger public policy war that are having to be fought because the federal Liberals in Ottawa have persistently failed to give British Columbia a fair share of its gas tax dollars.

The constant underlying theme about all these things, whether or not Highway 97 should be federalized, whether or not there should be a second bridge into Kelowna, whether or not there is appropriate and adequate funding for the Coquihalla, whether or not the Island Highway was properly financed, is that the Province of British Columbia is being handcuffed financially by taxpayers who think that they are paying more than enough at the pump to finance all these projects so that we should not have these problems. However, taxpayers are not seeing that money going to roads. I would invite the member for North Vancouver to comment.

**Mr. Ted White:** Mr. Speaker, I thank the member for those comments. It enables me to expand a little on the price of gasoline and how that relates to these taxes.

During the summer I visited Ottawa a number of times and I noticed that the gasoline price was consistently between 63¢ a litre and 68¢ a litre, while at the same time in Vancouver it was close to 80¢ a litre for that entire time. Every time I came back, I was shocked to see that it was still 76¢ to 80¢ a litre while here in Ottawa it was 65¢ a litre.

At one point during the SARS crisis in Toronto there was that special sell off weekend when gasoline was being sold at 35¢ a litre. Ours shot up to 90¢ a litre that weekend and I suspect we were subsidizing that effort.

What is really important about the price of that gasoline in Vancouver is the huge amount of federal taxation we are paying, not only the excise tax but the GST on that excise tax. We paid \$360 million a year a few years ago. It is probably more now. That should have been sent back to us for our infrastructure.

The member is quite right about the difficulties that we are having. British Columbians are getting angry with their local governments, however, their focus should really be on the federal government because the high price of gasoline is related to these federal taxes which suck huge amounts of money out of British Columbia.

That money is rightfully ours. It should be put into the highway system and other transportation systems. This government has to smarten up and do something about it.

• (1525)

**Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance):** Mr. Speaker, I would like to ask my colleague again about this inequity in the Province of British Columbia.

### Supply

In my own riding of Dewdney—Alouette, for years there has been a proposed crossing of the Fraser River from the Pitt Meadows-Maple Ridge area over to Langley. Officials have been trying to find dollars for that project. If there would have even been a slight increase in the amount of federal taxes put back into the province for the municipalities, that bridge could have been completed many years ago, as well as the Lougheed Highway that goes from Maple Ridge to Mission. It is sorely in need of twinning.

Again those are some specific projects that could have been put in place if there would have been appropriate levels of infrastructure returned to the Province of British Columbia.

**Mr. Ted White:** Mr. Speaker, I know that Ottawa feels left out when compared to Toronto for the money that it gets from Queen's Park, but the fact is that when we look at federal money, almost all of the equivalent of the gasoline tax taken by the federal government was poured into the Toronto area to build highways there.

Even the freeway through Ottawa is wider than the only freeway in Vancouver. The freeway in Vancouver is three lanes in each direction and here in Ottawa it is as wide as five lanes in each direction in some areas and this is in a city that is only one-fifth the size of the population on the lower mainland.

There is something wrong and it is blatantly obvious to anybody who travels backward and forward that the money is being sucked out of the west and poured into this part of the country. It is wrong.

Members may recall the cartoon that was drawn in the fifties. It was a map of Canada with a cow standing on it. The head was in B. C. and Alberta, and the udder was in Ontario. Guess where it was being milked? It was right in Ontario.

**Mr. John Duncan (Vancouver Island North, Canadian Alliance):** Mr. Speaker, today is an official opposition supply day and I am delighted to speak to the motion.

The federal fuel tax issue is a prime example of a major irritant that has been allowed to continue since the government came to power in 1993 despite many attempts by the Canadian Alliance, the Federation of Canadian Municipalities, the Canadian Taxpayers Federation, and federal and provincial road builders to get the government to stop the process of taking billions of fuel tax dollars from Canadian motorists and not returning it to transportation infrastructure.

The statistics for my own province of British Columbia are illustrative. From 1998 to 2001, federal fuel taxes and the federal GST collected \$6.4 billion from B.C. drivers and returned \$31 million, roughly 0.5%.

Just as an indicator of the taxing power fuel taxes represent to the federal government, we witnessed earlier this year essentially a 10% increase at the pumps. This 10% increase represented a windfall to the federal government in GST fuel revenues alone of \$350 million. The GST on fuel is for the most part a tax on a tax. That is most inappropriate.

On May 2, 2001, I embarrassed the federal transport minister by pointing out that in the previous year the United States had committed to spending more in British Columbia by upgrading B.C.

highways at border crossings than did the federal government in all of British Columbia.

In the previous year, the federal government returned 0.5% of fuel tax revenues to British Columbia highways. The transport minister excused all of this by responding that it was not his fault because highways were a provincial responsibility. That being the case, then it is only logical to call on the federal authorities to vacate the federal fuel tax room to lower levels of government for their infrastructure requirements.

This is essential to our well-being and will address the fiscal imbalance that exists between the levels of government in Canada. Instead of fixing the fiscal imbalances, the former federal finance minister and now Liberal leader cut transfer payments to the provinces and made the situation worse.

The Canadian Alliance recognizes that changes have occurred over time and our institutional arrangements have not kept pace, unlike the government. Every attempt to get the federal government to stop the current reign of terror on federal taxation of fuel has been hindered by the federal Liberals.

Our industry and transportation critics have created a policy for the Canadian Alliance which was adopted by our parliamentary caucus and ratified by our national council. It is a policy we will run on in the next election, and it is a policy we will implement as government.

I can summarize our position quite well by including an excerpt from an address by the Canadian Alliance leader to the Federation of Canadian Municipalities' annual meeting in Winnipeg on June 2, 2003. Our leader proposed:

—that the federal government permanently vacate a portion of the federal gas tax—say three to five cents a litre—and allow provinces the option of collecting that revenue. In order to ensure that this money is not used for other purposes, the transfer of these revenues to provinces and on to municipalities would be conditional on signed agreements that these resources would be used for infrastructure.

● (1530)

This method of funding municipalities meets the criteria set out by the [Federation of Canadian Municipalities]: It would provide a reliable and stable revenue source for infrastructure. It would be as transparent and visible as constitutionally possible. It would have zero additional administrative and compliance costs—provinces already have infrastructure programs and collect gas tax revenues. It would be efficient—additional resources could be allocated to regional and local priorities. And it would be equitable—these revenues would become part of the equalization formula to ensure that all provinces receive the same per capita share of gas tax revenues. More importantly, this approach promises a worthwhile level of funding.

In the last federal budget, 100 million dollars were pledged for infrastructure for cities—not enough, as the [Federation of Canadian Municipalities] pointed out, for a single kilometre of subway line in Toronto or three interchanges in Calgary.

In contrast, transferring three cents per litre of gas taxes for infrastructure would mean an immediate, annual injection of \$1.3 billion per year.

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If we do the math, clearly the Canadian Alliance has a position that is on side with municipalities, provinces and the motoring public. The federal fuel tax regime is irrational and counter-productive. At every turn, however, the government has stymied our efforts to change this federal fuel taxing behaviour.

This is what the current finance minister had to say earlier this year when he rejected any notion of amending fuel taxes:

...I know that the provinces really like the tax points, but sometimes, they forget about them. They really like them because they want us to impose the taxes and then let them spend the money.

What money? During June of this year he stated further:

...I do not favour the suggestion that the federal government vacate the fuel tax...it is foregone revenue without accountability...it undermines the vital partnership that we must foster between and among levels of government.

That is not very encouraging.

On May 2, 2001, I asked the transportation minister the following question:

Last year the federal government collected \$750 million from British Columbia fuel taxes and spent \$408,000 on B.C. highways. That works out to the grand total of one-twentieth of one per cent of revenues returned to British Columbia highways. Why is the federal government gouging taxpayers and ignoring their highways?

Here is what the minister had to say:

I want to remind the hon. member that highway building in this country is the responsibility of the provincial government.

This incredible response was followed up by the finance minister's response to my further question, which was:

...the federal government collects federal fuel taxes. The provinces spend on highways what they collect in provincial fuel taxes. In 1998-99 the federal government collected over \$4.7 billion in gas taxes and spent only 4% of that across Canada. It is called highway robbery. When is the government going to commit to fund a national highway strategy...?

The former finance minister, who may or may not have had a recent conversion on this issue, had this to say:

Mr. Speaker, the hon. member ought to know that the Canadian government receives tax revenues from a multitude of sources and those revenues are then invested. They have been invested...in the British Columbia health care system...in the education system...research and development throughout British Columbia.

That is not very encouraging for infrastructure.

The reality is that change is long overdue. We have a national highway system in Canada but no national highway strategy. We have long unresolved grievances about a lack of federal commitment to infrastructure. We have major transportation needs identified, many resulting from federal facilities, such as Roberts Bank and Vancouver International Airport.

• (1535)

As well, we have had serious problems at the provincial level in terms of funding because of the softwood lumber dispute, SARS, BSE, forest fires and hurricanes, heavy burdens indeed.

I will conclude with one sentence. The motion put forth by the Alliance today is consistent with an earlier motion we put forward on June 12, 2003, which was defeated by the government, and I hope for better this time.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I think all members would agree that this is an important debate. I am sure the member would agree that the measure of success of a country

certainly is the measure of the health and well-being of its people, and that the support for our cities, basically the ground floor where it happens, is extremely important.

The motion is with specific reference to the gas tax and the sharing of that. As the member knows, that goes into the general revenue pool. I wonder if he would agree that the issue is not so much the gas tax but whether or not there is a commitment of resources commensurate with the need, not just the need of the big "have" cities but also of the cities that are "have nots".

**Mr. John Duncan:** Mr. Speaker, I appreciate the sentiment, but I would like to disagree with the premise of the question from the standpoint that this federal government always wants to be earmarking money to go to the provincial governments.

We are suggesting something very different. We are suggesting vacating tax room so that the provinces and the municipalities, the local governments, have the ability to use these fuel tax revenues for infrastructure needs. We only have to look at other jurisdictions such as the U.S., where fuel taxes are collected on the basis that they will be used to fund transportation infrastructure. That is what happens. That is why they have a very successful infrastructure system and we do not.

• (1540)

**Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance):** Mr. Speaker, in response to a point my colleague just made, I recall that in many of the states where I have travelled, when one pulls in with a car to fill it up, the federal tax and the state tax per gallon are listed. I have looked into that a number of times. It simply means that once the state proves it has spent its taxes toward the infrastructure such as highways, bridges, maintenance and so on, the federal government then kicks in its taxes. As my hon. colleague said, that is exactly why they finance a better highway system than we do.

One of the difficulties in doing the same thing in our province is that we could put on the provincial tax and the federal excise tax, but then we would have to throw on the GST. As the price of gas goes up and down, the GST is variable and there is no requirement for that. I would like this country to examine that same idea, because I believe it would work in Canada.

**Mr. John Duncan:** Mr. Speaker, I have had some discussions on today's motion with members of the British Columbia government. They are certainly highly interested, not only in the debate but in the vote on Tuesday. This is just such a natural, positive action to be taking that it is incredible we have not reached here before now, despite many attempts by the opposition to make it happen, as I have said.

I will mention that there are three components to this fuel tax: the excise tax, which we are asking to be earmarked; the deficit-fighting tax, although the deficit has been gone for five years, so we think that should be eliminated; and the GST, which is a tax on a tax, much of it, and which is most inappropriately charged and is an incentive for higher gas prices because higher gas prices lead to higher revenues for the federal government, largely through the GST. It is a perverse incentive for higher prices.

*Supply*

**Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, it is like being in *Back to the Future*, if anyone has seen that movie. We had this discussion back in June. It is the same sequel and the same cast of characters, but at least the Alliance, for a change, is being somewhat consistent. The fact is, as everyone knows, I have said many times that when it comes to municipal government issues that party's sincerity is somewhat interesting since it historically has never supported municipal governments in the past. I will go through an array of issues with them.

It is very good to talk about a little history. For those who obviously are not aware, first of all, my friend and colleague from Dauphin—Swan River and I worked together over the years through the Federation of Canadian Municipalities when I was president of that organization. I remember the very dry days back then, when the government of the day did not even entertain the issue of national infrastructure.

In fact, for those who may not remember, in 1983 the Federation of Canadian Municipalities, and at that time there was a \$17 billion national infrastructure deficit, went to the government of the day and said, "We need to get into a tripartite arrangement on traditional infrastructure, roads, sewers, bridges, et cetera". The government said it would entertain that. Unfortunately, the government was defeated in the 1984 election. Then along came the Progressive Conservatives, with clearly a heavy emphasis on the conservative and not on the progressive because they did not support the national infrastructure program during their entire time in office.

Therefore, it was this government and this Prime Minister that in 1993 pledged to in fact bring in the first national infrastructure program, a tripartite arrangement. True to the Prime Minister's word, in 1994 that came in and I had the pleasure of working with the government at that time as part of the FCM in terms of making sure that this program came into effect.

Since 1993 this government has invested over \$12 billion, and when one leverages that, over \$20 billion, in terms of national infrastructure. The fact is that the party over there opposed it in 1993 and it opposed it in 1997. It is good at that, but now that party knows it is popular and it knows that after three programs this has become extremely important.

