



CANADA

House of Commons Debates

VOLUME 138 • NUMBER 147 • 2nd SESSION • 37th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Thursday, October 30, 2003

—

Speaker: The Honourable Peter Milliken

CONTENTS

(Table of Contents appears at back of this issue.)

All parliamentary publications are available on the
"Parliamentary Internet Parlementaire" at the following address:

<http://www.parl.gc.ca>

HOUSE OF COMMONS

Thursday, October 30, 2003

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

• (1005)

[*Translation*]

WAYS AND MEANS

NOTICE OF MOTION

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 83(1), I have the honour to table a notice of a ways and means motion to amend the Income Tax Act concerning taxation of non resident trusts and foreign investment entities. I am also tabling legislative proposals and an information document on the same subject.

I ask that an order of the day be designated for consideration of the motion.

* * *

CANADA'S PERFORMANCE-2003

Hon. Lucienne Robillard (President of the Treasury Board, Lib.): Mr. Speaker, I have the honour to table, in both official languages, 87 performance reports on behalf of departments and agencies, as well as a report entitled "Canada's Performance-2003".

* * *

IMMIGRATION

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, pursuant to section 94 of the Immigration and Refugee Protection Act, I am pleased to present, in both official languages, the annual report on immigration for the year 2003.

* * *

[*English*]

CANADA CUSTOMS AND REVENUE AGENCY REPORT

Hon. Elinor Caplan (Minister of National Revenue, Lib.): Mr. Speaker, in accordance with Standing Order 32(2) I have the honour to present, in both official languages, the Canada Customs and

Revenue Agency's third annual report to Parliament for the year ending March 31.

* * *

ORDER IN COUNCIL APPOINTMENTS

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to table, in both official languages, a number of order in council appointments made recently by the government.

* * *

GOVERNMENT RESPONSE TO PETITIONS

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

* * *

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I have the honour to present the 51st report of the Standing Committee on Procedure and House Affairs, which contains a proposed conflict of interest code for members of Parliament.

I also have the honour to present the 52nd report of the Standing Committee on Procedure and House Affairs which describes the committee's work on the conflict of interest code and which also includes a dissenting opinion from the Canadian Alliance.

I would like to thank the members of the committee and the staff who have worked many months on the conflict of interest code. This has not been an easy matter. It is something that is very important for the House and I am most grateful to the staff and all members for their work.

Mr. Ken Epp: Debate, Mr. Speaker?

The Acting Speaker (Mr. Bélair): To the hon. member for Elk Island, there are no provisions in the rule book for debate after presenting a report from committee.

• (1010)

Mr. Ken Epp: Mr. Speaker, it is my understanding that the standing orders do provide for the official opposition to give a clear and succinct statement regarding the essence of the dissenting report.

Routine Proceedings

The Acting Speaker (Mr. Bélair): There is a slight difference between debate and presenting a dissenting opinion. The dissenting opinion is indeed allowed and the hon. member has the floor.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I am sorry I was not clear in my original request.

I would like to point out to members present that we did indeed enjoy working together with the committee. It was a good process, as the chairman has just stated. I have been involved in the process for approximately 10 years.

With respect to the dissenting report, I want to point out that while we agree with pretty well everything in the report, the big hang-up we have is the lack of independence of the ethics commissioner.

The method of appointment is such that the Prime Minister chooses and appoints that person. That is really our largest problem. The committee came so close to doing it right. If the committee had made that one little change we would be delighted to support the bill.

[*Translation*]

JUSTICE AND HUMAN RIGHTS

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

[*English*]

Pursuant to its order of reference of Tuesday, May 13, your committee has considered Bill C-33, an act to implement treaties and administrative arrangements on the international transfers of persons found guilty of criminal offences, and has agreed to report it with one amendment.

[*Translation*]

I have also the honour to present, in both official languages, the ninth report of the Standing Committee on Justice and Human Rights.

[*English*]

Pursuant to its order of reference of Tuesday, April 1, your committee has considered Bill C-20, an act to amend the Criminal Code (protection of children and other vulnerable persons) and the Canada Evidence Act, and has agreed to report it with amendments.

If I may, I would like to thank the members of the committee and the staff. This is our fifth piece of legislation in the last two weeks. It is very important legislation and everyone has done very good work. I must say, as the chair, that I appreciated it.

[*Translation*]

PUBLIC ACCOUNTS

Mr. John Williams (St. Albert, Canadian Alliance): Mr. Speaker, I have the honour to present, in both official languages, the twenty-fourth report of the Standing Committee on Public Accounts on chapter 10 of the Auditor General of Canada's December 10 report: Department of Justice—Costs of Implementing the Canadian Firearms Program.

Pursuant to Standing Order 109 of the House of Commons, the committee asks that the government table a comprehensive response to this report.

[*English*]

PETITIONS

FAMILIES

Mr. Larry Spencer (Regina—Lumsden—Lake Centre, Canadian Alliance): Mr. Speaker, I have two petitions to present with nearly 300 signatures from people in the province of Ontario.

Both petitions call upon Parliament to modify legislation to ensure that children can have involvement with both parents after a divorce and that the payments would go strictly for the support of the children.

MARRIAGE

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, on behalf of Peace River constituents, I would like to submit a petition with over 200 signatures calling upon Parliament to pass legislation that would recognize the institution of marriage in federal law as being a lifelong union of one man and one woman to the exclusion of all others.

Most people living in my riding believe that marriage is the best foundation for families and the raising of children. They are also aware that this institution is being threatened. They wish to ensure that protection is provided to marriage.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to present a petition, following many others on the same subject, again signed by constituents in my riding of Mississauga South.

The constituents of Mississauga South overwhelmingly have come out against the Ontario Court of Appeal decision; and that the definition of marriage being the legal union of one man and one woman to the exclusion of all others is in fact constitutional and the will of Canadians.

The petitioners would also like to point out that section 33 of the charter provides an override, which is also referred to as a notwithstanding clause.

The petitioners therefore call upon Parliament and the government to invoke the notwithstanding clause so that only two persons of the opposite sex can be married.

•(1015)

[*Translation*]

Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ): Mr. Speaker, I have two petitions to table. The first one is as a result of my meeting a man, Reverend Paul Corriveau, who impressed me very much. He asked me to table a petition asking Parliament to take every necessary step to maintain the current definition of marriage, that is the union of one man and one woman to the exclusion of all others. This is the first petition I table as a result of my commitment to him.

The second petition is on the same topic, but from the opposite point of view. The petitioners ask Parliament to enact legislation to allow same sex couples to marry.

Parliamentarians have the duty to allow petitioners to present petitions, regardless of their own position, and this is what I decided to do.

[*English*]

CHILD PORNOGRAPHY

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, pursuant to Standing Order 36 I am honoured to present a petition from a number of people, both in my riding and from the city of Edmonton, some of whom will be in the riding that I will represent, hopefully, after the next election.

The petition concerns child pornography. The petitioners demand that the government take all necessary steps to ensure that all materials which promote or glorify pedophilia or sado-masochistic activities involving children are outlawed.

PARKS CANADA

Mr. Inky Mark (Dauphin—Swan River, PC): Mr. Speaker, it is an honour to rise this morning to present four petitions on behalf of the good people of Dauphin—Swan River.

The first petition calls upon Parliament to request that Parks Canada take immediate action to save the elk herd and protect the surrounding livestock and wildlife by eliminating disease within the elk herd.

Mr. Speaker, the next petition calls upon Parliament to reduce national park fees and camping fees.

FIREARMS REGISTRY

Mr. Inky Mark (Dauphin—Swan River, PC): Mr. Speaker, my next petition requests that Parliament move to freeze further spending on the implementation or privatization of the national firearms registry and appeal Bill C-68 in its entirety.

MARRIAGE

Mr. Inky Mark (Dauphin—Swan River, PC): Mr. Speaker, in the last petition petitioners call upon Parliament to immediately hold a renewed debate on the definition of marriage and to reaffirm, as it did in 1999, its commitment to take all necessary steps to preserve marriage as the union of one man and one woman to the exclusion of all others.

NATIONAL DEFENCE

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, it is my privilege to table in the House a petition signed by hundreds of Canadians, adding to the tens of thousands who have already done so, regarding Canadian involvement in the U.S. national missile defence program.

The petition specifically calls upon Parliament to declare Canada's objection to the national missile defence program of the Bush administration and, second, to play a leadership role in banning nuclear weapons in missile flight tests.

The petition takes on added urgency as this Parliament appears to be ready to wind down and as the prime minister in waiting has seen

Government Orders

fit to declare his support for this as his very first public announcement as the official leadership candidate.

* * *

QUESTIONS ON THE ORDER PAPER

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

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

Some hon. members: Agreed.

GOVERNMENT ORDERS

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

Hon. Claude Drouin (for the Minister of Finance) moved that Bill C-54, an act to amend the Federal-Provincial Fiscal Arrangements Act and the Federal-Provincial Fiscal Arrangements Regulations, 1999, be read the second time and referred to a committee.

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I appreciate the opportunity to speak today at second reading of Bill C-54, which amends the Federal-Provincial Fiscal Arrangements Act with respect to the equalization program.

Briefly, the bill would provide the Minister of Finance with the authority to continue to make equalization payments according to the current formula for up to a year in the event that new legislation is not in place by April 1, 2004.

Let me stress "in the event". The fact is that the minister has had very productive meetings with his provincial and territorial counterparts in October of this year and this is simply an insurance so that if in fact for some reason by April 1 we do not have in place a new agreement, when April 16 rolls around, we can continue to pay. Therefore, it is nothing more than an insurance policy.

I am sure all members of the House would want to ensure that this is in place so that on April 16 the payments can continue.

Before reviewing the measures in Bill C-54, I first want to set the legislation in context. No discussion of the equalization program can take place without a discussion of the overall federal transfer system and the role of equalization within that system.

As hon. members know, the federal government, in partnership with the provinces and territories, plays a key role in supporting the Canadian health system and other social programs. The provinces and the territories deliver their own health care, education and social services, while the federal government provides them with annual financial assistance through transfer payments.

Government Orders

In 2003-04 it is expected that provincial and territorial governments will receive \$51.6 billion in federal transfers. Because of transfers, all Canadians can expect equal access to public health care, a safety net to support those most in need and the freedom to move throughout the country to seek work, higher education and training available to all who qualify and reasonably comparable services in whatever province one chooses to live.

The federal government provides the large majority of the transfers to the provinces and territories through four major transfer programs: the Canadian health and social transfer; equalization; territorial formula financing; and the new health reform transfer, which was created as a result of the February 2003 first ministers health care agreement.

I would like to briefly review each of these programs beginning with the Canada health and social transfer, the CHST. A block fund, the Canada health and social transfer is the largest federal transfer providing provinces and territories with cash payments and tax transfers in support of health care, post-secondary education, social assistance and social services, including early childhood development.

The CHST upholds the five medicare principles of the Canada Health Act: universality, comprehensiveness, accessibility, portability and public administration. It also ensures that no minimum residency period is required to receive social assistance. In 2003-04 the federal government will provide \$37.9 billion to the provinces and territories through the CHST and the CHST supplement.

Hon. members will recall that the CHST will be restructured, as of April 1, 2004, into separate transfers: the Canada health transfer, the CHT, and a Canada social transfer, the CST, to increase transparency and accountability.

I want to speak for a moment about tax transfers because this is one of the least understood aspects of the CHST, despite the fact that tax transfers are absolutely fundamental as to how the program functions.

A tax transfer provides the same support as a cash transfer. The tax transfer component of the CHST occurred in 1977 when the federal government agreed with provincial and territorial governments to reduce its personal and corporate income tax rates, thus allowing them to raise their tax rates by the same amount.

● (1020)

As a result, revenue that would have flowed to the federal government began to flow directly to provincial and territorial governments. The net impact of the tax point transfers on taxpayers is zero, but the impact on the federal-provincial governments is real.

The second transfer is the health reform transfer through which the federal government will provide \$16 billion over five years to assist the provinces and territories in accelerating health care reforms, which were identified in the 2003 first ministers accord. These reforms include primary health care, home care and catastrophic drug coverage.

The federal government will ensure that the level of funding provided through the health reform transfer is integrated into the new Canada health transfer starting in 2008-09.

I would also like to mention that federal government funding under the CHST and the new health reform transfer is provided on an equal per capita basis to ensure equal support to all Canadians regardless of their place of residence.

An equalization program, which I will discuss in more detail in a moment, is the third major federal transfer. This program ensures that the less prosperous provinces will have sufficient revenue to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

The fourth federal transfer is the territorial formula financing, the TFF, which recognizes unique challenges and costs of providing services in the north. The TFF ensures that the territorial governments can provide a range of public services to their residents comparable to those offered by provincial governments. In 2003-04 federal payments provided under the TFF will total almost \$1.7 billion.

Hon. members may be interested to know that the federal cash transfers are forecast to grow at an average rate of 7.7% between 2000-01 and 2004-05, substantially higher than projected growth in federal revenues.

Let me turn now to a more detailed discussion of the subject of today's debate, equalization.

I hope my colleagues on the other side of the House will really understand that this is simply an insurance policy, and not anything else, to ensure that those revenues continue to go to provinces after April 16. In many ways equalization is a program that expresses the generous spirit of Canada.

Equalization has been in existence since 1957 and has played an important role in defining the Canadian federation. It is unique among federal transfers in that its objective was entrenched in the Canadian Constitution in 1982.

According to the Constitution, the program's purpose is to ensure that the less prosperous provinces can provide reasonably comparable public services without their taxes being out of line with those of the more affluent provinces.

At present eight provinces qualify for federal support under equalization: Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba, Saskatchewan and British Columbia. Ontario and Alberta are not eligible.

The fact that equalization was one of the few programs which was exempt from restraint measures during the mid-1990s illustrates the importance that this government attaches to this program. The government clearly understands what equalization means to receiving provinces.

I should also mention that equalization payments are unconditional. Receiving provinces are free to spend the funds on public services according to their own priorities. In 2003-04 provinces will receive approximately \$10.1 billion in funding equalization payments from the federal government.

Hon. members may be interested to know how the program works.

Government Orders

Let me begin by pointing out that equalization is the most important federal program for reducing the differences in the abilities of provincial governments to raise revenues. Equalization payments are calculated according to a formula set out in federal legislation to respond to economic developments in the provinces.

When a province's economy is booming relative to the standard provinces, its equalization payments decline under the formula, reflecting the increase in wealth of that province. Conversely, when a qualifying province's fiscal capacity declines relative to the standard due to a slowdown in the economy, its equalization transfers increase. As well, equalization payments are subject to a floor provision. Until recently they were subject to a ceiling provision too.

•(1025)

The floor provision provides protection to provincial governments against unexpected large and sudden decreases in equalization payments. The floor limits the amount by which a province's entitlements can decline from one year to the next, according to a formula based on the equalization standard.

The ceiling provision was the other side of the coin. It provided protection to the federal government against unexpected increases in equalization payments. In other words, the ceiling permitted changing economic circumstances unaffordably driving equalization payments through the roof. The ceiling thus ensured that the program remained sustainable in the long run.

As part of the February 2003 first ministers accord and in light of improved federal fiscal circumstances, the Prime Minister announced that the government would permanently remove the equalization ceiling on an ongoing formula basis beginning with the fiscal year 2002-03. This provision was announced in the 2003 budget and legislation in Bill C-28, the Budget Implementation Act of 2003, received royal assent in June of this year.

Federal and provincial officials review the program on an ongoing basis to ensure that these differences are measured as accurately as possible. In addition, the legislation is renewed every five years to ensure that the integrity and fundamental objectives of the program are preserved, the last renewal being in 1999. As we know, new legislation must be in place by April 1, 2004.

The purpose of Bill C-54 is to ensure, and I underline this for all of my colleagues in the House, an uninterrupted stream of equalization payments following March 31, 2004, the date that the existing legislation is set to expire. As I said earlier, it is an insurance policy to ensure the continuation of payments for up to one year in the unlikely event, and I stress unlikely event, that renewal legislation does not obtain parliamentary approval before the expiration of the existing legislation.

As the Minister of Finance stated about the bill, the equalization program reflects the core values of our federation, and I believe it is important to give this matter the consideration that it deserves.

The minister went on to say that this measure was a precautionary one to ensure that the payments on which the provinces depended were not interrupted. As the minister has said, we are committed to tabling full renewal legislation in time for passage by March 31, 2004 deadline, but we must protect the public services that the

provinces fund through the equalization program for the benefit of their citizens.

Without a doubt, passage of the bill will ensure uninterrupted equalization payments to the provinces in the unlikely event that new legislation is not in place by March 31, 2004. As well, in the event that the government continues payments under the current legislation, the proposed bill will ensure that the floor payments will continue to be made.

I suggest to hon. members that they view the measures in Bill C-54 as extra insurance, given that the impacts on receiving provinces could be very significant without the legislation. Of course, the renewal legislation, when passed, will supercede this extension. I want to emphasize that.

I will say a few words about the renewal legislation which would ensure, for my hon. friends across the way, and I know they will support this, that the program remains up to date and that the best possible calculations and data are used to determine equalization payments.

•(1030)

The government has identified three key principles in this renewal. First, the government is committed to a strong equalization program that allows provinces to provide reasonably comparable levels of public services at reasonably comparable levels of taxation. This is our constitutional commitment. I believe that the current program does that.

Second, the government is committed to improving the predictability and the stability of the equalization program. Equalization payments to the provinces should not destabilize provincial fiscal planning, something with which I am sure we all agree.

Third, the government is committed to maintaining the integrity of the equalization program. This principle is founded in the premise that payments have to be based on an objective formula, thereby ensuring equal treatment to all provinces. Maintaining the integrity of the program requires periodic revisions to reflect the most up to date figures and, obviously, current provincial taxation practices, while ensuring long term stability of the program.

As hon. members know, equalization is not static. Rather, it responds to the changing fortunes and circumstances of provinces over time. Indeed, since the program's inception, all provinces except Ontario have received payments to varying degrees, but always in accordance with objective calculations at the time.

In short, the government's commitment to equalization renewal is about making appropriate, fair and accurate changes. It is not about cutting or enriching the program.

Before closing, I want to take a moment to review the government's response to some of the provincial concerns. I am pleased to say that the federal government has listened, particularly with respect to their concerns about the ceiling, strengthening the equalization program, as well as further work to ensure the stability of payments.

Government Orders

As I indicated before, as part of the February 2003 first ministers accord, the Prime Minister announced that the government would permanently remove the equalization ceiling on a going forward basis from that time. This addressed a key provincial concern and, as I said, that was dealt with by the Prime Minister earlier this year.

We also know that in consultation with the provinces the federal government is working toward a new equalization legislation for the five year period beginning in April 2004. The program is being reviewed to ensure that it continues to accurately measure fiscal disparities and the capacity of provinces to raise revenue.

As well, with the provinces, the federal government is also working on how best to improve the stability of equalization payments. We agree with the provinces that it is important to improve the stability and the predictability of payments under this program. I am sure my colleagues across the way are delighted to hear that.

In closing, let me mention a few key points. We know that all parts of the country cannot generate the same revenues to finance public services. Federal transfers therefore help to ensure that important programs are adequately funded. Transfers also help to ensure that all Canadians receive reasonably comparable levels of public services no matter in which province they reside.

Canada's equalization program reflects the values of our federation, ensuring that all Canadians can have access to quality public services no matter which province they live in.

The bill underscores the priority the government places on equalization and will ensure that the receiving provinces continue to have resources to provide the services their people need and want, if necessary.

This is an insurance policy. This is not rocket science. It simply means that in regard to an unlikely event after April 1 payments would continue. I want to assure all members that the discussions the minister had earlier this month went very well, but the fact is that it is always prudent to have an insurance policy. I would hate to be in a position where payments did not flow on April 16, so I would urge all members of the House to give quick passage to the legislation.

•(1035)

[*Translation*]

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, I heard the government member's explanation. I would like to remind him that this is the first time the Canadian government has put forward such legislation. I believe this shows beyond a doubt that the Parliament of Canada is totally paralyzed right now. Everything is at a standstill.

The negotiations that are currently under way have been going on for 20 years. This is totally unacceptable. The equalization process is so complex that it has been called abstruse. That means it is sheer madness.

Even the Quebec finance minister had his hopes up. He stated that he was expecting many changes, not a one year extension. We were expecting that the negotiations would be completed during this Parliament, before the next equalization payments were due. Instead of that, we have a one year extension.

My question for the member is: Does he believe that Quebec and the provinces are being penalized by the infighting between the Prime Minister and the member for LaSalle—Émard?

•(1040)

[*English*]

Mr. Bryon Wilfert: Mr. Speaker, obviously the member's question is predicated on a false premise. The fact is that we are taking precautionary measures and making contingencies just in case. However, I am sure the hon. member would rise in her chair on April 16, 2004, and complain bitterly if in fact there were no insurance policy, no agreement and no money flowing to the Province of Quebec and every other entitled province.

The fact is that this is a prudent thing to do. The negotiations are continuing. Anyone who paid attention to the Minister of Finance's meetings with his counterparts on October 10 knows that they went very well. Those discussions are continuing.

We do not expect there to be a problem, but the fact is, of course, that it is only prudent to have this legislation in place in the unlikely event, and I would think that the member would in fact appreciate that and would realize that without this, if there were no agreement, there would be no moneys flowing after April 16. That is not something she wants to see and it is certainly not something the government wants to see.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I listened with careful attention to the comments of the parliamentary secretary for finance in urging quick passage of the bill that is now before us. He went to great pains to say and in fact repeated I do not know how many times, but ad nauseam, that this is nothing more than an insurance policy to make sure that the current equalization regime continues after April 1 in the unlikely situation that the federal government does not finally get it together to put a new agreement in place.

I heard what the parliamentary secretary said, but there were a lot of things he did not say. What he did not say was that there are inequities in this regime and that in fact the provinces have been pushing for a very long time for changes. On the eve of Parliament virtually collapsing because of the paralysis of two battling male egos, each of whom will not put the interests of the country and the interests of Parliament first, what he did not say anything about is why we find ourselves without that new agreement finally reached.

The second thing the parliamentary secretary did not say anything about is that the provincial premiers and finance ministers are unanimous in asking for these changes to go ahead, not at some future date but at the time of the expiry of the agreement, which is 2004.

I wonder if the parliamentary secretary could please explain to us why we find ourselves in this situation where the inadequacies, the inaccuracies, and the inefficiencies of the current formula are going to be continued because the government has not dealt with this in a timely fashion.

Government Orders

Mr. Bryon Wilfert: First of all, Mr. Speaker, surely with all her years of experience the hon. member knows that the negotiations are between the Government of Canada and the provinces. These are negotiations. This is not a one way street.

How can that member stand in her place and have the audacity to say that we have not been listening when the Prime Minister responded in February with the removal of the ceiling, something the provinces wanted? The Prime Minister responded. She is now asking why it is taking so long. We are not going to make this agreement on the back of an envelope, which I know some of the parties over there are good at doing. We do not do that. What we do is sit down and make sure we do it right, and we are going to do it right with the provinces.

This is an insurance policy. Presumably the member has house insurance. I assume she hopes she never has a fire, but she has an insurance policy just in case. We do not expect to have a problem, but in the meantime it is prudent to have this.

I do not know when the House is going to adjourn, but I can say that in the meantime the onus is on all members in the House to make sure the legislation is passed so that the provinces will be assured of receiving continual revenues in the unlikely event. Again I will point out that the minister is working with his counterparts in good faith. I know, whether it is Nova Scotia or Manitoba, that they are very interested in making sure that we continue to have this in place. We are negotiating in good faith. I do not expect any difficulties, but again, this is a contingency. Again let me say that I pointed out in my speech a number of the areas the government has responded to, including the ceiling issue.

• (1045)

Ms. Alexa McDonough: Mr. Speaker, I have a straightforward question. I wonder if the parliamentary secretary could inform the House of what year it was when the arbitrary ceiling was imposed by the federal government, which has caused great hardship and has resulted in tremendous shortfalls to provinces that have been in a less advantageous financial position.

Mr. Bryon Wilfert: Mr. Speaker, is that not typical of the NDP? Instead of praising the government for the removal of the ceiling, for having a floor there now, we are now hearing about this arbitrary ceiling.

We on this side of the House work with our partners. We responded by removing the ceiling. That was a problem. We did that, of course, because of the situation. The problem in this House is that hon. members like to ask questions but they do not want to hear the answers because of course they do not care about the answers. They are only interested in scoring cheap political points.

The point is that this government responded effectively by removing the ceiling and putting in the floor. We do not need any lessons from the NDP members. All they need to worry about is that we are going to move ahead, and if those members really are concerned then that member will stand up and get her party to support this legislation.

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, I appreciate the chance to speak to Bill C-54, an act to amend the Federal-Provincial Fiscal Arrangements Act.

Let the record show that the parliamentary secretary does not know the answer to the hon. member's question about what year. It is pretty obvious.

At any rate, this is an important issue. I am happy to weigh in on the debate. Many Canadians are curious about why at this stage in the cycle of equalization the government is bringing in amendments that would extend the current fiscal arrangements between the federal government and the provinces for another year. Why at this point would the government be doing this? This is almost without precedent. In fact, I think it is without precedent at least in this form. I think the question is why.

A minute ago the parliamentary secretary was saying that extending the current formula and the agreement for another year is insurance. I understand that argument. We are not arguing against taking that step. He argued that it is prudent to do it. In a sense he is correct, but it is only prudent because the federal government did not get an agreement with the provinces over the last four and one-half years.

The government has had all kinds of time to come to an agreement, but it failed to do it. That in itself was not prudent. Now the government has come to a point where we have to rush the bill through to ensure that the provinces have comparable services, if they do not have the fiscal capacity to provide them themselves, through equalization. This is a program that the official opposition supports. In this case we have concerns about how the bill is being rammed through.

Later on I will speak in some detail about some of the changes we would like to see to equalization. However, I do think the government should be taken to task. A minute ago the parliamentary secretary said that the Prime Minister and the finance minister have had very good meetings with their counterparts in the provinces. That is fine, but it is a little late in the year to get to this point where now we have to ram through something that by anyone's admission is not acceptable to the provinces.

The provinces are unhappy with this formula. However, because the government dithered for so long we are in a position where we now have to bring forward this unprecedented legislation to ensure that in fact equalization payments can continue, so we can provide basic services in those provinces where they do not have the capacity to provide them themselves.

The official opposition is very critical of the government's performance. It points to a deterioration in the relations between the federal government and the provinces over the last many years. Over and over again we see provincial elections where the campaign is more and more about improving relations with the federal government. This bill is just one more example.

I want to speak about some of the concerns that we have about the actual equalization formula as it is today. Many provinces have big concerns about the formula.

Government Orders

Not long ago on television I was watching the new premier of Newfoundland, Danny Williams, talk about the concerns in Newfoundland about the formula. He pointed out that oil and gas has created about \$14 billion in revenue out of Newfoundland, but what is the net positive effect for Newfoundland? It is \$300 million. Why is that? It is because, unbelievably, the equalization formula today claws back almost every dollar that comes out of non-renewable natural resources.

Let us think about that. Non-renewable natural resources are resources that cannot be renewed, unlike hydro and other types of resources, forestry for instance, that are renewable. Once those resources are gone, they are gone.

In its wisdom, or lack of wisdom, in the past the federal government has insisted that every dollar that comes out of non-renewable resources be clawed back. A province such as Newfoundland which is trying very hard to get on its feet and be a net contributor to the equalization formula cannot do it or it is impeded by the current formula. That has to change.