This motion is a little weaker than it was before, but basically it is inviting the government to have discussions with the provinces on the issue of sharing a portion of the gas tax. I can tell members that this government would be more than happy to talk to the provinces and territories anytime. My concern, and I have raised this many times, is the mechanism by which, if we vacate the tax route, in fact we will be assured by the provinces and territories that municipal governments, whether they are urban or rural, will in fact get the money.

In terms of the motion before the House today, I certainly can support it, because it simply is asking that we enter into discussions. I can tell everyone that this government can do that and will do that and will hear what the provinces and territories have to say.

But the reality is that this is only a portion of the issue. The real issue is, how do we ensure that? We believe on this side of the House

that if we have a tripartite arrangement all three orders of government in this country participate fully as partners. If one is going to fund a third of the money, one should have a third of the say. I have always commended the government of Alberta for the fact that the government of Alberta has always had at the table municipal, federal and provincial representatives in terms of the approvals.

The fact is that this government needs to take no lessons from the party across the way because, simply put, it is this government that not only brought in the national infrastructure program but renewed that program in 1997, in fact, if the hon. members across the way would look at the record. The problem is that when we sign agreements with the provinces, each agreement is different.

● (1545)

Therefore, to my good friend from British Columbia, at one time a previous government of British Columbia was suddenly ordering all sorts of buses that were showing up in municipalities and not necessarily what they wanted.

From the beginning we have said that the program must be municipally driven. As a former municipal politician, we at the municipal level know what the needs are in terms of the communities, whether it is roads, sewers, bridges, whatever. Therefore, when we look at a five and 10 year capital forecast, we want to ensure that we can put forth projects and hopefully get the support of the province and, obviously, the Government of Canada.

I have always said that if they are proposing it, then I, as a member of Parliament, support it because they obviously know what their needs are in the community. It is not up to me as a member of Parliament or up to the Government of Canada to tell a city X what its needs are. The fact is this was such an important program.

I know we are not allowed to use props so I will not show it, but in the January and February Forum of the FCM of 1997 I read an article that was devoted to infrastructure. At that time we were talking about getting the first national infrastructure program extended, and the Prime Minister was prepared to listen.

On the team Canada mission in 1997, I had the opportunity to meet with the Prime Minister and the premiers, except the premier of British Columbia. The Prime Minister and the premiers were prepared to entertain an extension of that program. In the end we got that extension. Some were a little later than others. Ontario was very slow. In fact it only agreed at the eleventh hour before the federal election was called in April of 1997. However we got it and it was extended. If it were not a good program, we would not have municipal governments supporting it continually.

We have a deficit in Canada when it comes to infrastructure. Had we acted in 1983, we would be in a lot better shape.

Respecting the constitutionality, municipal governments, which are creatures of the province, and I hate that term myself, they get their powers or not from the provinces, and we accept that. We also accept that there was a vital role for the government to play in a number of areas, in partnership with our municipal cousins and obviously with the provinces and territories. That over the years has been very successful.

Members also will know that we introduced the strategic infrastructure fund, another very important program, for larger projects in the urban scheme as well.

In my own area, the greater Toronto area, we were able to benefit by an announcement at the end of April of \$435 million, matched by municipalities, by GO, TTC and others and by the province, finally. We were able to commit over \$1 billion to improve the transportation infrastructure in the greater Toronto area. Why? Because these were proposals that they made. Not the Government of Canada, not the Ontario government, but the municipal authorities, which is very important.

I point out that when we talk about allocation of dollars, our friends across the way often talk about the fact that we are not giving enough.

I remember the days, and it is sometimes very useful to have some history behind one, when we argued at the FCM for a 10 year program. Remember that under the Conservatives we never had a program. Then when the Liberal government came in, we got a program, then we got another renewal and then we got another program. Under the Minister of Finance and the Prime Minister we have committed to a 10 year infrastructure program in this budget.

I said earlier that it is important for municipal governments to plan ahead. He said that we would put a down payment on it. Of course the word that some members in this House do not use, and it is shameful they do not, is the word leveraging. It is the role of other governments and the private sector to contribute to federal funding to ensure we can advance these programs. When we talk about leveraging, it is not simply the federal government.

• (1550)

The provinces of British Columbia, Alberta and across the country have benefited significantly from these programs.

The hon. member in his speech this morning talked about the fact that we had to vacate this money. I am not sure how much he would like us to vacate. I assume he is also suggesting where we will find extra dollars because he will then be complaining about other federal programs that the government needs to be funding. At the same time, the government is prepared to come to the table, as we always have.

A few years ago we had Bill C-10 which was a very important issue regarding payments in lieu of taxes. In 1949 the then Liberal government had an informal agreement in which it agreed that in lieu of taxes it would pay a certain amount of money to municipal governments for services for federal properties.

I believe in 1992 under the Conservatives there was an arbitrary 10% cut. What happened was there could be a CTV building and a CBC building in a riding and one received a 10% discount. It was unfair and unreasonable and the municipality was still providing services to both.

This was something that the government had been pushing for years. Bill C-10 came to the House a few years ago. The government passed legislation which said that the Government of Canada would be treated like any other taxpayer. The government had to pay on time, otherwise it would pay interest. There would be guaranteed payments. The government would know what the assessment would

### *Supply*

be. If the government did not like the assessment on a federal property, then it would go through the procedures that every other taxpayer had to go through.

That party over there voted against it. If it really were interested in supporting municipal governments, I would have assumed it would have supported something like Bill C-10 as an example.

I would also point out that the issue here is simply accountability. I certainly believe that with municipal governments there is a new partnership. The Prime Minister launched the Prime Minister's task force on urban issues. The government made a number of recommendations. The government talked about a national transportation study, a national housing strategy and other recommendations.

Of course the naysayers over there really do not understand what it is all about. One day they will see the fact that when we enter into partnerships, we are talking about true partnerships. We are talking about financial partnerships and policy issues. It is obviously hitting the right accord because even the Alliance gets it, which is good to see. I really welcome that because for years I had to deal with those on the other side who were not as positive.

The fact is we are talking about investments in cities. We also are talking about other investments. The government has done that in health care. It has done it with universities. It has done it in an array of areas such as housing which is very important. It makes these cities more liveable. Canadians cannot have liveable cities if they do not have the right infrastructure.

Provinces have the ability and the tax room that the government has. They have the same fiscal capacity as the Government of Canada. Municipal governments clearly are restrained. In some provinces they have more levers than others in terms of being able to raise taxes.

The most antiquated form of taxation I still believe is property taxes. Unfortunately they are dealing with that.

We want to see an arrangement where we can play a constructive role respecting provincial jurisdiction and at the same time work cooperatively with them. However I do not think it would be wise to simply write a cheque to province X and not have a clear direction of where that money is to go.

My colleagues on the other side talk about strings. I find that a rather odd statement because to me there has to be accountability, whether it is a national health council to track where the money goes. The transfers are for Canadians, not for the federal government. If money is transferred to the provinces, Canadians should know where it goes. I believe that accountability, whatever order of government it is, is extremely important.

### Supply

The government has taken action in many ways. If it were not for the Liberal government, the Autoroute 30 around Montreal would not have been dealt with. The Red River floodway is very important. We know the Government of Canada stepped in and worked with the province of Manitoba, again cooperatively. These are cooperative efforts. The Government of Canada is not saying that the provinces have to do X. That is probably why this side of the House has so many former municipal colleagues. They know the work that the government has done since 1993.

• (1555)

We are not ashamed of the fact that we have had three national programs and we have worked in areas of housing and others. The national homeless strategy involved working cooperatively with other orders of government and with grassroots communities across the country. The Minister of Labour took the lead in that area. The results were very positive, and \$753 million came from that. This is about partnership and about working together.

The hon. member would like us to talk to the provinces and territories about the issue of gas taxes and that is very much a reality. That can be done. However it will not work unless we ensure that moneys that go to the provinces wind up directly with the proper formula for rural and urban municipal governments.

I will not say that we have all the answers because we do not. However we know the other side has no answers at times. We on this side of the House have not just talked about these issues but have delivered on these issues. There is a big difference between talking about them and doing something about them.

The member across the way is too young to remember the 1993 infrastructure program, but if he had been around he would have known about the tremendous work that the government did. Other examples of the government working collaboratively with municipalities are the municipal enabling fund and the green municipal investment fund. It was this government that empowered the FCM with \$200 million originally to work on issues dealing with the environment such as improving air quality et cetera. The 10% club was formed to reduce CO<sub>2</sub> emissions by 20% over 10 years. This is true cooperation. It is not talking about it. It is delivering.

The government even delivered to the riding of my friend across the way, and I know he is very appreciative. He should talk to his former mayor because he might actually learn a few things about municipal government. He was a good mayor and a very popular mayor.

We also have to look at the fact that the government has set an agenda. We believe that investing in municipal governments and in infrastructure is extremely important. Therefore we continue to look at all reasonable options. At the same time, the government will not go back into a deficit. We continue to ensure that we balance the books. We will ensure that issues such as paying down the national debt and investing in the social fabric of Canada continue. We can only do that if the dollars come and we account for those dollars.

Unfortunately, we had to deal with a \$42.5 billion deficit. I am amazed that we did not get credit for the fact that at the same time as we had the \$42.5 billion debt, we still invested in the national infrastructure program. Why? Because it returned tax money and

created jobs. It was a very important initiative even when we did not have the money. Look at the highlights. We have a 10 year program, people are investing and it is good for the economy.

**An hon. member:** You're eyes are turning around.

**Mr. Bryon Wilfert:** I know my friend across the way would rather yell at me because he does not want to hear the truth, and I understand that. If I were him, I would not want to hear it either. With the sorry state of that party in terms of its record on this issue, I would be embarrassed if I were them, but then again maybe they do not embarrass easily. They should be embarrassed though. They know it was the Liberal government that brought it in, it is this government that continues it, and in all facets.

When we talk about this type of approach, they ask if we are going to swallow ourselves whole. Absolutely not. We have to be very clear here. If the issue is simply entering into discussions, the government has an unblemished record in its ability to deal with our partners and all orders of government.

• (1600)

**Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance):** Mr. Speaker, it is always interesting to hear a speech by the parliamentary secretary. We cannot really have a rhetorical farce without a cameo appearance by the minister's deputy. It is always nice to have him in the House.

The minister says that because the Canadian Alliance opposed what the Liberals described as an infrastructure program, therefore we are opposed to infrastructure. Well yes, we oppose it because it was a dumb idea. It does not matter if they call it an infrastructure program. If it is a dumb idea we are going to oppose it. The government built a canoe museum in the Prime Minister's riding and they say, "Well, that is part of infrastructure and if you vote against that, you are against infrastructure". That is the kind of mindset the government has.

Of course we are opposed to that because we are the watchdogs in the House for fiscal responsibility. Year in and year out, budget after budget for a decade, nine budgets from the former finance minister, the new Liberal leader, and he failed to do this.

The member opposite, the Parliamentary Secretary to the Minister of Finance, said, "Well of course we are prepared to do this. We are prepared to meet with the provinces and talk to municipalities". They have had 10 years to do it and nothing happened until the Canadian Alliance moved this motion. We are going to vote and we are going to win the vote. This Canadian Alliance motion, our policy, our ideas are going to win next Tuesday, and finally we are going to see some action from the government. It would not happen if the Alliance was not in the House. It would not happen if we did not move this motion. The government has had a decade to do it and it has persistently failed to have straight lines and accountability with regard to gas tax dollars.

*Supply*

I always find it appalling that the member opposite says, “We need assurances from the provinces. We have to have assurances from the provinces to make sure that this money goes into roads”. The member opposite often starts sentences with “the fact is”. Well the fact is that provinces gives an average of 91.6% of their gas tax revenues to roads. The Liberal government, the finance minister who the member trails around the hallways, gives 2.4% of its gas tax dollars to roads.

The provinces do not have to take any lessons from the government in terms of accountability. The minister and the government should learn the facts and just give the dollars to the provinces. It should certainly be on condition of agreements but the provinces do not have to take any lessons at all.

I did appreciate however that the member said he appreciated the job of the province of Alberta. He said that the Alliance does not know what it is doing but the province of Alberta does. Well the member should know that my seatmate in the House is the former finance minister of the province of Alberta who set up the regime that he praised in the House. We know what we are doing. We have our agenda right. We have been consistent and right on in terms of accountability in gas taxes.

The member said that he wants accountability, straight lines and appropriate behaviour by the government with regard to taxation, so my question is simple and clear. His choice for the leadership of the Liberal Party, the man who is the new leader of the Liberal Party, put in place a 1.5¢ per litre gas tax to pay down the deficit. The deficit, because of economic growth, is gone. The deficit is gone but the tax remains. Could the member please explain how it is accountable to have a deficit reduction tax still on the books when the deficit is gone? Explain it.

● (1605)

**Mr. Bryon Wilfert:** Mr. Speaker, first of all, the only thing that is trailing around here is the Alliance Party. That party is so far behind on this issue it is incredible. I am glad I am not in an airplane because I know what I would be reaching for at the moment, if I might say, listening to the member across the way here. The audacity of the member is unbelievable.