• (1050)

We have to extend a hand to provinces like Newfoundland and Nova Scotia which have resource wealth and ensure that when they start to develop those resources, they are not penalized by an equalization formula that claws back virtually every dollar they get from the development of those resources. That is completely unfair. That has to change.

It is not only Newfoundland and Nova Scotia that have concerns. Many other provinces have big concerns about the equalization formula as it is today.

In British Columbia people have concerns about the fact that property values are calculated as a way of determining the relative wealth of a province and that figures into whether or not they should get equalization payments. In Vancouver there are very high property values and very high property taxes as a result of that. That is not necessarily an indicator of how well the province is doing economically. British Columbia has struggled over the last number of years, but it still has very high housing prices. As a result of that, it probably does not end up in a situation where it would get equalization where otherwise it would. I know British Columbia wants to see that change. We support those kinds of discussions.

There is a lot of interest and a lot of people are saying that maybe we should change from a five province formula to a 10 province formula so that we get a better sense of what the actual average standard of living or capacity to provide services to the public really is. The five province formula which measures the relative capacity of the five provinces in the middle of our 10 provinces to provide those services may not be a very good indicator of actual capacity to provide services. We favour a debate about going to a 10 province formula.

Let me emphasize again that my party supports equalization. It is part of our constitution. As an Albertan, my province contributes more than any other province per capita to equalization. I always say that I think Albertans are probably more patriotic than any other citizens. I say that because they have to pay a pretty high admission

fee to be in Confederation. We pay a lot of money into Confederation.

Other provinces, and I am not knocking them, are net recipients and that is fine. However, I do like to point out, when people say that Albertans are sometimes a little standoffish about Confederation, that we pay a very high price to be in Confederation. We are happy to be Canadians. It is also important that others recognize that Alberta pays a tremendous amount of equalization into Confederation to ensure that other provinces have services that are comparable to the national average.

Having said all of that and that I favour equalization, I want to point out that equalization is really a safety net. It is like a social program in a sense. It provides a safety net to ensure that no province gets itself into a situation where it cannot provide basic services. The Canadian Alliance believes, the official opposition believes, that no matter where we go in the country we should be able to get good health care. To me that makes sense. I think Canadians agree with that. We should be able to get all kinds of government services that are important to the proper running of a society. We believe in that. We have no problem with equalization. It should be there.

I think all members in the House would agree that the ideal would be that every province would eventually get to the point where it had the fiscal capacity to provide those services on its own, without the need to rely on equalization. That should be the goal. I would like to say that we are getting closer to that, but unfortunately we are not. I do not know if members have had the chance to read some of the newspapers today that pointed to the fact that Canada is falling further and further behind in its capacity to compete in the world.

• (1055)

I do not know if members realize this but in 2001 Canada was third in the world on the global competitiveness scale as produced by the World Economic Forum out of Geneva. Today, two years later, we have fallen to sixteenth place, from third to sixteenth. Why is that? Is it because we have had some big natural disaster that has set us back? No, according to the World Economic Forum it is because of government policies.

While we are having a debate today about equalization, I am going to argue that the most important way to help Canadians is not through equalization, it is through a strong vibrant economy that is more and more competitive, because we are in a global competition. Unfortunately, however, the government, despite its rhetoric about wanting to improve our capacity to be innovative and to compete, has failed utterly and completely to address those problems. That is why we have fallen from third to sixteenth in two years.

I want to quote from this morning's *Globe and Mail*, which in turn is quoting from the report:

Canada's quick fall can be traced mainly to "a perceived decline in the quality of public institutions".

It goes on to say:

As well, Canada fell to 24th this year from ninth last year on the forum's public institution sub-index, which compares countries based on how conducive to business competition their governments and other public institutions are.

Government Orders

It goes on and on and talks about how Canada has failed to address some of the big problems that it needs to address to ensure that our country is more competitive.

When we talk about being more competitive, we are not just talking about businesses competing. We are talking ultimately about the ability of a country to provide a higher standard of living for its citizens. That is what government should be focused on.

It is one thing to talk about rearranging the wealth we have, which is what equalization does. It is quite another thing to talk about making the pie bigger, creating more wealth and ensuring that Canadians not only have access to that wealth but that they have access to the jobs that allow people to exercise their great talents and God-given abilities. Unfortunately in Canada today with an 8% unemployment rate, that is not an option open to millions of Canadians. They are unemployed as a result of poor public policy and lack of planning that comes from the government.

The current finance minister has failed to meet the challenges that have been laid before him, despite all the talk about wanting to address those things. The industry minister and the human resources minister headed up an initiative that was designed to address our competitiveness and innovation challenges. Rather obviously they failed.

I am not going to let the former finance minister off the hook either. He was here in 2001 when we were ranked third. By 2002 we had fallen way down the ladder, and if I remember correctly it was right down to eighth or ninth. The new Liberal leader who wants to become the prime minister was in charge at the time. He cannot escape unscathed when it comes to ensuring that someone is held to account for this wretched performance by our economy. The blame for this has to fall squarely at the feet of the new Liberal leader. He has failed utterly and completely to address these issues.

He gave a speech in Montreal the other day. He laid out some of his vision for addressing these kinds of problems. One of the problems with the speech was that he had about a \$50 billion hole in his accounting as to how he would pay for all of the things.

The report that I have been referring to talks about the credibility problems of public officials. It specifically talks about the credibility problems of public officials in Canada. I want to argue that the new Liberal leader, the soon to be prime minister, the member for LaSalle—Émard, the former finance minister, has a massive credibility problem. He is contributing to this fall in Canada's competitiveness versus other countries.

● (1100)

All of this is more than just an academic debate. It is not an abstract debate. It has to do with the ability of government to provide good, well paying jobs for ordinary rank and file Canadians, for people to grow up in this country and pursue their dreams.

For many people, unlike when I grew up, it is very difficult to simply step out of high school and find a good job. They have to go to university and even then it becomes difficult. Many Canadians end up going elsewhere to find jobs. That is unacceptable.

There are many people in this place who have families that have moved elsewhere in the world. Many of them have moved to the

United States but not only there. They have left in some cases to go to Ireland and other countries because that is where the opportunities are for them in their particular fields. It is time that, as a Parliament, we start getting serious about addressing our competitiveness in the world.

The debate we are having today is about equalization, but the greatest help that we can provide to Canadians is not to redistribute income. The greatest help we can give is to create an economy that is conducive to attracting investment, that creates jobs and gives people some real hope. That is not what is happening in Canada today. We are falling further and further behind.

Some people say we are measuring ourselves against the United States. It is true that we have fallen behind in terms of our ability to compete against the United States. Our standard of living versus the United States has fallen dramatically. Even the current finance minister, when he was industry minister, pointed out that the standard of living in Canada had fallen to the point where it was now equal with the poorest of the poor American states like Mississippi, Alabama and Georgia. That is a shame, given the wealth that we have as a nation and the fact that we have unfettered access to the wealthiest market in the world, the United States.

It is not just the United States we are falling behind. We have fallen behind the Finns, the Danes, the Swiss, the Dutch, the Irish and the Icelanders. They are all surpassing us. Why are they doing it? Is it because they have all kinds of resources that we do not have? Obviously not. In Iceland, there are hardly any resources. It is because Iceland makes better public policy decisions.

What we will find when we look at all of those countries I have mentioned is that they have reduced their taxes dramatically, to the point where they are attracting investment from all over the world. This allows them to create businesses that provide jobs and incomes for millions of their citizens.

We need to be doing the same. If Ireland, in the middle of the North Sea, can do it with no resources, surely Canada can do it, with its massive resources sitting atop the United States with an \$11 trillion economy and the wealthiest economy the world has ever known.

However, we keep falling further and further behind thanks to poor public policy planning on behalf of the Liberal government, the former finance minister, the current finance minister and the current Prime Minister. They are all in it together. It is a disgrace. It is a lost decade. It is a poor legacy for the Prime Minister who will be departing soon.

In closing, this debate has been about equalization. We want to see changes made to equalization and we want to see equalization continue, but we cannot make that our focus. Our focus must be on creating an economy where Canadians can have good, well paying, long term jobs. That is the real answer in helping people in all parts of this country achieve their goals ultimately to live fulfilled lives.

● (1105)

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I think my colleague gave an excellent speech. Judging by the total lack of heckling on the Liberal side, I think that stands, does it not? Not a member over there made a single objection.

Government Orders

I would like to ask my colleague to clarify one thing. The principle of equalization is stated in the Constitution. He would probably want to indicate very clearly that our party believes in that principle and that we would like to make it more fair.

I recall a number of years back, when I was a member of the finance committee, looking at the whole question of equalization. There was an anomaly for Manitoba. It lost around \$50 million because the people of that province did not buy enough lottery tickets. Lotteries are one of the factors included in this formula. It was deemed that it could have raised so much revenue if it sold so many lottery tickets. The people of Manitoba, being super wise, decided not to buy very many lottery tickets and lost money.

There are these anomalies and I think this is what my colleague was trying to say. We believe in equalization, but we want to make it fair and a more rational process.

Mr. Monte Solberg: Mr. Speaker, I want to thank my colleague for his question. He gives me way too much credit though. He said that Liberal members were not heckling so I must have given a good speech. Actually, I think I put them to sleep. In any event, I appreciate the question.

It is true that the equalization formula needs to be changed. It is not just my party that is saying this. In the last number of days, my office has spent a lot of time on the telephone talking to finance departments in the provinces. They have made it clear, that while they favour going ahead with this particular bill to extend the formula for up to a year, what they really want is a new formula. They feel strongly, as my colleague has pointed out, that there are things about the current formula that are unfair. Therefore, they want those things addressed.

I mentioned that in British Columbia the issue was property values and property taxes which count toward the formula and give a false impression about the relative wealth of British Columbia.

In other cases, the member mentioned Manitoba where the people did not buy enough lottery tickets and therefore missed out on the lottery of equalization and that is unfair.

One of the most important issues, and I think the House generally understands this, is that when we are talking about non-renewable resources, resources that cannot be replaced, it is important to not have a clawback that is so steep that in the end we cause these provinces to deplete their resources. They are not able to take the revenue from that and put it into their province in the way that will give them an economy that makes up for the loss of those resources.

In other words, what they need to do is take that revenue and diversify their economy, so when those resources run out they can continue to provide a high standard of living for their people.

Right now in Newfoundland and Labrador, where it is enjoying tremendous growth in its oil and gas industry, almost every dollar of that revenue is being clawed back by the equalization formula. That must change. There is no question that Newfoundland and Labrador, of all provinces, deserves a break when it comes to ensuring that it gets to keep more of that revenue. It is a province that in many regions has an unemployment rate of 20%. In St. John's right now, because of the activity of oil and gas, it has fallen to under 8% I understand and that is encouraging.

However, imagine what Newfoundland and Labrador could do if it could keep more of that revenue to put into infrastructure and do some of the economic development that it needs to do to ensure that in the long run it can sustain a strong economy.

• (1110)

[*Translation*]

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, the bill now before us is another example of the democratic deficit we are now experiencing and which is paralyzing the entire parliamentary machinery.

Bill C-54, in fact, was introduced in order to temporarily extend the current equalization program until March 31, 2005. Why? Because the current government is unable to do its job properly; because the current Prime Minister is living in the shadow of his successor; and because the Liberals do not have the courage to put an end to this scheme.

Why should we prolong the existing equalization program? Because the current Prime Minister is secretly planning to put a sudden end to our work in this House in order to avoid replying to our questions, and because his successor is working behind the curtains and staying out of sight in order to avoid answering our questions. It is so obvious that all the journalists are talking about it. Or maybe the Prime Minister is intending to slip his bill under the Christmas tree that already stands in the main hall of the Centre Block? In any case, I am not sure that the finance ministers from Quebec and the provinces will be pleased with this shopworn present.

Just in passing, let me note that it is not only the department stores that get their Christmas decorations out earlier and earlier. Canada's Parliament is doing it too, even though Hallowe'en has not yet come and gone.

As for the bill at hand, the government intends to get it passed quickly, before we rise, so that the provinces are not penalized. That argument does not hold water. For quite a while now, the provincial finance ministers have been calling for equalization reform. Need we recall that in June of this year, at a meeting in Halifax, the ministers unanimously agreed on the urgency of reforming Canada's equalization system. Clearly put, such a reform is expected to be one means of correcting the fiscal imbalance between Ottawa and the provinces.

For the benefit of people listening to the debate, we should explain what the equalization system is. The public is regularly subjected to volleys of figures and heated exchanges over the operation of the system, but is sometimes pretty much in the dark as to what it really is. I would like to take advantage of this debate, not only to help them understand a little better how the system works, but also to illustrate why an overhaul is long overdue.

Government Orders

The equalization system was put in place in 1957 to ensure that all Canadians and Quebecers, no matter where they lived, would have access to government services of comparable quality. From west to east, some provinces are very rich whereas others are less fortunate. Provincial governments have to live with the decisions made by the Liberal government, which, under the direction of the member for LaSalle—Émard and future Liberal leader, has put a stranglehold on the provinces and starved them out.

To bridge the gap between the rich provinces and the poor provinces, Ottawa gives the latter what is called equalization payments. These are cash payments, with no strings attached, which means that the provinces can use that money as they see fit.

Even if the Liberals opposite often talk about federal funding, it is actually our money. It comes from the federal taxes we all pay. That money belongs to all Canadian and Quebec taxpayers, which includes those from the poor provinces. In Quebec, it represents 60% of all our taxes.

It is true that the poor provinces send less money to Ottawa than the rich provinces do. However, the purpose of equalization is just that: to bridge or reduce the gap between the rich and the poor. Equalization is a measure for sharing wealth.

That being said, equalization must not be confused with the Canada health and social transfer, commonly referred to as CHST in our parliamentary jargon.