I would tell the member that it was because of the work of the former finance minister, the member for LaSalle—Émard, and the work of the Prime Minister that we got the national infrastructure programs that we have. That group of course does not realize that.

Alliance members talk about funding. We do not have dedicated taxes. News flash to across the way: no dedicated taxes. If the member is suggesting that we bring in dedicated taxes, that is a whole different issue of policy debate we would have to have.

The reality is that sometimes the Alliance members get their lines confused. They talk about funding roads. They talk about the provinces. They talk about a road between city *x* and city *y*. I am not quite sure if they are suggesting funding provincial roads or if they are talking about municipal infrastructure within communities, because there is a big difference.

The member referred to the 1.5¢ tax of 1995. Well first of all, he needs to do a little homework. In the mid-1990s the government of New Brunswick reduced the gas tax by 2¢ and the oil companies

within a flash upped the price. So there is no guarantee in removing anything unfortunately.

Where does money go generally? Let us be honest with the public. The money goes to consolidated revenue which pays for health care, which pays for post-secondary education, et cetera. That group over there somehow thinks that by eliminating 1.5¢, all the problems will go away.

I do not hear him saying anything about the \$100 billion tax cut, the largest in Canadian history. I do not hear anything about the only G-7 country paying off the national debt. I do not hear anything about six balanced budgets or better. That is because you suffer from selective memory and you always will.

**The Deputy Speaker:** Let us just be mindful that the Chair is always occupied and to make those interventions through the Chair.

**Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance):** Mr. Speaker, the federal Liberal government, under the Prime Minister and the new Liberal leader, the former finance minister, the future prime minister, have sucked billions of dollars out of British Columbia in gas taxes and they have returned precious little to our communities of Pitt Meadows, Maple Ridge and Mission. Of federal gas taxes, 2.4% goes back into roads. Imagine someone taking a dollar from us and giving us back 2¢. That is a rip-off.

If the Canadian Alliance policy were implemented, dedicating 3¢ to 5¢ a litre in gas taxes back to the provinces and municipalities, important improvements, such as the twinning of Highway 7, the Lougheed Highway in Maple Ridge and Mission as well as the building of a new bridge from Pitt Meadows and Maple Ridge in my riding to Langley across the Fraser River would already have been a reality.

The hon. member tells us that the dollars go into consolidated revenue and that they are wisely spent in priority areas. If that were true, we would applaud the government. Unfortunately, it has wasted billions of dollars. We are all aware of the billion dollar boondoggle, the advertising scandal, the dollars to the Prime Minister's friends in his riding and on and on it goes.

If there were dedicated dollars to infrastructure as we have laid out in our policy, that would be a positive thing. That is what we are asking the government to do. That is what Canadians want to see. The hon. member has no excuse for the fact that the government has only returned 2.4% of gas taxes back into roads across the country. That is just not acceptable.

● (1610)

**Mr. Bryon Wilfert:** Mr. Speaker, again the member seems to be confused. The member is talking about roads. Is he talking about provincial roads? Is he talking about municipal roads? What is he talking about?

The fact is that the government has continued to make sure that we work in collaboration with all orders of government and that we are dealing with municipal infrastructure. If he wants to have a separate program with something else, if he wants to have dedicated taxes and if he wants to do other things, then he should come clean and say so. If that is what he wants, let us have a public policy debate about it.

### Supply

The reality is that had we not instituted in 1994 the national infrastructure program, we would have a far larger national deficit on infrastructure than we have today. In fact the alternative would have been to do what the Tories did; we could have said that we cannot do this because we have a \$42 billion deficit, that we cannot invest. We believe that was wrong. We believe we could do a lot of things constructively and we did them.

The reality is that this side of the House has demonstrated its commitment. I did not hear any response on the issues of payments in lieu of taxes, another good example of where that party says one thing but does not deliver. I watched the members with some shock, I must say, when they did not stand up to support the government on this important issue.

In some of the ridings of those members, I talked to the mayors and councillors and they were horrified. They did not even know that particular debate was going on here and that their members were not supportive of the government on an issue which has been near and dear to municipal governments since 1949.

**Mr. Rick Casson (Lethbridge, Canadian Alliance):** Mr. Speaker, I will be splitting my time with the member for Edmonton Southwest.

It is good to take part in the debate today. There will certainly be one ex-municipal politician following another here.

I spent 18 years as a municipal politician. One thing we always had trouble with when these programs came down from on high was sometimes we only needed two-bit dollars. We only had to throw in a quarter out of a dollar to get something financed and we even had trouble doing that. At the municipal level there is nowhere else to download to. That is it, that is where it stops; the municipal level is where the buck stops. There is only so much load that a property tax can hold.

What we are talking about today is a huge amount of money that the government takes from Canadians through a gas tax that was put in place, whether it was legally done or inferred, to improve the country's transportation system.

Canada is a large country. We do lots of trade east and west and north and south. People are on those highways, whether it is for pleasure or every day trying to make a living, and the infrastructure is falling apart. Our bridges and our roads are a terrible mess.

A country such as Canada that has so many resources, that has been blessed with all kinds of natural resources, should be rolling in industry. It would be, if the government would look at some of the taxes it charges and the taxes that scare people away and the taxes that hurt business.

When we look at east-west transportation particularly on the key trade route which is the Trans-Canada Highway, with the amount of trade on that road every day and the amount of licence fees that are collected by the provinces, that money needs to go back into highways and I believe it does in most provinces. However, the federal government collects the gas tax and does not put its fair share back into the infrastructure. This is causing all kinds of problems.

The member for Wild Rose has brought up in the House time after time the issue of the piece of highway that goes through Banff

National Park that needs to be twinned and it has not been. It is a death trap. It was good today that the industry minister stood up and said that the government will finally fix that, but that should have been done years ago. It takes a tremendous amount of pressure from a member of Parliament such as the member for Wild Rose to force the government to act.

The Alliance has brought forward the motion today, and it is similar to a motion that was brought before the House before which was voted down. There is no consistency. The previous member talked about the government being so consistent and the Alliance always changing its mind. The government has flip-flopped on this issue.

I want to read what our leader said at the FCM convention this year. The previous speaker was a part of that organization. Our leader said:

What we are proposing instead is that the federal government permanently vacate a portion of the federal gas tax—say 3 to 5¢ a litre—and allow provinces the option of collecting that revenue.

In order to ensure that this money is not used for other purposes, the transfer of these revenues to provinces and on to municipalities would be conditional on signed agreements that these resources would be used for infrastructure.

That was back in June. The Alliance has had that as a policy. Now the would-be prime minister is running around the country saying basically the same thing.

We also have another policy which states that any tax that was put in for a specific reason, if it is no longer needed for that reason, that tax should be eliminated. If the 1.5¢ a litre was put in to reduce the deficit, when the deficit is gone, the tax should be gone and there is no doubt about it.

This summer we had a crisis in this country to do with the BSE issue and the livestock industry. We have asked if the government would consider reducing the tax on fuel that trucks use to haul products. The trucking industry has been smacked very hard by this problem. There has been no action on that. We have asked the government for other concessions to help relieve some of the financial burden for the truckers and there has been nothing.

•(1615)

Today there was an announcement in the House that the Prime Minister was given an environmental award. Having bad roads, bad infrastructure, and bad streets creates environmental damage because vehicles are idling, standing still, or not moving at the rate they should be and that is an environmental hazard.

That is one of the things we must remember when we are looking at improving infrastructure, whether it is public transit or better roads to keep things moving. It all has a bearing on the environment and we need to remember that. When we are looking at some of these issues, there are many spinoff aspects that come with it.

Just to make it a little more personal, motorists paid \$6.9 billion in gas taxes and GST on gas in 2001-2002. That is \$220 per Canadian for gas tax and GST alone. One of the things that is talked about most at coffee shops across the country is the price of gas. Every time the price of gas changes it is an issue to people. It is one thing they keep their eyes on.



One thing we have to keep reminding people of is that 35% to 40% of the price they are paying at the pumps is tax. If there was no tax every third tankful would virtually be free. These are the kinds of huge dollars we are talking about that are being collected.

Almost \$7 billion is collected in fuel taxes by the government, yet it gives back \$118 million into infrastructure for highways. That is unbelievable and completely unacceptable.

In order to get around this, our leader presented a proposal in June that 3¢ to 5¢ of the tax on fuel be vacated for the provinces and that agreements be struck so that money would go to the municipalities in an incremental manner so that it was not money they could take from elsewhere. I think that is fair and I believe the provinces would agree to that.

They realize that the deferred maintenance on infrastructure of all kinds in the country is absolutely astronomical. If we were to look at public institutions, transportation systems and bridges, it would add up into the multi-tens of billions of dollars very quickly.

Therefore, if we are going to build new and improved roads and buildings, we must look at what is already in place. When we start talking about the environment and making buildings more environmentally friendly, that all costs money. That is all part of fixing up the infrastructure that is in place.

The government, after voting against a similar motion this spring, will vote in favour this time. That will be interesting. It will vote in favour this time because the would-be Prime Minister, the former finance minister, is going around the country making promises that he has no right to do because he is not a minister of the Crown. The present Prime Minister calls him nothing more than a backbencher and here he is out setting up first ministers' meetings and making promises on what he is going to do with the taxes.

Therefore, it is very important that this motion be brought to light today to show Canadians that what we are proposing is what needs to be done and the fact that an unauthorized member of the House is going around the country offering to do this when he has no right to do so.

• (1620)

[*Translation*]

**The Deputy Speaker:** Before moving to questions and comments, it is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is: the hon. member for Dauphin—Swan River, Firearms Program.

[*English*]

**Mr. James Rajotte (Edmonton Southwest, Canadian Alliance):** Mr. Speaker, it is my pleasure to support the Canadian Alliance motion that addresses this serious national issue. The motion reads:

That, in the opinion of the House, the government should initiate immediate discussions with the provinces and territories to provide municipalities with a portion of the federal gas tax.

I want to explain why my party is introducing this motion. It is to address the infrastructure needs of municipalities and communities

### *Supply*

across this country. In May 2001 the Federation of Canadian Municipalities made the following statement:

Traditional sources of municipal spending have proven to be insufficient to prevent an accelerating decay in the state of municipal infrastructure. Billions of dollars are now needed to rehabilitate, upgrade or replace aging facilities and roads. The Federation of Canadian Municipalities has long recognized the need for a concerted effort from all orders of government toward long-term solutions.

On a personal and local level, I met with the mayor of Leduc. Leduc is a city south of Edmonton along Highway 2 on the way to Calgary. It is a vibrant community of about 15,000 to 20,000 people. Its mayor is George Rogers, who is also president of the Alberta Urban Municipalities Association. Mr. Rogers is an active local politician who speaks strongly on behalf of his community and its needs. He was talking about the growth of that area around the Edmonton International Airport and the fact that basically, as a municipal politician, he was hamstrung in the sources of revenue he could access to address his infrastructure needs.

He was calling on me and the provincial government to address it. I think from his perspective the feds have simply not stepped up to the plate enough to address these infrastructure needs and I certainly agree with him. Leduc is a community along the Edmonton-Calgary corridor which the Toronto-Dominion Bank pointed out as one of the fourth most vibrant economic corridors in North America. We are certainly going to have to address communities all along that corridor.

I also received a letter from Mayor Bill Smith from Edmonton in which he outlined Edmonton's infrastructure needs. He talked about what the city council had called on us to do. He wrote:

The City of Edmonton has long been advocating stable, sustainable and long term infrastructure investment and fully supports FCM's appeal to the Government of Canada to address the fiscal gap between municipal needs and available resources. At its July 15, 2003, meeting Edmonton City Council adopted the following motion:

"That the City of Edmonton urge Edmonton's Members of Parliament to support the Federation of Canadian Municipalities call for a long term financially sustainable infrastructure program".

Canadian cities are faced with unlimited civic obligations and limited revenue options. To remain competitive in the world economy and maintain the Canadian standard of living, it is imperative that the Government of Canada implement revenue sharing options to secure long term infrastructure funding for municipalities.

I think that states the case very well.

Further to this, besides the calls from local politicians in my area, the TD Bank Financial Group, the Conference Board of Canada, and the Province of Alberta's Future Summit have released reports in which infrastructure was identified as the most significant issue facing Canadian cities. In fact, the TD Financial Group stated in April 2002:

Canadian cities are beginning to show severe signs of strain after decades of rapid economic and population growth. In many cities, water systems, sewers, and public transportation all require massive new investment, but cash strapped municipalities—who have been asked to take over a growing number of responsibilities from the federal and provincial government in recent years—are in no position to deliver.

I would like to turn to the position of the federal government up to this point. On February 19, 2003, I questioned the finance minister and stated:

### Supply

Each year Ottawa collects \$4.5 billion in gas taxes, but only 5% of that money is returned to Canadians in the form of federal highway funding. The government is ripping off Canadians at the gas pump and not returning benefits to them... The current situation is completely unacceptable to all Canadians. The government has a choice to make, either it dedicates a portion of the federal fuel tax or it transfers the tax to the provinces to allow them to make the funding decisions to address their infrastructure needs.