• (1115)

This transfer payment represents the federal contribution to health, education and social assistance. Since 1993, the year the Bloc Québécois came to the House, it has constantly condemned the federal government for neglecting its responsibilities in this regard. The federal withdrawal from health has caused the collapse of the health system across the country. The current Liberal government, through its arbitrary decisions, and the future Liberal leader, the hon. member for LaSalle—Émard, pose the greatest threat to the universality of health care. We could talk about this for hours.

Now what about the equalization program and this bill? Over the years, the equalization program has been watered down. As Claude Picher, a columnist with *La Presse*, wrote, “There is a preposterous complicity underlying the calculations; the program is unstable and abstruse to the point of absurdity”. The dictionary defines abstruse as something bordering on folly.

Instead of immediately undertaking a serious reform of the system, the federal government has decided to spend more time, up to one year, negotiating and passing the equalization bill for 2004-09.

It is mental torture to try to decipher the calculation by which a province is or is not entitled to receive equalization payments. It is torture because entitlement is based on a list of 33 revenue sources, each subject to a series of complex calculations. The list includes sales tax, personal income tax, property taxes, fees and royalties, corporate income tax, taxes on gasoline, tobacco and alcohol, capital taxes and so on.

These complex calculations have numerous deficiencies, which led Mr. Picher to write that only a few rare specialists in all of Canada are able to find their way through this mathematical maze.

If that was Claude Picher's conclusion, it is not surprising that our constituents are totally in the dark.

Once we set aside the squabbling among those provinces not entitled to equalization, like wealthy Alberta, so longingly eyed by the hon. member for LaSalle—Émard, British Columbia and the others, we must focus on the work of federal officials. This is highly technical work, and endless hours are required to play this highly technical shell game. Then there are the endless discussions on how to interpret the mathematical formulas.

It is so complicated that, in 1999, Quebec finance minister Bernard Landry found out while preparing his budget that he could get more money with a technical adjustment. That adjustment would give him \$1.4 billion more than expected in equalization payments.

But, oh horror, in 2002, Pauline Marois, the finance minister of the day, received a note indicating that an adjustment to property tax calculations would create a \$500 million shortfall in her budget. A bit like a Monopoly game: one year you are high roller, get to pass Go and claim the jackpot, while the next time you have to pay it all back. One year, \$1 billion more; the next, \$500 million less. How can anyone expect the finance ministers to plan with any degree of certainty?

• (1120)

Moreover, the present Quebec finance minister, author of a report proving the existence of a fiscal imbalance in Canada, is one of those calling for a reform of the equalization payments. He says:

We are expecting a lot of changes... if the mechanism were standardized, the provinces would no longer be at the mercy of the good will of the federal government and of political games.

Instead of preparing to pack up and leave, thus avoiding having to answer our questions and evading political debate, the Liberal government needs to get down to real business. The Prime Minister is quicker at absolving his ministers of allegations of ethical misconduct than at solving real problems.

Do the provinces have to raise the Irving family flag on their legislative buildings before they can get the Prime Minister's attention? The Prime Minister has a mess in his ranks that he needs to clean up, but the mess in the equalization payment system also needs cleaning up.

Recently, the leader of the Bloc Québécois said the following:

This can mean but one thing: the government does not feel that it possesses sufficient credibility at this time to respond to the provincial governments' call for negotiations. What an admission of weakness. We are being told, “Well now, we can give a year's extension, but that is all we can do”. The orders certainly appear to be coming from elsewhere, that is obvious.

He continued:

This is another example of how the government is completely paralyzed, powerless, and unable to address affairs of the state, because the real prime minister is behind the curtain and the one in power refuses to leave.

Government Orders

I saw something interesting on the news today. As a result of the debate on our motion calling on the Prime Minister to leave as soon as possible after November 14, 2003, we learn that the Prime Minister is believed to entered into talks with his likely successor with respect to leaving earlier. Our motion was defeated, but it has had an impact.

Let us come back to equalization. Currently, in order to establish the threshold for provincial entitlement to equalization, the fiscal capacity of five provinces is taken into account. They are British Columbia, Manitoba, Ontario, Quebec and Saskatchewan. Provinces with a fiscal capacity below the average of these five are entitled to equalization. This is not a representative system, since it excludes Alberta and the four Atlantic provinces and thereby disrupts the balance in determining the average.

The provinces are asking that the formula be changed to take into account the fiscal capacity of all ten provinces. In addition, the payment review mechanism is such that it is very difficult for the provinces to forecast the amount of equalization payment they will be entitled to. Therefore, the provinces are calling on Ottawa to make the payments more predictable.

We are proposing that the adjustments based on new statistics be automatically spread out over three or five years, rather than being required the year in which the statistics change, thereby reducing the volatility of the adjustments. This would avoid the type of situation, which occurred in Quebec and which I described earlier.

The provinces also want the calculations for the program, which has 3,000 variables, to be simplified to ensure greater transparency. They are also asking that all general revenues, not just some of them, be included to better reflect reality.

Along the same lines, they are asking that the calculation be reviewed for some of the 33 sources of revenue that are currently used to determine the provinces' fiscal capacity. All this clearly illustrates the work that needs to be done to clean up this mess.

The government's attitude, or rather the Liberals' stubborn insistence on making the wheels of government move exceedingly slow, is a dangerous nuisance. Instead of negotiating a reform of the equalization program with the provinces, the government is introducing a bill to maintain the status quo and shirk its responsibilities.

We have good grounds to believe that there will be a general election next spring, just when the current equalization agreement is supposed to come to an end. Since issues and interpersonal conflicts are making relations between the Prime Minister and his successor rather tense, the government has decided to play it safe, that is to extend the current agreement and avoid one of its responsibilities, which is to reform equalization.

• (1125)

Throughout this debate, we will have the opportunity to spotlight the report of the Séguin commission on fiscal imbalance. Need I remind the House that Mr. Séguin is the new Quebec finance minister. His report concluded, among other things, that we need to restore fiscal balance, improve equalization, put checks and balances on the federal spending power and prevent any future cause for imbalance.

In conclusion, let me add that if we were sovereign, if the taxes we pay in Quebec stayed in Quebec, we would not have to deal with this whole mess.

[*English*]

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I listened intently to the member's speech. I have always been interested in what we can do to keep the family of Canadian provinces together. I personally think that our equalization plan is very important to the country. It is important, not only to the receiving provinces but also to the contributing provinces so that all Canadians can have an equal level of services at a comparable level of taxation. This was mentioned throughout the member's speech.

The member's last statement about there being a solution to the problem if the provinces could be on their own rather confused me. I happen to have on my computer a copy of the major equalization payment transfers over the years from 1980. Unfortunately I have not updated it in the last four years. The total transfers every year from 1980 go from \$5 billion to \$6 billion to \$7 billion. By the time we reached 1999 the amounts went from \$11 billion to \$11.6 billion to \$12 billion and then to \$10 billion. In the 20 years that I have kept track of this, net transfers to the province of Quebec were \$178 billion, a total of 31% of all of the transfers in Canada, although it has only 25% of the population. I think we have been very fair with Quebec.

I would like the member to seriously rethink the fact that if Quebec were to go on its own there would be a net loss in view of the total number of transfers that it has received from the country over the years.

[*Translation*]

Ms. Pauline Picard: Mr. Speaker, I would like to reply to that, just as we have done several times over the last ten years since we came here.

We hand over more than \$35 billion a year to the government. We hand over more than 60% of all our taxes to the federal government. We are not getting back our fair share in many areas.

Furthermore, Quebec as a nation, Quebec as a people has proven time and time again that it can manage its own affairs in every area. Whether in the business, cultural or other realms, we have proven that, if we were given the chance to manage our own affairs, our own social programs, we could substantially improve our quality of life. There have been several debates on that point.

I cannot understand those who say that we received \$4 billion when in fact that \$4 billion represents money that we paid. The amounts that are returned to us or given back by the government do not come out of thin air. The federal government has never given us our fair share. If we could go back in time, we would see who owes what to a province which was there at the beginning and which paid off debts. If we could add up everything the rest of Canada owes us, I think that some folks would have to declare bankruptcy.

Government Orders

• (1130)

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I listened to my colleague's speech with interest. I would like her to expand a little on the reasons why we are talking about equalization payments today when discussions are still ongoing between the federal government and the provinces as to the best way to approach this legislation.

The House is supposed to sit until Christmas and when Parliament resumes in the new year. How is it then that it has suddenly become very important for the government to introduce legislation that is, in fact, somewhat insulting to the provinces? It is like saying they are going to sign the collective agreement before agreeing on the basic terms.

Why is the federal government pushing this bill, which we hope will be amended? A lot of people are not pleased with it, including the Quebec Minister of Finance—as the member was saying in her speech—who is still seeking major improvements to the equalization system.

Ms. Pauline Picard: Mr. Speaker, I thank my colleague for his question. It is a very good question. In fact, it is the first time that the government proposes such a bill.

We must not let ourselves be taken in by what is happening here. I believe that everybody, whether in Quebec or Canada, understands that we cannot go on like this. The government is a two headed monster, as has been said many times before. There is one Prime Minister who is here and says one thing, and then there is a second prime minister, who remains in the background, like a ghost, and says no, this is not going to happen. Given this deadlock, no one is sure of what will happen. We are being forced to put a stop to the business of the House, because nothing is working any more.

I sit on the Standing Committee on Finance, which is supposed to be the most powerful of all committees. We are holding prebudget consultations. At present, it is a bogus committee. Even the witnesses tell us they have talked with the member for LaSalle—Énard and he said he would do this or that.

The current Minister of Finance cannot promise to bring down a budget, because he does not have the power to do so. There is nothing. Despite all the bills being introduced and all the announcements being made, we do not know what will happen, if the future prime minister decides he is not interested and does not want things to go in any given a way. So, how can Parliament go about its business and maintain some credibility?

I understand some senior officials, who think that equalization might be threatened, that is, that the provinces might not receive their cheque on March 31. So this bill has been introduced as a kind of insurance policy. From one day to the next, we do not know what is going to happen here.

Therefore, the current Prime Minister should leave quickly and the other one should tell us what he thinks and what his interpretation is, so that can question him.

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, my colleague raised a whole new issue when she talked about the 60% of our taxes that go to the federal government and about what

we get in return in the form of equalization payments or other types of payments. An Alliance member said that we are getting our fair share.

I would like to hear what she has to say on one particular issue. There is a difference between keeping the money and managing it ourselves, meaning that we can spend it as we see fit. But when we have to get down on our knees and beg, to negotiate to get what is owing to us, not only are we losing money but, more often than not, when the federal government redistributes the money, it does so on its own terms and not on those of the provinces, including Quebec. I would like my colleague to comment on that.

• (1135)

Ms. Pauline Picard: Mr. Speaker, I thank my colleague for his question, which is very much to the point.

In response to his question, I want to reassure him that what the Canadian Alliance member just told us is utterly false. It is on a per capita basis. Quebec is one of the most populous provinces. We now send \$40 billion to Ottawa, and it is not true that we receive our fair share. It is on a per capita basis.

The member can quote figures from his computer and look all over the place, but he has to understand how the system works. Looking at the figures is not enough to determine what equalization is.

We send over \$40 billion to Ottawa and we do not receive our fair share in several areas, whether it is equalization payments or federal buildings. We do have federal buildings in Quebec, but how many do we have compared to Ontario?

These are economic spinoffs to which we are entitled since we pay our fair share. We even pay more than our fair share. This is why I said earlier the we have now reached a point where Quebec must achieve sovereignty so we can pass our own laws, sign our own treaties and manage our own money.

[*English*]

Mr. Inky Mark (Dauphin—Swan River, PC): Mr. Speaker, I am pleased to take part in the debate this morning on Bill C-54, the issue of equalization.

The bill would extend the equalization program for one year until March 31, 2005. I will begin by giving some background information to our viewing audience.

The equalization program helps provincial governments offer comparable levels of service at comparable levels of taxation, that is in theory. Payments are guaranteed under the Constitution Act of 1982.

Parliament and the Government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonable and comparable levels of public service at reasonable and comparable levels of taxation, that is in theory.

What we have today are eight provinces receiving approximately \$10.5 billion per year. The payments are unconditional. The money may be spent according to provincial priorities.

Government Orders

Payments are based on a comprehensive formula that measures the ability of each province to raise revenue against the per capita average of five provinces: Ontario, Quebec, Manitoba, Saskatchewan and British Columbia. The formula includes revenues from several sources, including resource taxes, sales taxes, payroll taxes, fuel taxes, property taxes, user fees and gaming revenues. Changes to the formula would be made through regulations. The program will expire on March 31, 2004, unless Parliament renews the date.

The government does not expect to be in a position to present a package of detailed changes until the federal-provincial finance ministers meeting in January. This should leave enough time for the necessary legislation to be in place by the start of the 2004-05 fiscal year. However the government did not want to take any chances in light of the uncertain political climate and decided to ensure that payments would be made next year. The government says that the legislation to enact a new equalization program will be retroactive to April 1, 2004.

The major concerns that we have heard this morning about the equalization program include a loss of benefits when provinces develop new resource revenues. That is justifiable, especially when people want their own province to be more self-sufficient, as we have seen in the maritime provinces with the new discoveries of both minerals and gas and oil.

The measures of fiscal capacity and the clawback of benefits previously paid would be determined when the revised data becomes available. If we really examine this whole clawback business, it really does not make any sense. There should be a provision or a transitional formula in there to assist provinces to be self-sufficient.

The provinces are seeking changes that would add \$3 billion to the annual costs of the equalization program. The provinces recently learned that as a result of revised economic and population data, close to \$1 billion will be clawed back from their equalization plans. That is a lot of money. It is like having a second gun control program.

At the same time, the federal government has indicated that a special one time payment of \$2 billion for health care promised last winter may not be made because of the deteriorating federal surplus. If the government makes promises, then it should carry them out. Besides, it was the government's efforts that gutted health care in the first place.