● (1625)

I asked if the Minister of Finance would consider vacating a portion of the federal gas tax on provinces to allow the provinces room to address their infrastructure needs. The response I received from the Minister of Finance was very clear, "No, absolutely not". He then went on to state:

Responsibility that the provinces have for areas which are in their jurisdiction is one for which they have entirely the same capacity to raise revenue as does the federal government. Our revenue goes into the consolidated revenue fund and we make choices as to how to spend it.

The Canadian Alliance tried to address this situation. We tried to be a responsible opposition party by putting forward a motion in June which stated:

That, in the opinion of this House, Canada's infrastructure needs should be met by a regime of stable funding; and that accordingly, this House call on the government to reduce federal gasoline taxes conditional on an agreement with provinces that, with the creation of this tax room, provinces would introduce a special tax to fund infrastructure in provincial and municipal jurisdictions.

This would have addressed the infrastructure needs in Edmonton and Leduc and other communities across this country. Unfortunately, this motion was defeated by the Liberals with 180 nays and 35 yeas, obviously Canadian Alliance members, and 14 members paired. For those who are viewing this debate today, paired members are those members who do not show up to vote.

It is interesting to note who was a paired member that day. One of the members who was paired was the member for LaSalle—Émard. It is interesting to note that this is one of the primary issues for the new Liberal leader. In fact, he did not even make an effort at that time to come into the House and express a view on whether we should have stable infrastructure funding. Frankly—

**The Deputy Speaker:** Order, please. The Chair wants to caution the hon. member that the longstanding practice here is for members not to reflect on a vote or to make reference to the absence of members. I would ask the member for his cooperation in terms of past votes in the House. It is an area that is causing the Chair a tremendous amount of discomfort. I know the subject matter is an important one. I simply seek his cooperation.

**Mr. James Rajotte:** Mr. Speaker, in my view if members want to make gasoline taxes and the transfer of funds to municipalities for their infrastructure a main program of their future plan, and they consider it important, they should address that issue fully. I will address it that way. Viewers can read *Hansard* and check the record, and see who thought it was important.

I would like to address the issue of gasoline taxes. A lot of Canadians have contacted my office and complained about gasoline prices, but what they should really be complaining about in this country is gasoline taxes.

At the provincial level, gasoline taxes have risen representing anywhere from 35% to 51% of the gas price. If we compared this on an international level it is about the second lowest in the world. The

price at the pump with taxes is about 10¢ a litre higher than gasoline in the U.S. Canada is the second lowest. Gasoline here is 10¢ a litre higher primarily because of gasoline taxes. The frustration is that these gasoline taxes are not going toward addressing what they are specifically designed for which is the infrastructure needs in our communities.

In 1995 the new Liberal leader introduced the federal gasoline tax. He increased it from 8.5¢ to 10¢ a litre as a deficit reduction measure. There is a major problem with this measure. It was introduced temporarily as a deficit reduction measure. The federal deficit was eliminated six years ago, but the tax remains. This is simply wrong. We must address the infrastructure needs of our communities across this country.

I call on the government to support the Canadian Alliance motion and initiate immediate discussions with the provinces so that we can address our infrastructure needs through existing taxes without increasing the burden of taxation that Canadians already have.

● (1630)

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I have one question. The revenue collected from the gas tax is roughly \$4.8 billion, I believe. When we consider all the municipalities across the country that presumably should be eligible to benefit, I wonder if the member has a comment on what would be an appropriate minimum level of support for a municipality that could demonstrate a legitimate infrastructure need or appropriate other activity.

My concern is whether there would be some haves and have nots. Would it be diluted if we simply restricted it to gas taxes such that certain municipalities maybe would not get enough money to make any significant impact on their ability to improve the quality of services for the community?

It is a question in terms of sharing the taxes. I do not know how much it would be suggested that we share in terms of a round, ballpark number, but it seems to me that if we spread it across the country every municipality will have its hand out with a valid program. How much does the member believe that might cost? Would it be distributed in a fashion so as to make sure that any application would get an amount of money meaningful enough to make a difference?

**Mr. James Rajotte:** Mr. Speaker, I am not sure I entirely understand the question. The member is free to ask a supplementary if I do not address it.

Frankly, this motion is general enough that it allows for discussions with the provinces and municipalities to occur. Obviously they would have to identify their priorities in terms of the funding. Would every project be funded? I think it is safe to assume that not every one would be. There obviously would have to be an introduction of priorities.

The question of how much was asked. The member talked about the federal government raising about \$4.8 billion in gasoline taxes. The Canadian Automobile Association and the Canadian Taxpayers Federation have pointed out that less than 5% of this is returned to Canadians in the form of federal highway funding, yet if we look at the provincial governments such as Nova Scotia's, for instance, it collects about \$215 million annually from fuel taxes and its annual budget for highways is \$180 million, or 83% of its fuel tax budget.

So I think we could certainly move from a 5% figure. If we moved substantively closer toward a 75% to 80% figure, I would certainly be happy with that; frankly, I think if we did that it would go to addressing the major infrastructure needs in communities all across Canada.

**Mr. Charlie Penson (Peace River, Canadian Alliance):** Mr. Speaker, I will direct a question to my colleague. My understanding of the rationale here is that the federal government would back out of this area of excise tax on gasoline, which would allow the provinces to pick up that tax, if they wanted to, in order to provide money for the municipalities. Doing so would respect the constitutional jurisdiction of the provinces, where money would not be transferred directly from the federal government to the municipalities. The intent would be that by the federal government backing out of the excise tax area the provinces would have an extra source of money in order to fund the municipalities in terms of infrastructure.

Does my colleague agree that it is important to respect this aspect of it in order to provide the municipalities with a source of funding?

• (1635)

**Mr. James Rajotte:** Mr. Speaker, my colleague makes a very important point, which is that municipalities very much come under provincial constitutional jurisdiction. Constitutionally, they are creatures of the provinces, as we know, so it is important for the federal government to respect provincial jurisdiction here.

Obviously the way we would like to see it work is that the federal government would negotiate with the provinces, vacate that tax room and allow the provinces to then discuss it with the municipalities. As for the way it would work in practice, if the federal government vacates from Alberta, in the Peace River area where the member is from, or in the Edmonton-Leduc area where I am from, obviously the people in Leduc and Edmonton and Peace River know their infrastructure priorities better than 301 members of Parliament or the bureaucrats in Ottawa.

So in practice the way it would work is that the federal government would vacate it and negotiate it with the province. Hopefully the entire tax room would be used for infrastructure, but if it were felt that all the needs could be addressed and the citizens of the province could be given a tax cut, that ultimately would be up to each province to determine.

\* \* \*

#### BUSINESS OF THE HOUSE

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, discussions have taken place between all parties as well as the member for Calgary Centre concerning the taking of the division on P-15 scheduled at the conclusion of private members' business later

#### Supply

this day, and I believe you would find consent for the following motion. I move:

That at the conclusion of today's debate on P-15, all questions necessary to dispose of the motion be deemed put, a recorded division deemed requested and deferred to Wednesday, October 8, 2003, at the end of Government Orders.

**The Deputy Speaker:** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

\* \* \*

#### SUPPLY

##### ALLOTTED DAY—FEDERAL GAS TAX

The House resumed consideration of the motion.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I am pleased to participate in the debate on this opposition day motion, which states:

That, in the opinion of the House, the government should initiate immediate discussions with the provinces and territories to provide municipalities with a portion of the federal gas tax.

I have listened to the debate throughout the day. I think there is a consensus with regard to the importance of the health and well-being of our cities and our municipalities.

I have often thought, quite frankly, that large municipalities have attracted away large numbers of people from smaller communities. They have not only the best but they have the worst, because they also have become what is often referred to as "the doughnut hole", in that people do not really live there during off business hours. People just go to the big cities for their business and maybe for some of the major entertainment things, but as for the people who live there, in fact this is the urban magnet situation, where those looking for social services et cetera have been coming.

It reminds me of the report that was funded by the federal government with some \$800,000. It was a report on the homeless situation in the Toronto area. As I recall, the report found that 35% of the homeless in Toronto were suffering from some form of mental illness. Twenty-eight per cent of the homeless in Toronto were youth who had been alienated from their families and of which 70% had experienced either physical or sexual abuse. Some 18%, I understand, were aboriginals off reserve. About 10% were transient women on the streets, more likely than not victims of abuse or other difficulties.

Large urban centres have tended in the past to get a disproportionate amount, I believe, of the support from programs, but I also believe that maybe that has been to the detriment of the ability of other communities with the potential to have more vibrant economies, with the potential to attract and keep a skilled labour force, to attract business and economic development, to create wealth there, to grow their population, and to provide safe, secure streets and a safe community in which to raise children.

### Supply

I have often thought that we need to look at an appropriate balance, because everyone cannot live in large major centres. That is not to say that large major centres should not get support, but I asked this question earlier of a previous speaker. If we are talking about the \$4.8 billion of federal gas tax and having a portion of that shared, if we are to disburse that to all the municipalities and cities across the country, there are a lot of municipalities and cities, every one with their hands out. How much would be significant or how much would be appropriate to make a meaningful difference in terms of the ability of that community to match dollars and to make something happen?

Maybe there has to be a little more discussion about which are the have cities and municipalities and which are the have nots, and about what our responsibility is to ensure that every community with reasonable potential has an opportunity to share equitably in whatever resources may be available, whether it be through a sharing of gas taxes or an authorized infrastructure program or some other cost sharing program that Parliament has approved.

• (1640)

I wanted to put that on the record as a preamble of other aspects of this issue we should be discussing. I should give some background information about the tax we are talking about.

This excise tax is 10¢ per litre on gasoline and 4¢ per litre on diesel. It does raise about \$4.8 billion per year in revenues for the federal government. This is not a dedicated tax. It is not dedicated for investment in roads, repairs or other automobile or transport related infrastructure.

These moneys are not dedicated and in fact go into the general revenues, as members have pointed out all day long, into the consolidated revenue fund, and are used to support a broad range of programs obviously valued by Canadians, including things like the Canada health and social transfer, which takes care of not only health care but post-secondary education, welfare and the social supports needy Canadians must have to be able to survive in dignity.

The government recognizes that healthy communities and competitive cities are vital to the collective and individual well-being of Canadians. I have said in my speeches in this place that I honestly believe that the measure of the success of any country should be the measure of the health and well-being of its people. How are the people doing?

In this regard, we should probably talk about the health and well-being of the people in smaller communities, communities with potential, communities that have not been big players but maybe should be big players in terms of economic development and in terms of population growth, skills development and industrial development.

Not everyone has to live in the large urban centres. Not everyone has to work in downtown Toronto, Calgary, Montreal, Vancouver or Halifax. All those cities have problems. They have large population bases, on a relative basis for their size, but look at the problems, at the urban magnet. I was talking about the homelessness report earlier. Forty-two per cent of the homeless in Toronto did not come from Toronto. They came from other communities, from communities that did not have the social supports to care for those people in

need. These people migrate. They migrate to the large urban centres where the money has been poured in. That is where the social supports are. That is where they can live on the streets and get all the things they need.

There seems to be a counterproductive trend that has taken place. It is the urban magnet thing. If we keep pouring into the major centres, we are creating more gridlock, more pollution and unhealthy environments.

Yet in my own community, the City of Mississauga, our mayor has admitted openly that the city has been planned in a way that is not conducive to public transit. We have developed communities where we need to have cars to get out of our neighbourhoods to go to the grocery store, to go to the big box stores. This is the kind of thing our urban planners really have to be cognizant of. It is not a matter of how many people we can shoehorn into a neighbourhood; it is how a neighbourhood can be a vibrant, synergistic community where things like public transit are viable.

The City of Toronto has in perpetuity had problems with the Toronto Transit Commission. It constantly has its hand out saying it needs more money because it cannot keep its trains and tracks in good order and it does not have enough people using it. I think I know why it does not have enough people using it: because the Toronto Transit Commission has one of the highest transit fare prices in North America and people are looking for alternatives. People do look for alternatives. If the prices were reasonable and competitive, maybe people would then start reusing it, but I think it has jaundiced the situation simply by maintaining high levels of transit costs.

• (1645)

We are talking about supporting Canadian communities. I hope the member who moved the motion and his party are talking about communities that need that hand up, that lift, that boost to allow them to develop that economic base to attract skilled people, to attract the industry, to be able to generate the wealth within their community so that they can invest in their own community and continue to grow.

It makes a lot of sense strategically. If the federal government is participating in cost shared programs and they must be cost shared. There have been far too many examples where moneys have been given by the federal government for specific purposes and moneys have ended up in bank accounts and forgotten about. It happens time and time again. It happened in the province of Ontario with Mike Harris, the former premier. It was unbelievable that about \$500 million was put in a bank account and forgotten about.