The Progressive Conservative Party supports the bill because eight provinces depend on the federal government for equalization payments which are used to provide programs and services to their residents. Any interruption in these cashflows would imperil provincial obligations. In other words, if bills need to be paid they need to be paid with cash.

I wish the government would take that same attitude toward farmers who need cash, certainly with what was experienced this past summer with BSE on the prairies and across the country, as well as how it impacted on the province of Quebec and the maritimes.

• (1140)

The recipient provinces rely upon the timely arrival of equalization funds for planning their own budgetary process and meeting their bottom line.

This bill is up for debate on short notice, as we know today, and I would like to ask, why all of a sudden are we doing this? As the member from the Bloc indicated, we are supposedly going to rise next week for one reason or another. We are not sure, but we hear rumours in this place. Why all of a sudden are we rushing to put this through?

It certainly shows how important equalization is to the government. It is hard to believe that the government knew that the year was coming up and it waited until the bitter end of Parliament before it brought the bill back to the House to extend the dates.

One must question the timing of this bill, given the internal Liberal leadership politics and an impending election call in early 2004.

We have not gotten to that stage yet because Bill C-49 has not made it to the Senate, and that must take place to change the magic date of August 25, 2004, to April 1, 2004. This extension could be motivated by a desire to free the leader-in-waiting of the Liberal government and the Liberal Party from having to deal with this contentious issue during an election campaign.

Let me take some time and talk about federal-provincial relationships. Let me begin by applauding the Premier of Quebec, Jean Charest, for his vision of creating this new council of Confederation. It is long overdue. As members know, federal and provincial counterparts have been at odds for too long.

Let us examine our history and go back to pre-Confederation. Lower Canada, Upper Canada and the Maritimes were all separate units. They all got together because they wanted to cooperate. They wanted to work together in the best interests of what was half of Canada back in those days and of the people they represented. That is why the history of this country is about cooperative federalism. It is long overdue.

When we look at the record of the Liberals over the last 10 years since they have been in power, there has been little cooperative federalism. It has basically been a dictatorship from Ottawa to the rest of the country.

The attitude of the government has always been that if we do not like it, that is it, take it or leave it. It does not work because we are a country of different provinces and regions. We all have different needs.

That is the reason why equalization started, so that we would all be treated equally in this country. That is a principle of Canadian democracy: equality of citizens. That is why we follow-through with equality of governments, provinces and territories.

This past decade has been full of conflict started by the Liberal government. Let us look at health care. The government created the problem we have today. In 1994 it slashed \$24 billion. From 1994 to the present, the Liberal government has not even replaced that \$24 billion it took away. Meanwhile, the demands of provincial governments, the health care system, and Canadians have elevated to the point of no return.

Government Orders

What do provinces do when they cannot pay the bills? It not only increased demands on the patient side but also for equipment. It is an impossibility.

We all know that when medicare started we had 50¢ on the dollar. The federal government funded 50% of the program. Today, we are down to 15¢ on the dollar, yet at the same time the federal government wants to dictate how health care should take place in this country. It is paying 15¢ on the dollar and it wants to dictate. It is just unreasonable. If it were paying 50¢ on the dollar, it would sound more reasonable that it should have a 50% share in the decision making, but the government is paying 15¢ on the dollar and it wants to make all the decisions. Basically, it is top down.

• (1145)

In fact, this affects my own riding as I am sure it affects the ridings of most members in this House. In my own particular riding, the provincial government shut down six emergency services from six different hospitals this summer. My riding is over 200 miles long and about 100 miles wide. There is a lot of geography. We do not drive 5 or 10 minutes to a hospital, but hours, literally. People spend hours getting to a hospital and hours waiting for emergency services. This puts people's lives at risk.

I know that my constituents are so stressed out because they do not know what to do about it. The problem has been downloaded from the feds to the province and the province seems to be downloading it to the municipalities.

We talk about waste of money. It is pretty realistic to say that Canadians are taxed to death. The provinces fight about how much equalization they should get. But, generally speaking, I do not think we would find too many Canadians who pay taxes who would disagree that they are taxed to death. On the other hand, Canadians do not mind being taxed on the condition that their tax dollars are used wisely on things like health care and creating jobs.

Unemployment is a sore point. There is a surplus of over \$40 billion in the EI fund. Canadians cannot understand it and neither can I. It is highway robbery. The government has both hands in the pockets of Canadians.

As members know, a people on employment insurance get back I think 55% of the wage they earned. Perhaps we should raise it to 75%. But to literally steal an extra \$40 billion from hardworking Canadians over the last 10 years is not acceptable. We talk about fair play. This is the black hole; this is where all tax dollars come.

There is the \$1 billion gun registry. As I said in the justice committee last week, it has gone beyond the argument about registration of long guns. It is about the spending of people's taxes. It is so unfortunate that we collect so much in taxes here and waste so much money. Meanwhile, the services that are demanded by Canadians from coast to coast to coast are neglected.

I would like to comment on highways. Many of us have served in municipal politics. We know how difficult it is to get money from the provincial and federal government for infrastructure development, especially today.

We are concerned about the health of people and clean water. Sewage plants in rural Canada are 50 to 60 years old. They are all

breaking down. Small communities need \$3 billion or \$4 billion to clean up the sludge accumulated over the last 50 years.

Where do people who live in small communities across this country get the money from? All their money is being sent to Ottawa. They do not have the tax base to raise \$2 billion or \$3 billion to clean out the sludge in their sewage systems or to build \$7 million to \$10 million or \$20 million clean water plants. It is nice to say that Canadians need clean and safe water. But who will pay the bill? That is a frustration Canadians are experiencing across this country.

The roads and bridges are basic infrastructures that have been out there for probably 60 years and they are getting very little dollars, even though the greatest amount of dollars collected come to this place.

• (1150)

Today, on average, we collect \$8 billion to \$10 billion in gasoline tax. I used to sit on the transport committee when I first came here in 1997. Even the provincial ministers sat down and agreed to what was necessary. I read the report. It was great and reasonable. Basically, it became a dust collector. So, what is the point? There is no point talking because it is beyond talking. It is about helping people.

One of the principle values of the Liberal Party is helping people. I do not think the Liberal Party is helping anybody by the way it operates in this country. The oldest trick in the book is divide and conquer. The Liberals, I would say, wrote the red book on that one because they are skilled experts when it comes to dividing people and conquering them, whether it is at the municipal, provincial or federal levels.

We have gone beyond that. When we talk about equalization, it is time that we get back to basics and talk about how this country came into being. Why were we a Confederation at our birth? The people prior to Confederation lived in Lower and Upper Canada. In effect, they operated as nations of their own at that time.

We need to review and not forget the lessons of why we are what we are. We need to look at basic things like taxation and its purpose. It is not about giving money to one's friends and helping ourselves. It is about helping people.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I listened very carefully to my hon. colleague's remarks. I noticed that he has a strong bias for the equalization program.

I would like to point out to him something he left out and which, based on his logic, ought to have been pointed out as something important.

Government Orders

Some time ago, a commission was set up in Quebec City by the former Landry government to look into the fiscal imbalance between the provinces and the federal government. As a result of this imbalance, surpluses have been pouring year after year since 1996 into the government's coffers, but the tax resources in the provinces' coffers for health, education and various programs are dwindling.

Does my hon. colleague not think that it would be a good idea to join forces against the federal government, to get it to resolve the issue of the fiscal imbalance and transfer, for example, tax points to the provinces so that they can have sufficient tax resources to provide services directly to the public?

If there were not such a huge fiscal imbalance between the provinces and the federal government, perhaps we would not be having this debate, this morning, on the extension of the equalization program. Perhaps the provinces would not have to rely as heavily on this program, because their tax resources would match their responsibilities.

• (1155)

[*English*]

Mr. Inky Mark: Mr. Speaker, there is no doubt that the provinces need to get their act together. The first step on that road was taken this past week when the premiers met in Quebec and came up with a council for Confederation.

We also know that one of the biggest barriers in this country in terms of wealth creation has to do with how the provinces deal with rules among themselves. Employment is a good example. They have so many regulations in terms of preventing people from moving from province to province to work.

The provinces need to work together. They need to understand what their intentions are and where they are going. We all know that there is a lot more clout when we work together than when we do not work together.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I listened carefully to my colleague's speech. I would like to know if he finds that the situation that I will be presenting shortly regarding the equalization system legislation is normal.

The current legislation covers the period from April 1999 to March 31, 2004. That is five months from now. If the negotiations with the provinces were over, we would normally be considering a bill that would cover the next five years, from April 1, 2004 to March 31, 2009. Instead, the bill before us will essentially extend the current provisions by one year.

If it were really necessary to extend the current agreement, would the federal government not have shown more respect for the provinces by introducing this bill in February or in March of 2004, once the negotiations are completed? Why extend the current agreement, when we know that it contains errors and gaps that should be corrected?

Would it not have been better for the government to wait? Why is it acting now?

[*English*]

Mr. Inky Mark: Mr. Speaker, that is an interesting point that my Bloc colleague has raised. That is a good question. Why is the government doing it now?

If it really wants to improve the equalization deal, then it needs to sit down with the provinces. What is actually missing in the whole equation is that the federal government needs to sit down with the provinces and look through the agreement instead of rushing ahead and extending the date just because the House is about to shut down. That is the wrong reason. It is the wrong reason for even tabling the bill in the House.

If the government really wants to do good work and wants to show it is willing to cooperate with the provinces, then what is the problem? Can it not sit down with the provinces and go through the agreement and rework it? Perhaps there could be a 10 year agreement with different slots to review the agreement.

I have a problem with the process, the procedure and the timing of the bill.

• (1200)

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, my colleague has mentioned the consensus reached by the provinces on the proposal made by the Quebec government regarding amendments to the equalization formula. I would like to know if he agrees with the provincial premiers, including the Premier of Quebec, that in the new equalization formula to be negotiated between the federal government and the provinces, which we would like to see settled before March 31, the provinces should be asking the federal government for more predictable payments.

We know that because of a number of different mechanisms, the payments often vary from one month to the other. The provinces have therefore asked that the impact of statistical changes be spread over a period of three to five years.

This being said, I would like him to tell me if he finds this acceptable.

[*English*]

Mr. Inky Mark: Mr. Speaker, I think one question needs to be raised. Why are we doing it now in relation to the change in the Liberal leadership? Does it mean that the new leader does not want to deal with this issue? That question needs to be asked.

In terms of the deals that come up on the equalization side, there is no doubt the reason it is in place since the Constitution Act, 1982 is to make sure that the money flows. If the money does not flow, then I believe the provinces have the constitutional right to complain.

There should be provisions in the agreement for provinces whose wealth creation initiatives are successful and they are creating more wealth. It is not good enough just to say that because a province is making more money the federal government wants it all back and the province cannot have any of the equalization.

There are a lot of things that need to be done. The first thing is that the federal government has to be at the table.

Government Orders

[*Translation*]

Mr. Paul Crête: Mr. Speaker, I have a short question. As we know, in the ongoing federal-provincial negotiations, the provinces have asked that the equalization formula be amended to take into account the fiscal capacity of all ten provinces. It is estimated that such a change would cost the federal government another \$3 billion a year.

Is the bill introduced today not a way for the government to put things off for another year and a half, to get through the period where nobody knows who is Prime Minister and to get through the next election, and then to come back with another bill we do not know nothing about?

Is there more than meets the eye with the introduction of this bill today, given all that the provinces are asking for, including taking into account the situation of all ten provinces, which is not what the federal government is doing at present?

[*English*]

Mr. Inky Mark: Mr. Speaker, that is a very interesting question and a valid one.

As I said earlier, it is possible that one of the motives for doing this is to allow the new Liberal Party leader off the hook. If we put this in place at this time for the period of the next year and the process is not open and the doors are closed, obviously nothing will change. In fact all the concerns will remain, even Premier Hamm's concerns about the offshore accord and the offshore protection clawback provisions.

The new government of Danny Williams in Newfoundland and Labrador has the same concern in that when the provinces are creating wealth they want to be self-sufficient. The province I come from, Manitoba, is a have not province. If the provincial governments are doing their jobs, creating wealth and getting people to come home to their provinces and increasing their populations, then certainly they should be the benefactors of those elements.

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, we have before us Bill C-54, the purpose of which is to extend the Federal-Provincial Fiscal Arrangements Act.

As mentioned by the previous speaker, this bill must be put in the current context, that of an extremely difficult transfer of power between the current PM and the future PM, the member for LaSalle—Émard. This bill is before us today only because the Liberal Party of Canada wants to retain the whole array of instruments needed to manage this difficult transition without having to come back to Parliament, so that it can close down the House whenever it sees fit.

As the Bloc Québécois and its leader have said over and over again, we believe that this House must keep on sitting no matter how difficult this transition is, and that this bill is premature. There are still five months left before the current equalization payment formula expires. At their last meeting, on October 10, the provincial finance ministers and their federal counterpart said that they would do everything in their power to reach an agreement by March 31.

Why put forward a bill extending arrangements dating back to 1999 that are full of holes? These flaws have been condemned by

every single province, in particular by the current government of Quebec. They were also severely criticized by the Séguin commission on fiscal imbalance created by the premier of the day, Bernard Landry.

Why this bill now? Not because the provinces want to reach an agreement with the federal government. Not for lack of time to find a solution. It is because, for partisan reasons, the Liberal Party does not want to have its hands tied in the context of the difficult transition between the current PM and the future PM, the member for LaSalle—Émard.

That is why the Bloc Québécois put forward a motion asking the current Prime Minister to relinquish power shortly after the Liberal Party convention to avoid this sort of situation, where a bill which is totally uncalled for at this time is being introduced prematurely.

Everybody will understand perfectly that the Bloc Québécois does not disagree with the fact that, in the end, if negotiations between the provinces, Quebec and the federal government are not satisfactory, a bill can be introduced to extend the present agreement for a year in order complete the negotiations.

However, the presumption behind this bill is that there will be no agreement. We are making this presumption even though, on October 10, the provincial ministers of finance and their federal counterpart said that they would negotiate in good faith and hopefully would reach an agreement before March 31, 2004. Therefore, the presumption is that no agreement will be reached before that date, not for lack of good faith on everybody's part, but because, for a certain period, this government will not be able to conclude agreements with the provinces. This is because the one person who is really leading the government is not here to be held accountable, but is nonetheless pulling the strings.

We cannot approve that approach. We think that, with five months ahead of us to negotiate and the good will showed by all parties, an agreement can be reached, especially if the present Prime Minister bows out soon after the convention of the Liberal Party of Canada. It would appear that, at the Liberal caucus meeting yesterday, he sort of hinted that it was a possibility. However, we cannot approve the current paralysis by supporting the bill before us.

As I said, we hope to sit with the new PM, the next leader of the Liberal Party of Canada, during the winter session. We would like to be able to exert pressure on that leader and this government so that an agreement can be reached on a equalization formula that will be more equitable for the provinces.

Government Orders

●(1205)

At this stage, we cannot support Bill C-54 in its present form, not because we will not have to eventually renew the existing arrangements, but because this bill is premature. Supporting it would be like approving the present paralysis of this Parliament and co-operating with the Liberal Party of Canada and the government who want to find a way to suspend the sittings of the House until an eventual throne speech followed by an election.

The Bloc Québécois will vote against this bill on second reading. We hope to improve it so that we have all the leeway we need to reach an agreement before March 31 and submit to the House the new agreement on equalization we are hoping for. We will reserve our decision on the position we will take on third reading.

It is important to remind the House that equalization is a very important tool for the provinces and especially for Quebec. That cannot be denied. The situation we are in is extremely strange, with what we call the fiscal imbalance, in which 60% of Quebecers' tax dollars end up in Ottawa. This money then has to be transferred back to Quebec and other provinces through programs like the Canadian Health and Social Transfer and the equalization formula, when it would be so simple to let the provinces, and Quebec in particular, have the tax base they need to carry out all their responsibilities.

Clearly, in these circumstances, we will have to improve the existing equalization formula, which distributes the tax burden equally among all the provinces. Ottawa spends about \$10 or \$11 billion annually on equalization, a relatively modest sum, I would say. Even if it appears to be a fairly large amount of money, it is only between 1 and 1.3% of the gross domestic product. While not a lot, it is nonetheless helping those provinces who do not have a large enough tax base to provide a number of services.

However, and this has already been pointed out by the hon. member for Drummond, among others, the current equalization formula is not satisfactory. Therefore, extending it in advance, immediately, presuming that there will be no agreement before March 31, simply condemns Quebec, for example, to lower revenues in the coming year than in the current year. That is quite abnormal in Quebec public finances, as we know.

Moreover, Quebec's is not a unique situation. At present, nine of the ten provinces, all but Alberta, are in financial trouble. Strangely enough, we are being told that the cumulative deficit of all the provinces for the coming year will be about \$10 billion. In a way, if the \$10 billion that goes through the federal government had gone directly into the provincial treasuries, we would have avoided this money-shuffling game.

That said, the rules being what they are, the equalization formula must be improved. As I was saying, the current formula means that the Government of Quebec will have less money next year than this year, and this at a time when Quebec's finance minister has announced a financial shortfall of nearly \$3 billion. I remind the House that if the Government of Quebec does not want to tamper with health and education, there will only be an envelope of \$9 billion in which to find that \$3 billion. It is utterly impossible.

In the current situation, federal government transfer payments for health and education are inadequate, after the deep cuts we suffered

during the war on inflation. Thus, neither transfer payments nor the current form of equalization can help the Government of Quebec fulfil its obligations in health and education. It has no choice. If it wants to balance the budget next year, the Government of Quebec will have to make come cuts in health and education. It cannot find \$3 billion out of \$9 billion—it cannot. It is impossible. The whole issue of fiscal imbalance is illustrated by this situation.

The current equalization payment is a significant transfer for all the provinces, except Ontario and Alberta. The equalization payment is a significant transfer for Quebec. The fact remains that a certain number of problems have been identified by the Séguin commission, the Government of Quebec, and the provinces.

For instance, there is the fact that the standard being used is based on the situation in five provinces, not all ten. The extremes are excluded, in other words, the Atlantic provinces because they are not wealthy enough, and Alberta because it is too wealthy.

●(1210)

This situation ends up penalizing Quebec, in particular, and other provinces as well. We agree with the provinces, the Government of Quebec and the Séguin commission that the new equalization formula should take into account the per capita fiscal capacity of all ten Canadian provinces, including Quebec, Alberta and the Atlantic provinces, as I mentioned.

The second problem identified by the Séguin commission, the Government of Quebec and all the provincial governments, concerns the equalization ceiling. In 1999, for the last formula that will expire in March 2004, the ceiling was arbitrarily set at \$10 billion and indexed each year to nominal GDP.

The ceiling was fully applied only in 2000-01. This denied the provinces entitled to equalization a sum of \$224 million. Knowing the provinces' situation with respect to public funding, it is safe to say that money would have been extremely helpful.

The way the cuts are distributed also disadvantages Quebec, because it is done in proportion to the entitlements of each province, and is not based on demographics. That said, when there are cuts to be made, Quebec assumes 62% of the cuts, yet we represent 24% to 25% of the population.

It is therefore extremely important to us that the ceiling on equalization be lifted to ensure there are no shortfalls to the provinces and Quebec.

Government Orders

Another element that is extremely important to the Séguin commission, the Government of Quebec and the provinces, is the tax base used to determine equalization entitlements. At present, these are poorly defined. We know that they are calculated based on 33 tax bases, including property tax. This is a serious problem for Quebec, since the federal government arbitrarily decided to measure fiscal capacity taking into account the income of owners, and not property value.

Common sense would dictate that, when looking at a tax base like property tax, one would look at the value of the property or buildings, and not the income of the owners who live in them. This anomaly results in Quebec's fiscal capacity being overestimated. Consequently, Quebec is being deprived of \$800 million.

The gap between the fiscal capacity of the provinces and the average is currently 22%, while the gap based on property values is 35.5%. This too needs to be corrected.

As I indicated previously in a question, the provinces are asking, as the Séguin commission and the Government of Quebec did, that Ottawa make payments much more predictable. There are a number of statistics involved. In fact, some 3,000 figures are used to calculate equalization. It would need to be much more transparent. Also, whenever there are changes in these figures, these changes should not be applied to the current year or retroactively, but rather over a period of three to five years.

In practice, the federal government always ends up spreading the repayment or cut required over several years. But even then, only after strenuous negotiations. There is always blackmail involved on the part of the federal government, which starts off by saying, "You will have to pay", but, under pressure from the opposition, the Bloc Québécois, the provinces and the public at large, eventually makes arrangements.

It would be better for everyone if the rules were clear and if the amended equalization amounts, based on a statistical variation, were spread over three to five years so that the provincial finance ministers, in their budgets, would not have to deal with unexpected clawbacks or changes to the transfer payment amounts under the formula. As I mentioned, all the provinces have reached consensus on these demands.

Under the formula proposed by the provinces, the fiscal capacity of all ten provinces, instead of five, would be taken into account. However, this would cost the federal government \$3 billion.

•(1215)

Obviously, the Minister of Finance is saying that this is impossible. This week, to everyone's surprise, he announced a technical deficit, a new invention of the Department of Finance. This tactic has already been used to hide any surplus. First, as you will remember, a \$3 billion contingency reserve was created. Since that did not do the trick, the current Minister of Finance invented a new category called economic prudence.

When he was asked in the House to explain the difference between the contingency reserve and a reserve for economic prudence, he could not, because there is none. That side is merely playing with numbers to avoid having to reveal the actual surplus and is hiding the true state of federal finances from the public, as

well as the fact that the federal government is able to meet the provinces' demands, for example, that the fiscal capacity of all ten provinces, not five, be calculated.

I would remind hon. members that, for the fiscal year ending in March 2003, the Minister of Finance was talking about a \$3 billion surplus just weeks ago. Three weeks later, oddly enough, the surplus had reached \$7 billion. It is rather disquieting that the finance minister cannot estimate the amount of surplus at the same amount on two occasions only weeks apart. This is an error of 133%. Hon. members might say this is a trifle compared to last year, and they would be right. In 2001-02, the then finance minister, now member for LaSalle—Émard, and prime minister to be, was 493% off. So this year is somewhat of an improvement.

Oddly enough, the Bloc Québécois, with its meagre means, is able year in and year out to predict the surplus within about 10%. In the past four years, we have never been more than 10% off.

So the Liberal government is employing a strategy to camouflage the true condition of public finances by underestimating the surplus—their past tactic was to underestimate the deficit, now they overestimate the surplus—in order to make the public think they do not have the money. But they do.

For example, for the coming year, the Minister of Finance tells us he is already in a technical deficit. This is something new he has come up with. His technical deficit means in fact that his surplus will not be as large as projected. Instead of three or four billion, it will be something less.

There will in all probability be a surplus. I am even convinced that it will be three or four billion. This surplus is, however, not called a surplus any more; now they call it a technical deficit. This is just smoke and mirrors. Fortunately, fewer and fewer people in Quebec and Canada are buying that story.

With our calculator and our very simple model, we did a rough estimation of what the surplus will be for the current year. We believe that the government will easily end up with a \$6 billion to \$7 billion surplus. This means that there is more than enough room to follow up on the provinces' request and increase the tax base so that equalization payments better reflect the actual fiscal capacity per capita of each province—and we are talking here about \$3 billion—and to commit immediately to transferring the \$2 billion provided for in the health agreement.

This is the \$2 billion that has been used shamelessly for blackmail over the last few weeks. We know that the government will have enough money to address the provinces' concerns with regard to equalization payments and health transfers.

Government Orders

We have five months ahead of us. I am asking the federal government and the Minister of Finance to undertake negotiations in good faith, as requested by the provinces and by Quebec, to find a solution as quickly as possible. We have the money and we can do it.

If the future prime minister wants to take part in these negotiations, it is fine with me, but we do not want to hear about an extension of fiscal arrangements. We know full well that this will take away all the pressure to negotiate on the part of the federal government, and we will probably end up, in the spring of 2005, with another extension or with an arrangement that is not satisfactory.

If they negotiate in good faith, they can find a solution to this problem and, as I was saying at the beginning of my remarks, this is why we will be voting against this bill at second reading, hoping that we can amend it in committee to take into account all the elements that I just mentioned, and then be able to vote in favour of this principle at third reading.

• (1225)

[*English*]

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I listened with intent to the speech from my colleague from the Bloc. He is not my colleague in the same party, but he is a parliamentary colleague.

I noted he said in one place that Alberta and Ontario did not like equalization. I would like to correct that because I think we do like it. It is in our Constitution. My party at least has a policy that states it approves of and supports the principle of equalization. It is not only in our country's interest, it is in the interest of each province, not only those who receive equalization payments but also those who contribute to them.

I am from Alberta. Under the equalization formula, it receives zero, but I am not unhappy with that because I think that it is good for Canadians to live in the province of their choice. I was born in Saskatchewan and I had to move to Alberta to pursue my career. People should be free to move from province to province, but most of us like to stay in the province in which we were born and live there.

If we did not have equalization, we would either have excessive taxes in some provinces and lower taxes in others or we would have a wide disparity between the level of services provided to the people by their governments.

I would like to correct that. I think he said it just in passing. We do support the principle of equalization, but we want to make it more fair.

The other thing that I want to point out is with respect to the numbers the Bloc members keep using, and the previous speaker drew attention to this as well. They have said that per capita Quebec does not get as much. The math just does not add up.

The latest numbers I have on my computer, and unfortunately I did not update them, are from 1998. At that time Quebec had around 24% of the country's population, but that same year it got 45% of the equalization payments. Therefore, per capita I believe it is somewhat ahead of the game.

I wish members would look accurately at the numbers. I pulled mine right off the public accounts. These are the actual numbers. I wish Bloc members would be a little more precise in the way they use mathematics and statistics, because it is my honest belief, based on what I have read and studied, that they have been net beneficiaries of the equalization program. We welcome them to it, but I wish they would perhaps be a little more accurate in their evaluation of it.

I am not begging them to say thanks a lot. I am saying that we should be realistic in what it means to be part of the family of Canadian provinces.

[*Translation*]

Mr. Pierre Paquette: Mr. Speaker, perhaps there was a problem with the translation, but I never said that Ontario and Alberta do not like equalization. What I said was that Alberta and Ontario do not receive equalization payments. That is all I said. I did not in any way criticize the opinions of Ontarians or Albertans on equalization. Unfortunately, I am unable to say whether they like it or not. All I said was that they do not receive any.

However, in his comments, the hon. member implied that Albertans and Ontarians are footing the bill for equalization. It is the federal government that pays for equalization, not Alberta and Ontario. Of course, the Alberta and Ontario taxpayers are paying something, as are the taxpayers of Quebec and all the rest of Canada.

I also mentioned in my speech that it was a relatively small amount. For example, for this year, we expect to receive about \$183 billion in tax dollars from the federal government, and equalization payments amount to \$10 billion. It is not equalization that creates pressure on the federal treasury, any more than would an additional \$3 billion if the tax base were such that all provinces, and not just five of them, were part of the new equalization formula.

I want to add one more thing on this subject. The federal government, which slashed transfer payments to the provinces a few years ago, has reinvested very little. It has, however, greatly inflated its bureaucracy.

For example, from 1999-2000 to 2002-04, federal departmental expenditures increased by 34% or one-third. This is not direct services to the public, just government operations. At the same time, program spending, or transfers to individuals, increased by barely 14.5%, which is three times lower.