**Mr. James Moore:** You are talking because you are scared.

**Mr. Paul Szabo:** No, he is not the premier anymore, nor is Ernie Eves after today, I suspect. Dalton McGuinty will be called upon by the people of Ontario—

**Mr. Ted White:** Mr. Speaker, on a point of order. This is election day in Ontario. It seems there is some electioneering going on. Would it not be appropriate for us to restrain ourselves from commenting on who might be winning elections on election day?

*Supply*

**The Deputy Speaker:** I would simply have to say that I doubt that it is a point of order. It might be a useful reminder for people to be aware, of course, that it is an important day for the electorate of Ontario. However, we will pursue the debate on the matter before the House.

**Mr. Paul Szabo:** Mr. Speaker, in deference to the member, I think I will leave that point. The point was made.

We have also had a number of important programs which have in fact led to some good outcomes, cost shared programs. I have a list and looking down the list of the examples that were given I see greater Toronto, Montreal, Vancouver, and Saguenay is there as well because they are twinning route 175.

Even in the examples given by researchers the only things they could think of as the big ticket items were big cities. I do not live in Toronto. I live in Mississauga but we are the sixth largest city in the country. We used to be the bedroom community of Toronto and we had no commercial base. We were the bedroom community and relied predominantly on a residential property tax base. In recent years the city has developed an attractive community for business to migrate to. We have an equitable commercial base and the community is thriving. In fact we now have gridlock in Mississauga, so go figure.

We talk about things like urban sprawl. The best way to do things is not to have people spread out too thinly in a city. We really have to pack them in nice and dense; high rises, high density places and slip another house between two others. In that way we get more density and we are able to support public transit that otherwise would not be sustainable at those kinds of prices. These are some important things.

Even in my own community which is a fairly well-off community of about 650,000 people there is a shortage of affordable housing. There are people living in poverty. There are people who live on the streets. There are people who cannot find work and are in the welfare cycle. They are in fact the children of parents who are themselves in the welfare cycle. Those are some of the problems. We need to encourage other communities to grow and become vibrant and have an economic base so that they will provide for their own. There is a level of dignity in the country which all Canadians not only should aspire to but are entitled to. That is why we have to invest.

I agree with the sentiment of the motion today. It makes some sense but the onus on all parliamentarians would be to ensure that the kinds of investment we make are equitable among the municipalities, the communities of Canada. We must make sure that those moneys are properly cost shared. We must make sure that those programs are implemented and delivered on a timely basis. We must make sure that the people of Canada have every evidence that their hard-earned tax dollars have been used for the betterment of the communities of Canada.

They are very noble objectives but we have had some bad examples in the past where programs that were promised did not happen. We have had programs where moneys were given. I can recall a situation where moneys were given for MRI, magnetic resonance imaging, equipment for the health system in various

communities. It turned out that the moneys were used not to buy new equipment but rather to pay for equipment that had already been bought but not paid for.

Those are the kinds of things that should be the intent of the motion, to increase the availability of health services or health equipment and diagnostic equipment or to increase affordable housing or to reduce the level of poverty or welfare, or to create the supports that are necessary within a community. Each community would take care of its own members, whether they be the disabled, the mentally ill, youth alienated from their families, aboriginals off reserve, transient women or those who have dependencies on drugs or alcohol or other maladies.

• (1650)

Communities need infrastructure because it allows them to provide the kinds of supports and services that their people need. Then every community can say with pride that it makes the necessary contribution so its people can be proud of their contribution to the growth and development of Canada at large. We are the sum of our communities in terms of our economic health and well-being. When any community suffers, we all should share the shame for that.

My intervention was primarily motivated by raising the awareness that there some communities in our municipalities and cities that are not well off and which need support.

The sentiment of the motion is well founded. I know some have raised the issue about jurisdictional authorities, et cetera. There is some concern about moneys being given to the provinces. The federal government raises the taxes through the gas tax, therefore, it is accountable for those taxes. If those moneys are turned over to some other jurisdiction for a purpose, we also have to ensure that there is accountability. We have to make sure that our share of the money, cost shared with one or two other levels of government funding and maybe even some private funding, is in fact properly executed in an appropriate manner and at the best value for Canadians.

We have had far too many examples of where tax dollars have not been wisely spent in some of these programs. That puts a greater onus on us to be more rigorous in terms of scrutiny of the proposed project's accountability by those who have taken government money for specific purposes. There needs to be proper reporting, proper recognition and supports being delivered to the people as a result of those, rather than some of the examples we have had where the intended results were never achieved. We have to learn from our mistakes. I think members will agree that governments are not perfect, that mistakes sometimes are made.

In this particular motion the sentiment is correct. We have a challenge though to make sure that we do it right but that we also have that equitable distribution so that even the least of our communities will have the potential to grow, to help themselves and will have an opportunity to equitably participate in the benefits of the tax dollars of the taxpayers of Canada.

*Supply*

•(1655)

**Mr. Andy Burton (Skeena, Canadian Alliance):** Madam Speaker, my background is in municipal politics, relatively small community municipal politics so when the member opposite spoke about the problems with smaller municipalities and so on, it piqued my interest. However I suspect very strongly that his definition of a small municipality and my definition are somewhat different.

I come from a province that has a lot of very small communities where 8,000, 10,000 or 12,000 people would be deemed to be a large community. I suspect the definitions are somewhat different.

Certainly I agree when the member opposite states that there is a fairly disproportionate amount of funding going to the larger communities. The problem I have as a member from a smaller rural area with small communities is that these funds, these gas taxes and certainly infrastructures funds as well, seem to be tailored around the demands and the requirements of the large municipalities with populations of 100,000 and up, of which there are not a lot in British Columbia. There is Kamloops, Prince George, Kelowna, a few on Vancouver Island, Victoria, and then of course Vancouver that probably fit the bill. However the smaller rural communities just do not fit.

In my estimation, most of these cost sharing programs fit the bill for the urban communities, not the rural communities. The little rural communities are left out. Yet the wealth of Canada comes from our small rural remote areas. Whether it is oil and gas, or minerals, gold, silver, lead, zinc and copper, most of it comes from more remote areas with small communities. Timber resources do not tend to be in downtown Vancouver. They logged that 120 years ago. The timber is in the north where the small communities are. Yet great amounts of money are generated, in terms of income tax, gas taxes and fuel taxes, that go to the federal government but very little of that comes back to these small communities.

That is a real travesty. It is something with which we need to deal. Small rural communities are definitely shortchanged. Quite often they cannot fit infrastructure programs, for instance, because they are cost sharing and they do not have the wherewithal to come up with their share. They have a very limited tax base and in some instances basically none because all the workers have moved out to bigger cities. It is just a huge problem for smaller communities.

Does the member have any suggestions as to how we could better assist, in a financial way, the small rural communities that are really truly the backbone of Canada.

•(1700)

**Mr. Paul Szabo:** Madam Speaker, that is an excellent question. The member has squarely hit the point that I was hoping to make, that there has to be this equity. Let there be no doubt that I come from the sixth largest city in the country. It is a large urban centre but small compared to Toronto. I think 19% of the population of Canada is in the GTA. It is a foreign place to people from remote or rural areas of Canada.

The member raises an interesting aspect. If we were applying things on a per capita basis, communities such as the member has talked about, small rural communities or where there might be some mining, et cetera, which have no population base or no tax base to

speak of, could not possibly get, on a per capita basis, enough money to make any difference.

Maybe the response would be this. Why are we trying to help everybody with the same instrument, as opposed to what would help those areas? How will we ensure that those areas that need infrastructure, or safe sewer and water systems, or roads so trucks do break down as often because of deterioration of roadways get what they need? Those things are probably the most important in some of the more remote areas because of the nature of the activity that goes on there. I agree wholeheartedly with the member.

Maybe we should not consider simply the gas tax because almost under any formula a small community of a couple of thousand people will not share. Maybe we have to look for ways. If we cannot treat everybody the same and be equitable, maybe we should treat those in this gasoline sharing or other instrument of sharing of revenues with those communities that have the potential to develop an economic base and the equity would come by the delivery of other benefits through other programs to the those areas specifically targeted that could not possibly benefit under this program.

**Mr. John Bryden (Ancaster—Dundas—Flamborough—Aldershot, Lib.):** Madam Speaker, just very quickly, in this motion, is there not a problem associated with the fact that any money that is dedicated from the federal government, that is taken out of taxes, is essentially the same thing that was done with Ontario and the rest of the country with health care, where the Mulroney government gave money to the provinces from the tax revenue and the federal government subsequently lost control of that money? Is this not precisely the same situation if we give the money to municipalities, then in one way or another the federal government loses control of that money?

**Mr. Paul Szabo:** Madam Speaker, the member is quite right. This hon. member has hit squarely a key point. This has occurred in the past in some programs. We have to demonstrate that we have learned from those experiences. As we know, the gasoline tax is not a dedicated tax. It is not dedicated to be invested in federal road repairs or for other transportation infrastructure. It goes into the consolidated revenue fund and moneys are given out in other ways.

However, even the Canada health and social transfer is not a dedicated transfer. It is calculated on the basis of how much this province gets for health, how much it gets for post-secondary, how much it gets for the social program funding. Once those moneys are transferred to a province, they are not colour coded and they do not have to spend the health component all on health or the post-secondary all on post-secondary. They can do almost anything they want. From a province to province basis, many have totally ignored support for post-secondary education in favour of getting the health care system to a level that it should be at.

It has started to compromise and created some differences. The member is quite right. We have to guard against these things. We need to have a plan which ensures that any moneys transferred hit the target squarely for the benefit of the Canadians for whom it was intended.

*Supply*

• (1705)

[*Translation*]

**Mr. Marcel Gagnon (Champlain, BQ):** Madam Speaker, I am a bit shocked by the last two speakers. When the hon. member asked his colleague a question, he said, “How is it that, when we give dedicated funds for health care, for example, the government agrees to lose control of that money?”

I want to ask the hon. members opposite if they realize that this is a confederation and that we each have responsibilities? The provinces have their responsibilities. Quebec and the provinces are responsible for health, education and the municipalities. These are not federal responsibilities.

Refunds by the federal government are quite simply money it took that did not belong to it. This money belongs to the provinces so that they can administer what is under their responsibility.

The answer is, “Yes, clearly there is a real problem here”. The problem lies in the interpretation. Our country's problem is that the federal government is not doing its job. All it has to do is its job, which is to give the provinces the money they need to administer what comes under their responsibility in health, education and municipal affairs.

It is scary to hear this from ministers responsible for managing a country, which is a confederation, where everyone should have their own responsibilities. There is the rub.

[*English*]

**Mr. Paul Szabo:** Madam Speaker, I am sorry that I have maybe not expressed myself clearly enough about that point.

With regard to the Canada health and social transfer, the accountability is complete on the transfer. The point I was making about the CHST is that provinces are not encumbered or bound to spend the health component all on health or the post-secondary all on post-secondary. They have the latitude to move it around. It is simply the CHST is calculated with respect to the components and that is how we find the total amount.

What I said about the loss of accountability was, if there were an infrastructure program and it was cost shared and if we were simply to raise the tax, give the money to someone else but have no specific dedicated use, we lose control—

**The Acting Speaker (Ms. Bakopanos):** I am sorry the member's time has run out. Resuming debate.

**Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance):** Madam Speaker, I will be sharing my time with my colleague for Elk Island.

I will begin by mentioning a motion that we brought forward in the House not long ago on June 12. Our motion said:

That, in the opinion of this House, Canada's infrastructure needs should be met by a regime of stable funding; and that accordingly, this House call on the government to reduce federal gasoline taxes conditional on an agreement with provinces that, with the creation of this tax room, provinces would introduce a special tax to fund infrastructure in provincial and municipal jurisdictions.

That motion failed because members of the government chose to vote against it. Now we have a very similar motion before the House

today and the government members tell us that they will support it. We will find out for sure when we have our vote.

However it is interesting to see that repeatedly, over and over in the House, government members have been opposed to the idea of returning a larger portion of gas taxes to the provinces and municipalities so they can put those dollars into improving roads and infrastructure in the communities that need it the most.

In fact we heard in debate today, in speeches brought forward by my colleagues, that other jurisdictions spend a whole lot more on infrastructure and road improvement with the gas tax moneys they collect. I believe close to 92% of all provincially collected fuel taxes are invested into transport related infrastructure projects. The federal government invests about 2.4% of the gas taxes that are collected back into roads.

Think of it as getting 2¢ for every dollar. Imagine that. As a taxpayer, I will send a dollar to Ottawa and Ottawa will then send me back 2¢ for infrastructure services and improvements to roads. Most people would consider that a colossal rip-off.

My colleagues on the other side will say that the other 98¢ goes into general revenues and is spent wisely by the government on health care and priority areas. Over the years we have seen that the government has not done that. It has not used those tax dollars wisely. It has taken the tax dollars of Canadian and wasted them on lots of different things like the billion dollar boondoggle where the Minister of Human Resources Development admitted she did not know where a billion dollars went.

There was the advertising grant scandal that led to the former minister of public works being sent off to Denmark as our ambassador. There are all the things that have been built as tributes to the Prime Minister in his hometown of Shawinigan. Canadians are very tired of this kind of thing. If their dollars were being wisely invested into priority areas, that would be something else. However they see the abuse of their dollars. They pay gas taxes at the pump every couple of days or every week and they see those tax dollars simply go to Ottawa to die. That is not right.

We need a plan in place but I do not think we will get it from this government. We did not get it from the finance minister who will be the future prime minister and is the current leader of the Liberal Party. In fact he was the one who put in place a one and a half cent a litre tax to retire the deficit. When the deficit was retired, he forgot to take off that cent and a half tax. I do not think he forgot. He purposely allowed that tax to stay in place even though the deficit had been retired. When he was the minister of finance, he was sucking out hundreds of millions of dollars more than he needed to and not returning those dollars back to the provinces and municipalities for improvements to roads and infrastructure projects. That is simply not okay.

*Supply*

● (1710)

I mentioned earlier some transportation projects and infrastructure and road projects in my own riding. Dollars could have been used years ago to put a bridge into place across the Fraser River from Pitt Meadows-Maple Ridge to Langley. That project has been talked about for close to four decades, but the dollars have not been available. If dollars were returned to the province, that project could have been completed many years ago. It is on the books to go ahead in 2006 with no thanks to the federal government, but with thanks to local municipal governments and the Government of British Columbia.

The Pitt River bridge has had some work done on it, but vast improvements could be made there too if infrastructure dollars were returned to the provinces and to the municipalities as we are proposing. The twinning of Lougheed Highway from Maple Ridge to Mission was also talked about earlier.

Those are key important projects that could have been improved. Safety for the residents in my riding could have been improved. The flow of traffic in goods and services around the lower mainland could have been improved.

We are losing millions of dollars in productivity because of the snarl that we face in our community in the lower mainland because the government has refused to put back dollars it has sucked out of Canadians and British Columbians through fuel taxes. That needs to change.

The Canadian Alliance is suggesting that the federal government permanently vacate a portion of the federal gas tax, about 3¢ to 5¢ a litre, and allow provinces the option of collecting that revenue. In order to ensure that this money is not used for other purposes, as was suggested by our Liberal friends here, the transfer of these revenues to provinces and on to municipalities would be conditional on signed agreements that these resources would be used for infrastructure. The government could do that. We will do that because it is part of the Canadian Alliance policy.

We heard the government trumpet its infrastructure programs in the House today. I remind people who are watching today and listening to this debate that they are “take a dollar give 2¢ back” kind of programs.

We see big signs wherever the federal government is building roads. I encourage people to put up their own signs where roads have not been improved saying that the road has not been improved because the federal government has not returned tax revenue back to their local municipality or to their province. We would see signs like that in a lot of places if individuals chose to point out the fact that the federal government has not been doing its job in returning gas tax revenues to the provinces and to municipalities.

Our plan would provide a reliable and stable revenue source for infrastructure. It would be as transparent and visible as constitutionally possible. It would have zero additional administrative and compliance costs. The provinces already have their infrastructure programs and collect gas tax revenues. Our program would be efficient. Additional resources would be allocated to regional and local priorities. Our program would be equitable.

These revenues would become part of the equalization formula to ensure that all provinces received the same per capita share of gas tax revenues. More important, this approach promises a worthwhile level of funding. We would see a lot of changes. We would see a lot of improvements to the municipalities and provinces in terms of infrastructure programs and roads, and improvements that need to be made.

We know that government members and the former finance minister, the current Liberal leader and future Prime Minister, have said that many cities have suggested that having access to a portion of the revenues generated by the gas tax would be a significant help in making their budgets more reliable and predictable.

How can the people of Canada trust a man who was at the helm for nine years imposing these taxes, had every opportunity to put this kind of plan in place, and who chose not to change this “take a dollar give 2¢ back” program in terms of infrastructure? How can we possibly trust him to now change that and give Canadians the proper amount of infrastructure and road support that the municipalities and provinces need?

That simply will not happen. Canadians can only trust a group such as the Canadian Alliance with a new plan and a new policy.

● (1715)

**Mr. John Bryden (Ancaster—Dundas—Flamborough—Aldershot, Lib.):** Madam Speaker, I just want to follow up on the member's last remarks.

Is there not a danger in this type of regime—in fairness to the government were it to go for this proposal—in times of shortage when federal revenues are tight and if we have dedicated revenues going to the municipalities, that something like SARS might come up, or there might be a terrorist attack, or there might be an enormous blackout that would suddenly require the government to spend there rather than fulfill its commitment to the municipalities?

Would the member agree that under such a circumstance, whatever accord we come to here, the government should set its priorities according to the emergencies of the day and withdraw the spending from the municipalities if indeed there are higher priorities because of the contingencies of the times?

**Mr. Grant McNally:** Madam Speaker, our plan calls for ensuring that any money that was dedicated from fuel taxes would not be used for other purposes, and that the transfer of these revenues to provinces and on to municipalities would be conditional on signed agreements that these resources would be used for infrastructure.

I would suggest to my friend on the government side that the government may want to reallocate dollars from friends to the government that are getting grants and contributions. There are billions of dollars that we have identified across government departments that are simply used to pay off friends of the government. We have seen that time and time again in the last 10 years that we have been here.



Those are low priority items such as fountains in Shawinigan and business development loans to friends of the Prime Minister. We saw \$1 billion suddenly disappear in the HRDC situation and hundreds of millions of dollars were used in the advertising grants scandal. Where did those dollars go? They did not go to roads.

• (1720)

**Mr. Paul Szabo:** Madam Speaker, I rise on a point of order. I know that all members would like to respect the presumption of honesty of all members. The member will know that the \$1 billion in HRDC was the total cost of the program. All of the \$1 billion were not lost.

**The Acting Speaker (Ms. Bakopanos):** Does the hon. member for Dewdney—Alouette wish to finish his answer to the question?

**Mr. Grant McNally:** Madam Speaker, I thought it was a point of debate and I think I was right.

**The Acting Speaker (Ms. Bakopanos):** Questions and comments, the hon. member for Mississauga South.

**Mr. Paul Szabo (Mississauga South, Lib.):** Madam Speaker, as the member knows, I spoke earlier in support of the motion before the House. The member said in his previous response that the moneys that were to be shared for the gas tax revenues would be transferred to the provinces and then to the municipalities for infrastructure.

Would the member be satisfied that the transfers to municipalities by provinces would be made in an equitable fashion to all municipalities, particularly those that have the potential for economic development and those who need basic infrastructures of roads, sewers and bridges in order to sustain economic development?

**Mr. Grant McNally:** Madam Speaker, I would submit that any government that chose not to allocate resources where they were most needed would do so at its own peril. In fact, if there were something that needed to be done and those dollars were not being allocated, then the government would do so at its own peril.

Just as our friends across the way, when people catch on to the fact that they have been sucking out a dollar and giving back 2¢ in the infrastructure program and gas tax revenue plan, they might eventually get the point that the government is not adequately funding infrastructure programs such as roads.

The government is not doing its fair share. That has been clear and evident and that needs to change. Other jurisdictions fund a much higher percentage from gas taxes than does the federal government.

**Mr. John Bryden:** Madam Speaker, should the government be prepared to run a deficit in order to maintain this particular program?

**Mr. Grant McNally:** No, Madam Speaker.

**Mr. Ken Epp (Elk Island, Canadian Alliance):** Madam Speaker, I will be brief, obviously of necessity, which of course is my usual pattern anyway.

I would like to emphasize that I support this motion. It is atrocious that the government is wasting billions of dollars on unaccounted for programs such as the gun registry, the billion dollar boondoggle in HRDC, and the millions of dollars that are spent in advertising in Quebec. It takes all of this money from Canadian taxpayers, including money collected on gasoline, and pays back such a paltry amount to maintain our roads.

### *Private Members' Business*

I look around at the different roads in this country that I have travelled on and almost universally they are terribly substandard compared to those in the United States. As a matter of fact, whenever I go down there it usually takes me about a month or so to adjust back to the poor road design and construction in Canada. It is time that we put some real money into that because with a country as vast as ours, it is obviously very important that we have good transportation systems.

With the railroads in this country increasingly being cut back, more of our goods and services are being hauled by trucks on our highways. We had better have good roads. They had better be in good shape not only for the efficient movement of our goods and services, but also for safety.

I would like to point out again a couple of my hobby horses. The 1.5¢ per litre tax that the government imposed to reduce the deficit is redundant because the deficit is gone. We thank the Liberal government for taking our advice over the last 10 years and eliminating the deficit. That tax was brought in as a deficit reduction measure and the tax is still here. It ought to be gone because that was the justification for it at that time.

Of course, as a mathematician I must always add that with the 7% sales tax on top of that, it is not 1.5¢ a litre. It is really \$1.605¢ per litre that the government is taking from us. It is taking billions of dollars, year after year, and not returning to the provinces the money that they so desperately need to provide for a high grade, up to date, and modern road system.

• (1725)

[*Translation*]

**The Acting Speaker (Ms. Bakopanos):** It being 5:26 p.m., pursuant to order made earlier today, all questions necessary to dispose of the business of supply are deemed put, a recorded division is deemed demanded and deferred to the end of the period provided for government orders on Tuesday, October 7, 2003.

[*English*]

Is there agreement to see the clock as 5:30 p.m.?

**Some hon. members:** Agreed.

**The Acting Speaker (Ms. Bakopanos):** 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.

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## PRIVATE MEMBERS' BUSINESS

[*English*]

### ETHICS COUNSELLOR

The House resumed from May 16 consideration of the motion.

**Mr. Ken Epp (Elk Island, Canadian Alliance):** Madam Speaker, I would love to keep talking about taxes, but I am also honoured to be able to expose the foibles of the government when it comes to matters of ethics. I think it should go without saying that this particular motion must be supported by all members of the House.

*Private Members' Business*

The motion we are dealing with was presented by the member for Calgary Centre. It is a motion for what is called the production of papers, hence the label of the motion is P-15.

The production of papers, for those who may not understand it, is for the basic purpose of providing information to the member of Parliament requesting it in the motion, and thereby to the public, on something that has happened behind closed doors.

I am sure the member for Calgary Centre has more experience in the House than I probably ever will have. He knows all the rules and he knows about all the things that happen here, so I am a little reluctant to give him this caution, but I will: "Be careful what you ask for, because if you get it, it may not be that useful".

I speak from experience. The one time that I did get the possibility of having a motion debated was on a production of papers motion that I put myself, at the time when we were talking about the Royal Canadian Mint and its decision to open a coin plating plant in Manitoba. It just so happened that the Mint rejected all my pleas for information so we finally brought that motion into the House and it was carried here.

Lo and behold, the people then came into my office with literal pallet loads of paper. When I checked through them, which I did at some length, I saw that a lot of it was just repeats of memos that were sent. In other words, I was given a copy of a memo that had been sent to someone who had copies of previous memos, so I got the same memo probably 50 or 80 times. It was a huge volume of paper. It took us an awful lot of time to go through it. The amount of information divulged actually was not that great in the end, but it took so much time to wade through it.

Therefore, if the right hon. member for Calgary Centre is actually going to get this motion passed, and I presume he will, because I think the government should be embarrassed to vote against something like this, then he should also be ready to have his staff and maybe he himself go to work for some period of time to read all the paper that will come in the paper blizzard.

This particular issue has to do with the resignation of the then solicitor general. I do not remember the name of his riding, but he was the solicitor general way back then and he was forced to resign. The thing that was so interesting about it was that on his resignation he did not admit he was at fault. He merely said that on meeting with the ethics counsellor, the ethics counsellor had some reservations about some of the things that had happened so he then had to resign because that was the recommendation of the Prime Minister. Let us remember that our ethics counsellor reports to the Prime Minister.

We could go into a real sidebar here and talk about an independent ethics counsellor or independent ethics commissioner, something which the government is proposing to provide to the Canadian people, but which unfortunately, in matters dealing with ministers, is still going to be exactly the same as before. The whole modus operandi is fairly well identical, with a few minor changes.

So that is not going to be the answer to the problem, but however, in this particular instance there is an interesting dilemma because the former solicitor general never did admit that he was guilty. He never did admit that he had done the things with which he was charged, but we the Canadian people, we the parliamentarians, were never privy

to what it was that he had done wrong. What did the counsellor find? What were the grounds?

• (1730)

I think the fact that the solicitor general basically denied guilt would have him now eager to bring all this to light. I know I would be. If the ethics counsellor had decided on an issue with respect to me and I was totally convinced that I was not guilty as charged, I think I would want to have all the information made public so the public could judge for themselves. That is one of the reasons why we have public courts, public hearings and the independent hearings at various levels in the judiciary. These things are public so that people can see what the facts are and draw their own conclusions.

If I were that minister, or that ex-minister, I would welcome this debate. I would welcome the exposure of truth. I would welcome the divulging of all the information from the ethics counsellor on this particular file, because if he is in fact innocent this will show the people of Canada that he is in fact innocent. If he is not innocent but guilty, then we as parliamentarians and Canadians still have the right to know the truth of the matter.

I believe that this motion brought forward by our colleague from Calgary Centre is therefore a very important motion. It is one which I would urge all members to support. Of course I have a difficult task right now because I am persuading members to vote for it who may not right now be hearing me. It is possible that all those members on the other side who have it in their power to decide whether this motion shall pass or fail may not be persuaded by my words since they may not have heard them.