The budget has been balanced on the backs of the unemployed and the provinces, bureaucracy has been inflated and there have been no improvement to programs such as employment insurance, old age pensions or the guaranteed income supplement. The hon. member for Champlain, who is here, can testify that many seniors are currently deprived of the guaranteed income supplement as a result of the federal government's laxity.

Therefore, program spending has increased at a rate three times slower. Barely 23% or less than one-fourth of the budget went to the CHST.

Government Orders

The problem is obvious. Clearly, for several years yet, equalization will be an important way to ensure equity among the provinces. However, the equalization formula is only one part of the solution needed to resolve the fiscal imbalance between the provinces, including Quebec, and the federal government. Quebec and the provinces have more and more responsibilities and, unfortunately, the money is accumulating in Ottawa, where the responsibilities are insignificant.

In closing, I want to say that if federal spending increases, the surplus in question could quickly disappear. That is why we want the future prime minister, the hon. member for LaSalle—Émard, to respect the commitment he just made, as well as his recent statements that he wants tighter controls on federal spending. We suggest a 3% annual increase in federal spending, more or less equal to inflation and population growth. He can find the necessary margin in existing budgets to satisfy the provinces' demands with regard to equalization.

• (1230)

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, you can tell I was anxious to rise to participate in the debate. I was not a hockey referee, but I was quite athletic in my youth, and I am always anxious to get into a debate such as this.

I find it quite interesting to hear the member for Joliette. I was listening to Mr. Séguin, the Quebec finance minister, who said that the equalization formula is so complicated that, according to him—and he said this as a bit of a joke—there may be 10 or 12 people who fully understand it. He said that its very complexity makes it extremely expensive to administer. We are fortunate, because the member for Joliette must be one of those 10 or 12 people who have a good understanding of the equalization formula.

When I see that the government took into account 3,000 variables to distribute a tax base of \$10 billion out of \$180 billion, I think this is extremely costly and there should be other formulas.

I would like to hear what my colleague has to say about the amounts that we could save if, for example, Quebec were to become independent and keep all its revenues. I would like him to comment on this.

The Deputy Speaker: I ask the member for Joliette to share this expertise with us for about one minute.

Mr. Pierre Paquette: Mr. Speaker, in only one minute, I will obviously not be able to provide a comprehensive answer to the hon. member for Champlain.

However, I think he identified the real problem here. Quebec needs equalization within federalism as it exists because we have to get back part of the taxes we are paying Ottawa. We also need health and education transfers to carry out our responsibilities because, as I said earlier, part of our taxes goes to Ottawa.

If we were to get back all the taxes we pay, we would be in a position to manage services to the public much more efficiently than at present. We could avoid duplication and overlap in provincial jurisdictions and abolish all the various institutes and foundations the federal government has established to increase its visibility.

To conclude, let me give the House an example. In the last budget, the finance minister announced the creation of the Canadian Learning Institute, with an initial budget of \$100 million. That is \$100 million that is going to waste and that could have been used to better educate our children.

• (1235)

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I am very pleased to speak to Bill C-54, an act to amend the federal-provincial fiscal arrangements, in order to ensure continuity in the equalization payments to Quebec and provinces that are entitled to receive them.

The equalization system in Canada is governed by legislation that usually lasts five years. The current legislation took effect on April 1, 1999 and will expire on March 31, 2004. Effective March 31, 2004, there will need to be new legislation on equalization that governs federal-provincial fiscal arrangements.

The federal government currently does not seem to want to respond favourably to the provinces' demands with respect to upcoming legislation to cover 2004 to 2009. In addition, for a reason that is hard to understand, the federal government is proposing a bill five months before the current legislation expires. Why introduce this bill today when it could do so in February 2004, should an agreement not be reached with the provinces?

The fact that the federal government is introducing this bill when the provinces and the federal government are still negotiating sends a rather offensive message to the provinces. Some very constructive suggestions for improving the legislation have been put on the table by the provinces. Some are political, while others are technical. We know that the equalization system is very complicated and that it has been a roller coaster ride for the provinces for the past few years.

Once it has been announced that the provinces will receive \$500 million or \$1 billion less, a few months later the numbers are recalculated and we are told that the provinces are entitled to \$500 million or \$1 billion more. This scenario creates unbearable confusion in the day to day management of provincial budgets. We would like to be able to correct this. The provinces also made proposals to improve the situation.

What we have before us is some kind of temporary legislation to cover this period of uncertainty about who is leading the government in the Parliament of Canada, because Canada currently has a two-headed government, with one head preparing to leave and the other anxious to take over as soon as possible but unable to do so. In the meantime, instead of resolving the situation and determining who is the head of the government who will be answering to the public, every trick in the book is being used not to offend the current Prime Minister, who is on his way out, and to give a fairly free hand to the next prime minister.

Government Orders

It so happens that this one-year extension will also cover the next election campaign and, consequently, place the provinces in a less favourable bargaining position to get what they want from the federal government. The Bloc Québécois therefore intends not to support the principle of the bill.

We do not have anything against equalization per se, of course. I think that our equalization model has worked in the past. But it is not the best. I think that, ideally, Quebec should become a sovereign state and control 100% of its taxes and 100% of its revenues, so that it can be managed as a self-sufficient and mature state.

Until then, the equalization system in the Canadian context must be maintained. However, it should not be used the way it is currently being used by the federal government, and definitely not in the spirit in which this bill has been introduced.

We therefore cannot support the principle of Bill C-54, even though we support the principle of equalization. We will try to bring forward amendments so that, if an agreement on a new formula can be reached by March 31, 2004 between the provinces and the federal government, the new formula can be applied to payments made to the provinces.

The Bloc Québécois will try to give back to the provinces the bargaining power the federal government is taking away from them. Indeed, it is taking the wind out their sails by declaring that it will be preserving the status quo for at least one more year. This way, the government is in no rush to negotiate with the provinces and does not need to act quickly to correct the situation.

We will try to amend the bill at committee.

• (1240)

As for our position, we shall see what happens when we get to third reading. We shall see where we are when the time comes to pass the bill. Apart from the future prime minister, hardly anyone wants to see this bill put through as soon as possible. We want time to be taken to allow the provinces to put forward their arguments. They also need to be able to gain some points, and the entire system needs to be improved so that we end up with the best equalization payment system possible.

It is not a matter of simply changing the law to please the potential PM, as we did with the effective date of the electoral map. The same logic applies here. The non-partisan electoral legislation called for the electoral map to take effect one year after its official recognition. The elections ought therefore to be held a year after the electoral map is adopted. The government decided to change this and move the date to April 1, to suit the emperor in waiting.

So now they are doing the same thing with the bill on equalization payments. Democracy stands to lose as a result of what was done with the electoral map, but in this case it is fair treatment of the provinces that will lose out. I think the public will be able to judge this situation for itself.

The current legislation has another five months to run before it expires on March 31, 2004. Let us allow time for negotiation. As I said, this is one more demonstration of the paralysis that is setting in within the federal government. It seems that no one wants to shake it out of its paralysis.

On Tuesday, we had a votable motion in which the Bloc Québécois called on the Prime Minister to step down as soon as possible. There are many within the Liberal majority who have been working for a long time to get the present PM to go, but that majority decided to vote in favour of his staying. Unfortunately for them, we have learned that our motion has had some impact on caucus and on the Liberals' discussions. At last, the Prime Minister is wondering whether he ought not to leave as soon as possible. He realizes that there are some major problems.

In practical applications, like the equalization program, we are dealing with the money that allows provinces to balance their budget. It is imperative that the best possible legislation be enacted. And for that, one needs time to negotiate.

For the sake of those who are not familiar with the notion, the purpose of equalization is to reduce horizontal gaps in the provinces' fiscal capacities. There are extremely complex mechanisms to determine how to do that. The basic principle is still to better balance the means of the provinces. Also, the federal government makes equalization payments according to some set mechanisms.

And then there are the demands from the provinces. I talked about that earlier. They should be the reason for the government's action today. Instead of putting forward this bill, the federal government should send a clear message to the public that it is trying to find the best possible equalization arrangement, that the finance minister is in contact with his provincial counterparts, that they are hopeful something positive will come out of it and that a bill taking those arrangements into account will be forthcoming.

That is not the message that is being sent by the finance minister and the federal government. The message we are getting is that they are trying to sweep the issue under the rug, gain one year, and by then the provinces will have no more leverage, and they will be able to get their way in any equalization agreement.

What the provinces are asking is first that the formula be changed to take into account the fiscal capacity of all ten provinces. Currently, it only takes into account the fiscal capacity of a sampling of provinces. It was realized that in actual facts this did not lead to the desired fairness. The formula proposed by the provinces would cost the federal government about \$3 billion more a year. It is a lot of money, but that must be put into context. Last year, that same government had a \$7 billion surplus.

Government Orders

In fact, for the sake of equity between Canadian provinces, would it not be better to allocate that supplementary \$3 billion on an annual basis? It would help solve part of the fiscal imbalance across Canada. This interesting proposal was made by the provinces and other stakeholders at a press conference on October 9, 2003. It was made as they were preparing for the meeting of the federal provincial finance ministers. That meeting was held on October 10, 2003.

● (1245)

Although that meeting with the Minister of Finance did take place, now, even before the month of October has gone by, they are introducing a bill saying that the status quo will remain for one more year. Instead of showing some courage, instead of giving a clear answer to the provinces, the federal government has decided that it would put off dealing with the problem. I think such behaviour is totally inappropriate.

There is another provincial demand that even the federal government has to recognize. The review mechanism needs to be reviewed. As things stand now, it is very difficult for the provinces to know in advance what equalization payments they will be entitled to. Therefore, the provinces are asking that Ottawa make payments more predictable.

In our system, if there is one frustrating thing about managing a provincial budget, it is certainly suddenly finding out that an additional amount is forthcoming or not. That plays havoc with any attempt to balance the budget. If we were to make only one technical change in the agreements on equalization payments, this would surely be the one to make.

We are proposing that any adjustment linked to new statistics be automatically spread over a period of three to five years instead of being required in the year where statistical changes happen; that will reduce the volatility of the adjustments.

I would add that in case of a sudden increase or decrease in available moneys, it can also be frustrating to hear something like, "You have to give us \$350 millions back, next year" for example, or, "You will receive \$350 million more".

This has happened to the Quebec government. It was difficult to maintain a balanced budget. We needed more money in health and suddenly, at the end of the fiscal year, we discovered that there was a substantial cushion we could have used during the whole year if only we had known.

Consequently, the people of Quebec did not benefit from the services they were entitled to, not because the Quebec government did not want them to have those services, but because it did not have the right information as to what its budget would be. It is important, therefore, that this be corrected.

We have learned through leaks that the federal government might be willing to agree to this request. If this is true, why not integrate it right away in this bill? Why not find a way to let it be known that this request would be accepted? This would show some good will on the part of the federal government. As far as I know, there is nothing of the kind in the bill as written.

The provinces are also asking for a simplification of the program, because reaction to the word equalization itself is that this is

something rather mysterious that calls for a lot of expertise. The fact is that the system is very complex system.

For example, there are about 3,000 variables used just to calculate transfers to the provinces. All this should be made more transparent. This is what the provinces have requested. In addition, it has been requested that all general revenues, and not just some of them, be included to better reflect the context within which the system operates.

We would also like some of the 33 sources of revenue currently used to determine the provincial fiscal capacities to be reviewed, particularly the tax-back effect, which can lead receiving provinces to be less interested in adopting measures to stimulate economic growth.

Indeed, when we learn after the fact that funds were available, those are resources that we could not anticipate, because people in the provinces are asking their governments to be prudent and to refrain from counting on revenues that they are not sure they will get. By correcting this situation, provinces will be able to do better.

This behaviour, also seen in the case of Bill C-54 on equalization, is another example of the paralysis now affecting the legislative process in Parliament. Another example is the fact that the government is supposed to bring down a budget in February. The Minister of Finance himself says that he cannot prepare his budget without knowing what the prime minister wants to do. The same thing is true of equalization.

The prime minister in waiting has said, "I reserve the right to review every single government decision". Thus, the proposal before us reflects that clearly: this bill provides the minimum to the provinces—maintaining the status quo—but it does not correct the legislation. This is another way of saying, "We will see what happens when the new prime minister comes in". Nevertheless, this bill says nothing about day to day management, the mechanisms that have to be changed, and the recommendations that have been approved, and that should be there.

In my opinion, it would be more responsible to say that we are against this bill because the equalization system must be improved, rather than introducing it as it is, saying that it will be in force for a year, and that later on we will see if there are changes resulting from negotiations with the provinces.

● (1250)

On the one hand, it is an authoritarian and somewhat centralizing behaviour to say, "We will introduce a bill that maintains the status quo, but we do not feel obliged to negotiate improvements before the bill is passed. As the federal government, we are taking out an insurance policy that will enable us to keep operating".

On the other hand, however, the provinces are given no guarantees that they will be able to obtain some of the improvements they believe are necessary. The federal government shows no signs of the spirit of compromise that would be necessary for such a bill.

Government Orders

As things stand, the Bloc Québécois cannot vote in favour of this bill at third reading unless, in the end, we see improvements that will satisfy the provinces. Let us take the time to include these improvements. There is no urgent need to adopt this bill in its current form.

Obviously, it is very important that equalization continue, but in order to achieve that, we have the time to do good work, to achieve a satisfactory result, to include appropriate measures in the bill, and to integrate what the federal government is ready to accept as a result of negotiations with the provinces, and which is not there at present.

This is the kind of behaviour on the part of the federal government that exasperates the provinces. If the future prime minister wanted to prove that things are going to be different in the future, that he will not be a Liberal like the rest, that he will not take a centralizing approach like the others, this would have been the perfect opportunity to demonstrate that by taking a different approach here, but this does not appear to be the case.

When it comes to the resolving the fiscal imbalance, improving the equalization program or finding a way to regulate federal spending powers, the current government has done nothing to show that things will be done differently in the future.