I urge them right now to sit up and listen and take note, because it is very, very important that this motion be carried. I am trying to persuade them now to vote in that way. I also presume that after this little challenge the word will get out, all of them will eagerly look at *Hansard*, read this speech and the others that have been made, and hopefully they will hear the arguments and make a wise decision.

It is not a good policy to do government business behind closed doors. I know that some of it has to be for matters of national security, and sometimes there are matters of privacy, but when one is a cabinet minister doing government business, I think the general rule, the general principle, should be as much as possible that all of the business is done in a transparent fashion and is open, accessible, and available to parliamentarians, to Canadians and to journalists so that the facts of the matter can be fairly reported.

Of course that is also a great responsibility for us as parliamentarians: to keep pushing and pushing for openness and transparency in all areas. Because if we can get it in areas like this, then hopefully we will eventually change the culture of secrecy and the culture of confidentiality this government has undertaken in order to protect itself.

I know it is not the object of this motion, but I sure would like to see the negotiations that went on with the former minister of public works and government services. I would like to see the communications, copies of notes, phone calls, e-mails, and the letters and faxes between the Prime Minister and that member which led to that member's resignation, not only from cabinet but indeed even from Parliament. And to see him actually extradited to a different country to me is a tacit admission of guilt, and I believe that Canadian taxpayers, Canadian voters, have every right in the world to be aware of the facts in cases like that.

That is the only way. If all of us knew that what we do, what we write and the decisions we make would one day be made public, even if not that same week but maybe at the end of our term of office, it might just tip the balance on making a proper ethical decision rather than an unethical one, just because of the fact that the accountability factor is a very important one.

• (1735)

Therefore, I would urge all members of the House to vote in favour of Motion No. P-15. Let us have those papers produced. Let us expose the truth. No one should ever be afraid of the truth. Let us do this. Let us support it. I hear the hon. members over saying, "Quit talking already; we are already convinced", so I will do that.

[*Translation*]

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Madam Speaker, I am pleased to have the opportunity to speak today to this motion by the hon. member for Calgary Centre, which I shall read:

That an Order of the House do issue for the production of copies of all reports of the Ethics Counsellor concerning the former Solicitor General.

When ethics are being discussed, one always gets the impression that what is involved happened a rather long time ago. Obviously, however, the former Solicitor General's problems with the Ethics Counsellor and his own ethics are fairly recent events. The former Solicitor General had to resign on October 23, 2002. Last year, that is just under a year ago, we were discussing the problems of the Solicitor General and, obviously the Ethic Counsellor's report.

This is important for those who are listening to us in Quebec and in Canada, because the title of Ethics Counsellor is a rather fancy term for a person whose job it is to see that elected representatives behave properly.

I have had experience with this situation involving the Ethics Counsellor just because I am a product of the 2000 election campaign. I had never been involved in any political organization before, being involved in politics at another level, the municipal level. I announced my candidacy on the day the election was called. I must admit that two weeks prior to that, I myself did not know I was going to run. It was just something that happened. I am happy to represent the people of Argenteuil—Papineau—Mirabel, who saw fit to place their trust in me.

The election campaign was tainted with scandal, the Auberge Grand-Mère affair. The Prime Minister of Canada was accused of all manner of wrongdoing, obviously, because he had been involved in decisions concerning an investment in which he had shares, shares he had, or had not, sold. Finally, in mid-campaign, Ethics Counsellor

### *Private Members' Business*

Howard Wilson quite simply declared him not guilty of all the accusations made against him.

As for me, just getting into politics, I figured that if an ethics counsellor declared him not guilty of the accusations people were making, then he was cleared of everything they were trying to pin on him. The public also let the Prime Minister off. They said that in the end, he was cleared by the ethics counsellor.

Once I took my seat as an elected member of this Parliament, then we had the discussions about the ethics counsellor. What is an ethics counsellor? An ethics counsellor, to my great surprise, is a person appointed by the Prime Minister, who reports to the Prime Minister; that person provides documents only to the Prime Minister. Obviously, the grand, sad outcome of the Auberge Grand-Mère scandal was that the Prime Minister was cleared of all accusations by someone he himself had appointed.

That was my introduction to the wonderful workings of Canada's Parliament. During the election campaign it was a big decision, a big announcement. A person no one had ever heard of, the ethics counsellor, had cleared the Prime Minister. For me, as a new candidate, it was important to see this result.

After all that, once I was in the House, I found out that it was, in the end, a person appointed by the Prime Minister, who reported to the Prime Minister and gave documents only to the Prime Minister. I can understand that the hon. member for Calgary Centre wants to get what he is asking for with this motion today, that is, to find out whether this has happened to other politicians in the House, besides the former solicitor general.

I would like to remind you of what happened. I will make it brief. The former solicitor general was the subject of an investigation by the ethics counsellor, Mr. Wilson. Mr. Wilson began this investigation on October 4, 2002, based on accusations of favouritism directed at the former solicitor general in a matter concerning a \$100,000 contract given to a firm in which his official agent had a financial interest.

At the time, the Prime Minister explained that Mr. Wilson had cleared the former solicitor general of any breach of ethics in the matter I just referred to. The Prime Minister added, and I quote:

In the case of a public institution owned by the provincial government, the ethics counsellor said that he should not have intervened.

• (1740)

Furthermore, once he received the report from his ethics counsellor, the Prime Minister said that he had seen the documents and then he made a statement to the effect that no files should have been referred to the ethics counsellor, and that the latter should not even have handled the case.

It is extremely difficult for the public to understand how Parliament can appoint an individual responsible for overseeing the Prime Minister's machinations when this individual reports solely to the Prime Minister and never has to disclose any information to anyone in this House or outside it concerning his reports to his boss.

*Private Members' Business*

For that reason, the Bloc Québécois will support in its entirety the motion introduced by the hon. member for Calgary Centre. The Solicitor General decided of his own accord to step down as minister. The Prime Minister can say all he wants that he did not fire him, the investigation was serious enough for the Solicitor General to decide to hand in his resignation. This is a key point.

The public has never learned the contents of the report, nor have the members of this House, who are however elected by voters to represent them and to try to expose the truth about such machinations. This is probably why many politicians have a bad reputation, because the truth is never exposed.

When it comes time to vote on the motion by the hon. member for Calgary Centre, all the Liberals in the House will probably stand and vote it down. I am pleased that my colleague from the Canadian Alliance asked the House to vote in support of this motion. He can ask, but we are well aware of what the answer will be. The Liberal members will stand and vote against this motion. They do not want the truth to be exposed.

I am certain that no Liberal member knows what is in the report, and none want to know. That is what is sad. This is how they handle things with an ethics counsellor.

However, I know that bills are introduced in this House in an attempt to change the status of the ethics counsellor. This often leads to confusion. When the government senses that things are going poorly, it seems open to the idea of introducing a bill to try to change things so that the public will have a better perception of what it is doing.

However, this is 2003, and the infamous ethics counsellor still has the same authority he did when he was appointed ten years ago. He still reports only to the Prime Minister, is accountable only to the Prime Minister, and never tables any reports in this House. This is 2003.

Perhaps in a year we will have new legislation requiring him to be more transparent to Parliament. I find it absolutely normal for the member for Calgary Centre to put forward a motion in this House, as he did, saying that in the case of the former Solicitor General, the ethics counsellor should, in all transparency, table all the evidence and documents related to this case, before parliamentarians. That is an example of how to be completely transparent.

But I know how things will turn out. We in the Bloc Québécois will vote in favour of the motion. The Canadian Alliance will likely vote in favour, as will the Conservatives. The Liberals, however, will again decide to conceal from the public what went on in this matter. This is aberrant, but not the first aberration I have seen in this House since I came here in 2000.

I am not going to list all the scandals that have affected the government: sponsorships, HRDC, all the others that have not been clarified. Part of the response to all these is connected with the ethics counsellor problem.

I will give another example of what the Ethics Counsellor can do. He even managed to authorize meetings in the case of the former finance minister, the hon. member for LaSalle—Émard. He even allowed that member to meet with the administrators of his company,

Canada Steamship Lines, and thus obtain certain information. Each time we ask the member for LaSalle—Émard about his dealings with his company, he tells us that he acted with the approval of the Ethics Counsellor.

• (1745)

Once again, there were discussions, speeches, minutes of meetings and reports, none of which will ever be seen in this House.

[English]

**Mr. Gerald Keddy (South Shore, PC):** Madam Speaker, it is a pleasure to speak today to the motion by the right hon. member for Calgary Centre that was originally introduced in October of 2000. For the benefit of the people who are not aware of what this debate is about, the motion reads:

That an Order of the House do issue for the production of copies of all reports of the Ethics Counsellor concerning the former Solicitor General.

I find it rather ironic, however, that twice now since this House has resumed sitting I have been called to speak in this place on issues of ethics relating to the terrible record of the current government on and with respect to ethics. It seems no matter how fast the government attempts to force through a highly debatable ethics bill, one incident after another continues to stain and tarnish the old reputation of the current Liberal regime.

A comparison could be made to that carny game or midway game where one tries to hit fake groundhogs with a hammer faster than they can pop up, except in this case the hammer is poor government legislation and the groundhogs are ethical disasters.

This government has faced a long list of debacles and ethical blunders that has caused the resignation of four members of the Crown and, in addition, some questions regarding ethical conduct remain unanswered.

Prime minister number one faces unresolved questions regarding the now infamous Shawinigate affair. Prime minister number two faces unresolved questions regarding his blind trust over a multi-million dollar shipping empire, a blind trust that allowed several sneak peeks through venetian blinds when the million dollar deals were on the table, kind of like having a chance to look at one's own quarterly reports.

Most recently a long list of government overspending on travel and hospitality expenses has made it clear that the former privacy commissioner was not alone in his zest for fancy meals and exotic trips.

The motion I am discussing today relates to one particular ethical groundhog that the Liberals keep wishing will just go away. This is the case, obviously, of the former solicitor general.

The motion refers to the finding of the ethics counsellor that the former solicitor general was innocent of any wrongdoing shortly before the member resigned from cabinet. The obvious question that has yet to be answered is this. If the member had done nothing wrong, why would he be forced to resign? There is a real paradox here to which somehow or another I am not quite seeing the answer.

*Private Members' Business*

In a court of law it would be unheard of for a man or a woman to stand accused of a crime where the evidence was hidden from the jury and for the judge to proclaim him innocent before sending him to prison anyway. The former solicitor general stands accused, yet the evidence is hidden from the jury of the Canadian public. The ethics counsellor has proclaimed him innocent, yet he was sent to the backbenches of the Liberal Party as punishment.

By comparison, if both prime minister number one and prime minister number two were as innocent as the former solicitor general, then the precedent would be they would resign as well. I realize that does not seem logical, but following the logic that the government has already put into place, that is exactly what would happen.

For those who do not recall the main incident in question today, a brief refresher course might be in order.

In the fall of 2002 it was revealed that the member for Cardigan, Prince Edward Island had been involved in the granting of several contracts that benefited his friends, his supporters and his family. These contracts were awarded to the member's brother, to the president of the P.E.I. Liberal Association and to his personal friend and official agent, Everett Roche. It was obvious that these contracts were not remotely in the spirit of the conflict of interest guidelines as, while they did not benefit the member directly, they did benefit his friends and family. The member in question, despite the evidence, continued to believe that he was serving the interests of his riding rather than conducting a blatant act of political patronage.

Prime minister number one's loyal ethics counsellor has assured us that the former solicitor general did nothing wrong, but refuses to produce the evidence that proves that he did nothing wrong. If the government has not earned the trust of Canadians on ethical issues, why should the people believe the ethics counsellor?

• (1750)

A man who is required only to report to the Prime Minister presents an opportunity for the government to round up all the loose ethical groundhogs and hide them behind the barn on Sussex Drive. Given this record of covering up ethical debacles, it is no surprise that the stonewall of silence has yet again been lowered to defend against the right hon. member's motion for the production of papers. If there is nothing to hide, produce the papers.

But wait, what is this? The government has introduced a new ethics bill that will make the ethics commissioner more accountable to Parliament. The proposed ethics commissioner will have powers to investigate ethical issues, analyze facts and draw conclusions. That information will be released to the prime minister, to the person making the complaint and to the minister under investigation.

Canadians should note, however, that although the bill calls for information to be released simultaneously to the public, the commissioner will also provide the prime minister with confidential information that will not be included in the public report. In other words, the government is reserving the right to edit the public record and hold back any damaging or unethical findings.

To resort once again to my groundhog analogy, and we would call them woodchucks usually in the east coast, the government wants to reserve the right to hide the evil and malicious groundhogs out behind the barn and let the nice, cute innocent ones hop around in

the House of Commons. Rural Canadians know how to look after groundhogs.

That being said, those members who have broken the code of ethics should not be protected if they are guilty of crimes of which they stand accused. Further, the electorate needs to know if its representative has broken its trust.

Therefore the Progressive Conservative Party is pleased that after many years of deplorable ethical conduct, prime minister number one's last gift to Canada is to impose a stricter code of conduct on his successor.

Canadians will wonder however whether the timing of the bill is for the good of the country or is it one last joke at the expense of prime minister number two? Perhaps so. It is the hope of the Progressive Conservatives that it will not be lame duck legislation and that it will be a first step in leading to improved ethical standards and parliamentary reform in Canada.

With respect to the motion in question today, the Liberals will likely hide once again behind Beauchesne's citation 446 as an excuse not to disclose information citing papers that may reflect negatively on the personal competence or character of an individual or papers that should remain within cabinet confidence should be hidden from the public. The Liberals have pulled the manoeuvre consistently since October 2002, citing that protection of an ethical groundhog's personal character is more important than the fact that they are eating every crop in sight.

Having said that, Beauchesne's citation 446 also cites that in 1973 the Liberal government tabled in the House of Commons its views on the principles and exemptions governing motions for the production of papers. The House of Commons never accepted these principles and exemptions, which is kind of remarkable actually, outlined in Beauchesne's and the House has never agreed to the government's self-preserving restrictions and has always reserved the right to call for the production of any necessary documentation, as it should.

Therefore, I would urge the government to stop hiding its ethical disasters and instead deal with them in a manner that is open, forthright and final. A good place for the government to start addressing these ethical questions would be to produce the papers of the ethics counsellor regarding the member for Cardigan, the former solicitor general.

• (1755)

**Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.):** Madam Speaker, let me remind the House what it is we are voting on:

That an Order of the House do issue for the production of copies of all reports of the Ethics Counsellor concerning the former Solicitor General.

*Private Members' Business*

A former Prime Minister of Canada, a privy councillor, and a senior one at that, is asking for documents taken under oath of confidentiality to be made public. He is asking the present government, the present Prime Minister of Canada, having accepted under secrecy from one of his ministers, personal information, confidential information about himself, perhaps his personal assets, perhaps everything involving family matters, and anything else, to be made public on the floor of the House of Commons. That is what the motion says.

**Mr. Ken Epp:** That is right.

**Hon. Don Boudria:** The hon. member across the way says that is right. We will soon have a code of conduct for MPs, and I will see whether the hon. member from across the way feels the same. We voted on the bill last night and members across the way voted against it. We will see whether the hon. member would want his own personal, private information given under sworn secrecy to be made public against an oath previously made. The right hon. the former Prime Minister of Canada is asking members of the House to do something like that.

**Mr. Ken Epp:** Is national security addressed?

**Hon. Don Boudria:** The hon. member across the way, who usually has an opinion about just about anything whether he knows anything about it or not is asking what the person may have to hide. Can I suggest to the hon. member that it is none of his business. If any hon. member of the House has personal liabilities, a mortgage, personal difficulties of another kind that he or she might have discussed with the ethics counsellor, they are not matters for the public record. Does the hon. member reveal to us what he says in a confessional? That is the secular equivalent of what is being asked on the floor of the House of Commons.

What kind of nonsense is this? If it was coming from an hon. member who did not know better, we would half excuse it, but it is coming from the right hon. the former Prime Minister of Canada. In his dying days politically in this Parliament, is that what the right hon. the former Prime Minister of Canada, the member for Calgary Centre, has to say to all of us in the House? Is this prime ministerial for someone who, for a very brief period of time best qualified as gestational, was in office for some nine months, some 20 something years ago, and returns to the House after having gone all over the country and taken almost a year to take his seat? The last thing he can do in the House before leaving is to say to another hon. member that because he is no longer in cabinet the oath of secrecy, the undertaking that was made to someone to reveal private information and anything like that, does not count because he thinks that individual should show the information to the Canadian public and the House of Commons should vote on it.

I cannot use in a parliamentary sense the words that come to mind to describe what I am thinking. I can say to hon. members across the way that the day may come when they would not want that kind of situation inflicted on themselves. Perhaps they should not try to inflict it on others.

• (1800)

I must say that I listened to the last speech from the Conservative member who talked of the code in the future and those things that we

are undertaking to do in order to improve this House of Commons that we love so dearly, and that is fine. But that is not the same as breaching undertakings in the past and asking a member of this House to—

**The Acting Speaker (Ms. Bakopanos):** The minister unfortunately has run out of time.

**Mr. Gerald Keddy:** Madam Speaker, on a point of order, it is my understanding that the right hon. member for Calgary Centre would have had five minutes to wrap up. It is also my understanding that in order for me to speak on his behalf I need the unanimous consent of the House and I would ask for that.

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

**Some hon. members:** Agreed.

**The Acting Speaker (Ms. Bakopanos):** The hon. member for South Shore has five minutes.

**Mr. Gerald Keddy (South Shore, PC):** Madam Speaker, I thank the members present for allowing me this five minutes. It is very much appreciated. I intend to take at least as many of those minutes as I can.

I have to appreciate the debate from the Liberal House leader and the passion which he brought to it. I also understand the politics behind it. I also understand his ability in the House of Commons and I applaud that.

Fancy speeches aside, that is not what this is about. This is not at all some sort of witch hunt on parliamentarians to get information that is totally deleterious to the debate. It is not about hanging someone's soiled linen on the clothesline for the world to see. That is not what we are discussing here.

We are discussing information that has been hidden from the Canadian public that is not accessible from a minister of the crown. A minister of the crown is not a regular MP. A minister is not a backbencher in the opposition or in the government. It is a minister of the crown, someone who is a privy councillor. The person has a greater responsibility, a greater public trust, than other members of Parliament.

The individual was forced to resign for something that occurred in his office. Members of Parliament and the Canadian public do not know the reasons. That is why the papers are being asked for.

It is nothing about the character of the individual. It is nothing about wanting to find out something about his personal life. I am sure the right hon. member could care less and certainly I could care less, but I do care to know if the Treasury Board rules were broken. I do care to know if the rules of Parliament were broken. That is important. That is not just a question of ethics. That is a question of law.

Nobody has the right to abuse the privilege of their office, not an opposition member of Parliament nor a government member of Parliament, and especially not a minister of the crown.

*Adjournment Debate*

This is not a witch hunt for all members of Parliament. This is not to ask for the personal papers of a member of the Privy Council or a member of the Treasury Board who has not been forced to resign. This is to ask for papers from a minister of the crown who was forced by his own government to step down. Then that same government said, "No he did not have to step down for ethical or criminal reasons. He stepped down because we told him to, but he did not do anything wrong".

To the guys on that side of the House, if that is the reason that one has to step back from cabinet, that is dangerous. I am sure one does not want to do that.

Although I appreciate very much the passion and the eloquence of the Liberal House leader and his years of parliamentary experience, which obviously show when he comes to debate any issue in the House, I do not agree with him. It is very basic and fundamental. Canadians do have a right to know why a minister of the crown was forced to resign.

I do not care to know what his financial statement looked like, whether he was having problems with his family or his wife, or if he did not make a car payment. I could care less. I want to know if any of the rules, regulations and laws governing Canadians and parliamentarians were broken. I believe that as a parliamentarian I have a right to know.

• (1805)

**The Acting Speaker (Ms. Bakopanos):** It being 6:09 p.m., pursuant to order made earlier today, all questions necessary to dispose of Motion No. P-15 are deemed put and a recorded division is deemed demanded and deferred until Wednesday, October 8, 2003 at the expiry of the time provided for government orders.

Are we all in agreement to see the clock at 6:30 p.m.?

**Some hon. members:** Agreed.

## ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[English]

### FIREARMS PROGRAM

**Mr. Inky Mark (Dauphin—Swan River, PC):** Madam Speaker, it is a pleasure to rise this evening to talk about the failed Liberal long gun registry.

Canadians do support gun control. We all understand that and we all believe in it. In fact Canada has had a handgun registry since the 1930s. It is high time that we did a thorough review and analysis of that registry which goes back to the 1930s. Historically, Canada during the second world war had a long gun registry which ran for a few years and after the war was over it just kind of disappeared.

Regarding former Bill C-68 and the long gun registry, Canadians are sick and tired of having their taxes wasted on a failed registry. It is time for the Liberals to face the music and understand that yes, they as a party can make mistakes, and I am sure Canadians would forgive them, but the Liberals continue to waste our dollars. In the

recent estimates under the Solicitor General there are \$10 million in new allocations to the failed long gun registry.

The newspapers over the last couple of days illustrate how bad it really is. A headline in the paper reads "Ottawa report blasts gun registry: Unreliable data threaten key screening goal of the program". That is the reason we had the long gun registry in the first place, to help the policemen on the street. The report says that one of the chief goals of the program, continual screening to make sure gun owners remain eligible for licences, is threatened by unreliable information contained in a massive database that is supposed to tip police and the Canadian Firearms Centre to individuals who should not own firearms.

Another headline reads "Country's gun-death rate drops to an all-time low: Anti-gun groups hail firearm regulations, but don't credit the federal gun registry". What does that say? It is basically a waste of money to register the shotguns of duck hunters and target shooters.

According to the Canadian Press the rate of gun deaths in Canada fell to an all-time low last year providing fresh ammunition for gun control advocates and drawing envy from south of the border. The 26% of homicides committed with a firearm was the lowest proportion since statistics were collected in 1961. Statistics Canada reported yesterday that stabbing was the most common method of killing, accounting for 31% of the homicides, beatings resulted in 21% of the deaths, while strangulation or suffocation came in at 11%.

In other words, it is time that we suspended the long gun registry and that we had a public inquiry into this mess. There are many reasons that we need to have an inquiry.

More than half a million gun owners in Canada failed to obtain a firearm licence and cannot register their guns without one. Are they criminals if they are caught with an unregistered firearm or if they are unregistered themselves? More than 600,000 individuals still have to register or re-register their firearms.

Justice Department officials admitted they had received only 53,000 letters of intent to register this summer. The government refuses to release the entire—

• (1810)

**The Acting Speaker (Ms. Bakopanos):** Order. The hon. Parliamentary Secretary to the Solicitor General of Canada.

**Mrs. Marlene Jennings (Parliamentary Secretary to the Solicitor General of Canada, Lib.):** Madam Speaker, I did not hear a question, but I will address some of the comments made by the member for Dauphin—Swan River concerning the firearms program and its administration.

*Adjournment Debate*

First, I wish to assure the House and Canadians listening that the program is indeed working. The hon. member spoke about waste of money and talked about \$10 million in new money. He clearly knows that is not the case. The \$10 million that we voted on last week was money that Parliament had already approved in a previous financial exercise and it was a technical way to ensure that the money carried over into the new fiscal year.

Second, members of the House will recall that on April 14, 2003, the Canada Firearms Centre was transferred to the portfolio of the Solicitor General from the Minister of Justice and on July 31, the centre became an agency.

It is a natural fit for the Solicitor General portfolio. The Solicitor General's main focus is on enhancing public safety and as such no department officials were involved in the delivery of the program between April 14 and April 30. Public servants from the Solicitor General's office were involved.

What are some of the things that the program has managed to do? Let me list them. On May 30, a commissioner of firearms was appointed. The commissioner reports to the Solicitor General and has full authority and accountability to all federally administered elements of the Canadian firearms program.

In addition, the position of registrar of firearms was recently moved from the RCMP to the Canada Firearms Centre. The registrar now reports to the commissioner of firearms.

• (1815)

[*Translation*]

In addition, in keeping with the government's action plan, announced this past February, the positions of head of the financial branch and head of operations have been staffed.

The Canadian Firearms Centre continues to take steps to improve the management and operation of the program, in order to enhance its efficiency, transparency and service to the legal users of firearms.

[*English*]

For example, licence applications must be completed in 45 days and registration applications in 30 days. Licence and registration applicants can now check their application status on-line. Internet registration remains available at no cost and businesses can now

transfer firearms to other businesses and to individuals over the internet.

Canadians support the firearms control program.

**Mr. Inky Mark:** Madam Speaker, if the program is so successful, why is it that eight provinces and three territories either want the gun registry suspended or scrapped altogether, with western provinces refusing to prosecute Firearms Act offences? Why is it that three constitutional challenges by aboriginal people are currently before the courts, and gun registration for Inuit people has been stopped by a court injunction?

There are tens of thousands of licensed gun owners who cannot be located in the registry or licensing system. If it is so successful, why are there so many provinces and territories opposing it?

The fact of the matter is that the issue is about getting votes in urban centres. It is about division of rural Canadians versus urban Canadians.

It is not about safety. If it were really about safety, we would put that same money into police forces so that we would have policemen on the streets. We would deal with criminals in a more constructive way and put money into the youth justice system. That is how to deal with infractions.

**Mrs. Marlene Jennings:** Madam Speaker, the member for Dauphin—Swan River is entirely wrong when he states it is a question of trying to get urban votes.

If that were the case, how is it that in my province of Quebec the overwhelming majority of the population—not just the urban population but the population in remote areas—supports gun control and this program?

However, the member asked how it was possible that I could claim that the program was doing well? How about the fact that Canadians are complying and using the services offered by the Canada Firearms Centre? As of today that centre has licensed over—

**The Acting Speaker (Ms. Bakopanos):** Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6:19 p.m.)







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