Since our party is here to defend Quebec's interests and wishes, like all the other provinces, and since we want Quebec to get its rightful share and ensure the fairest possible system as long as we are part of the federal system, we feel it would be irresponsible to support this bill in its current form only to be told in two or three months, "You agreed to it" or to hear, during the next election campaign, "You voted in support of the bill as it stood and that should suffice. Why are you asking for more?"

In my opinion, the public needs to hear this. People should also understand that equalization is working. However, it must be based on the year in progress and on a functional model that will be operational and that will take into consideration the demands of the provinces. When this has been done and when these changes have been made, we will be able to adopt legislation that meets the requirements of Quebec, the provinces and the federal government.

In the event that no agreement is reached and a bill remains necessary to ensure continuity, there will always be time to obtain the Bloc's cooperation. In the meantime, however, there is no question of adopting such legislation.

The principle of this bill, as drafted, is to recognize the status quo, which is not what people want. I know that Quebeckers will support the Bloc Québécois, as we are speaking on their behalf here.

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I enjoyed the speech by the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, especially his conclusion, which was extremely balanced.

In my view, he explained the Bloc Québécois' position very well. Consequently, I would like to know if, in his view, the fact that this bill is being introduced at this time is not another illustration of the fact that we are currently living, albeit involuntarily, through a period of paralysis in the House of Commons and in this government, because of this unending transition between the current Prime

Minister and the future prime minister, the member for LaSalle—Émard.

• (1255)

Mr. Paul Crête: Mr. Speaker, I think the paralysis started to set in this past summer, as soon as we learned there would be only one real candidate in the Liberty Party of Canada leadership race.

So an overall plan was drawn up. First, change the effective date for the electoral map, so that the gentleman soon to be prime minister can call an election without having to defend himself here in this House. He will thus be able to avoid having to take part in any debate during oral question period, and will also manage to avoid the Auditor General's report scheduled for November. In fact, if Parliament is not sitting at that time, that is a good way to get around all this. That is part one of the plan.

Part two concerns the equalization payments we are discussing today. They are talking about maintaining the status quo and extending the period by one year. This will get us over the coming year while not requiring the new prime minister to disclose his position on this matter. At the same time, it saves the present government from public contradiction such as we have witnessed with Via Rail and a number of other instances. The government and the present prime minister have their hands tied. The PM is unable to take any decisions to get government business moving.

The same thing is happening now with the equalization payments, and this is why we must avoid falling into the trap. It must be made clear that equalization payments are a good thing, but it is not a good thing to pass this bill now. It is not a good bill, because it places the provinces and our fellow citizens at a disadvantage.

Before such a bill is passed, maximum use must be made of the negotiation approach. In February 2004, there will be all the time in the world to enact such a bill. If it should happen that an agreement is not reached, the period could then be extended so as to ensure the equalization payment system can continue to operate.

If an agreement is reached in the meantime, however, it must be adopted in the House and not in a bill such as the one we have before us at this time, which will enable the federal government to gain two years of negotiation. Once again, this perpetuates the traditional view that the federal level has the spending power, has the money, and has the upper hand whenever anything is asked of it.

In this debate, we want to see equality of opportunity for the provinces and the federal government. We do not want to see the federal government armed with one more tool or weapon, thus creating an imbalance so that we will not get the best possible system.

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, I find today's debate extremely interesting and I am learning a lot about equalization and its components.

I have one concern about this bill, and I think my colleague mentioned it briefly towards the end, but I would like him to come back to this issue.

Government Orders

As we all know, there will be an election next spring. Short of a miracle, an election will be held. Right now, the provinces are in a strong position to negotiate and have many demands. In the next five months, they could have the opportunity to negotiate and get what they deserve.

If the agreement is extended for a year and a half, the provinces may lose ground. The provinces are now the strongest, but the new elected government may not see it that way. This is one reason why I will be voting against this bill, to ensure that the provinces are in a strong position to negotiate and get their fair share.

Also, as my hon. colleague briefly mentioned, for these people to say that we voted for such a measure is both frustrating and insulting. I also have a feeling that we will be criticized later on for supporting the previous formula because we voted in favour of a bill extending the agreement for another year.

I would like the hon. member to clarify some of my concerns and tell me if I am right in my thinking.

• (1300)

Mr. Paul Crête: Mr. Speaker, it is clear that the provinces are currently in a strong position to make interesting gains if negotiations take place when they are supposed to.

The current legislation expires on March 31, 2004. We have specific demands. If the bill is passed as it stands, the next election campaign will find the government making political promises for its next mandate, when it could have easily resolved the situation already. The government will make a partisan issue out of certain aspects of equalization management, which should be non-partisan.

We hope this is resolved as soon as possible in a healthy climate of federal-provincial relations, and not through blackmail. The best example of this is that the provinces are demanding that the formula be changed in order to take into account the fiscal capacity of the ten provinces. This is a logical argument.

Based on the current method, we have had for several years a system based on a sample of five or six provinces. It is suggested that, given Canada's size, the economy and the new reality, all the provinces should be taken into account. But this comes at a price, and it would cost the federal government an extra \$3 billion.

It would be healthy to start negotiating now and see this process through. If no agreement has been reached by February or March 2004, when the current legislation expires, we will vote in this House according to the progress made in ensuring that the system can continue to operate and payments continue to be made.

Why give the federal government another excuse for saying it does not have to negotiate right away with the provinces. As far as including all ten provinces is concerned, the government could take an extra year to work on that, which would save a great deal of time in the end. We can never tell what the fiscal realities will be six or twelve months from now. We have seen what happened with the money the federal government had committed to pay the provinces. The current finance minister has been trying for the past six months to find the right excuse not to pay out, at the end of 2004, the money promised for health.

If there is a lesson to be learned in this Parliament, it is that it is much better to negotiate when we have the power to do so and when we have the time to do a good job of it. This is much better than to sign off on extensions of the status quo which, at the end of the day, will cost more money and will leave the provinces with no power to go after the money they are owed and living with the past.

That is why this bill, as it stands, is not acceptable to the Bloc Québécois. Let us debate the issue. We will debate it in committee, just as the public will debate it, then the premiers of the provinces will make their demands. But let us not pass this bill until as much interaction as possible has taken place between the provinces and the federal government. I think that it is our duty, as parliamentarians and members representing Quebec in this House, to take this approach.

Mr. Louis Plamondon: Mr. Speaker, I was told that the NDP would go before the Bloc Québécois if the member who was supposed to speak was here. Since she is not ready, I will proceed. Is that correct, Mr. Speaker.

[*English*]

The Deputy Speaker: The Chair simply seeks guidance on whether there is an agreement or otherwise. If the member for Halifax is disposed to take the floor now, the Chair will recognize her.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I have just returned from the foreign affairs committee meeting and I am trying to get into stride in this very important debate.

I had an opportunity at the outset to question the parliamentary secretary on the issue of the lifting of the ceiling on equalization payments. It is an arbitrary ceiling that was in fact imposed many years ago. When I was pressing him on this question he took great offence that I was not congratulating the government on actually doing what needed to be done, which is to finally lift that arbitrary ceiling.

This has been a very serious problem and a very punishing one for many provinces. I can speak particularly of my own province of Nova Scotia and others in Atlantic Canada. Other have not provinces as well are in receipt of federal equalization payments. They depend very much on the health and social transfer payments.

The difficulty I have when the Parliamentary Secretary to the Minister of Finance goes on the offence, which I guess is a political tactic, is that the government has now been in power for a full decade. Equalization has been a problem for our provinces that are desperately dependent upon equalization payments for the whole 10 years. If I do not see it as a priority to be falling all over the government and falling on my knees in gratitude to the government that it has finally moved to the point of being ready to lift the ceiling, then I hope he can understand that it arises out of knowing what incredible hardship has been endured in many of those provinces by a great many of our citizens.

Sometimes when we are having a debate about transfer payments and equalization payments it sounds as though it is just a fight over money. It sounds as if it is a question of dollars and cents and playing around with statistics and figures.

Government Orders

Make no mistake about it. It is about the very lives of great numbers of our citizens, particularly our most vulnerable citizens who do not have deep pockets, who do not have fat bank accounts, who are tragically on the receiving end of massive cuts by the federal government.

They are unilateral cuts, reckless cuts and punishing cuts to the most vital public services on which people depend. This is especially true of health care. The government has arbitrarily taken out billions and billions of dollars from transfers to the provinces. It means that the package of our fiscal transfers that includes equalization, the territorial funding formula and the social and health transfers really loses any coherence and integrity.

It is intended that this is a coordinated financial package that theoretically, and the minister said it again and again today in his speeches, exists for the purpose of ensuring that all Canadians, regardless of where they happen to live and regardless of what their wealth is, are able to have reasonably equitable access to the services that they require. These services are supposed to be available to every Canadian citizen. It assures that these services shall be feasible to be provided at roughly the same level of taxation.

That all has been absolutely out of balance since the infamous budget in 1995. That budget began hacking, slashing and burning some of the most vital services. It put further strain on our equalization payments.

• (1305)

To make a brief contextual comment, Canada is one of the most decentralized federations in the world and fiscal arrangements between federal and provincial levels of government are the very glue that ties this nation together.

With that supposed guarantee of comparable levels of service in the areas of health care, education, income support and so on, equalization is the key to the entire system of federal-provincial fiscal relations. What is very frustrating and infuriating is that the government, in coming in today with this legislative measure, expects there to be a great display of gratitude and instant support without there being any question about what is going on here.

The fact of the matter is it is built into the equalization agreement that every five years there will be a full revisiting, review and revisions made to that formula to better serve Canadians. We see here that at the eleventh hour because the government has not gotten that job done, it is asking us to rush something through that would guarantee that the equalization payments would be possible to flow after April 1.

That is not good enough. It shows quite clearly that the government has not taken seriously some of the changes around which there is actually a very high degree of consensus by the provincial governments. In response to that, the federal government should have been moving to introduce the kind of changes that are needed.

It is not just a matter of Canadians feeling aggrieved by the fact that this has not been a priority for the government. It is also something that arouses great fear in Canadians. It is not without foundation. Before very long the prime minister in waiting, the member who largely hides behind the curtains when it comes to a lot

of the important decisions being made on the floor of the House of Commons these days is actually going to be the prime minister. He is not going to be just in the role of finance minister where he inflicted great harm on many of these fundamental programs on which Canadians depend, but he is actually going to be the prime minister.

That member will be in a position to fundamentally reorient some of these programs. It is absolutely important that we move to make the kinds of changes that are needed before we find that the member for LaSalle—Émard is in fact prepared to take a meat axe to our equalization payments in the same way that he did to our health and social transfers.

The parliamentary secretary said that the government is making some changes to the CHST. It is true that the government has finally capitulated to the pressure of provincial governments that have said that the federal government cannot keep doing this to them. Great inequities and great injustices were inflicted upon people's lives as a result of the major damage done to these programs over the period when the member for LaSalle—Émard was the finance minister.

I do not think the government should be surprised that there is concern about delaying further on dealing with the new regime of federal-provincial relations. There is a basis for the apprehension about what we might end up with under the provisional prime minister when he actually is at the helm.

• (1310)

The reality is that for the past two decades as social services expanded, federal transfers kept pace with social spending. That goes back to the early years of these programs. By the 1980s, under the previous Liberal government, the federal government began a series of cuts. It drastically reduced the federal share from 24% of provincial revenue in 1980 to just 15% before we even got to the year 2000. This has put increasing pressures on the poorest provinces which find themselves facing increasing financial constraints.

I recognize that the fiscal capacity of the provinces across the country is not the same by any means. It is the federal government that has been congratulating itself and celebrating the very large surpluses in recent years. Most of the provinces have not had large surpluses with which they could make up the deficiencies from those major cuts at the federal level.

I want to say clearly on the record that I do not have a lot of sympathy for some of the provinces. Some provinces have taken themselves out of the surplus situation in which they would have been by giving massive tax cuts to those who least needed them instead of putting those resources into shoring up and strengthening health care services, child care, home care, accessibility to education and so on.

Government Orders

The reality is that the majority of provinces, and I will speak for my own province and the other Atlantic provinces when I say this, have been absolutely unable to make up for the massive reductions that have come at the hands of the federal government both because of the cuts in social transfers and the arbitrary ceiling that was maintained by the federal government through all of these years. It could have lifted that ceiling instead of shifting the burden onto the provinces that did not have surpluses and did not have any room to generate the extra dollars needed to make up the shortfall.

It is disappointing in the extreme that the government has not dealt with this crisis. Now it is saying it may or may not get to dealing with the revisions in the formula and so it is asking for *carte blanche* from this Parliament here and now for an extension of the status quo.

If the status quo were adequate, if it were sufficient and equitable and if it worked for people, I do not suppose there would be any resistance on the part of members to carry on with the status quo. The reality is that the status quo is not serving a great many Canadians in the way that is needed. It is not acceptable from our point of view to ask us to simply give the green light to carry on with the inequities and the injustices that are embedded in the current system.

All of the provinces, recipients of equalization payments and non-recipients alike, have consistently supported the call for adequate federal equalization. I have heard the occasional grumbling from Alberta. I was glad to hear some of the members from Alberta, even in the Alliance, say that they actually support a fair system of equalization payments. This is all the more reason the government should get on with delivering on the improvements and the modifications in the current equalization formula and not ask for *carte blanche* to carry on with the inequities that are there now.

The government tends to talk out of both sides of its mouth. One minute it is crowing and congratulating itself about a very sizeable surplus. We all know the game now. Canadians know the game that when the government brings in its budgets, it lowballs deliberately, quite systematically and somewhat cynically, the size of the surplus. Then when the real size of the surplus becomes apparent, the government again engages in a round of self-congratulation, saying that it has managed so well, not ever acknowledging that this is taken out of the hides of a great many vulnerable Canadians.

• (1315)

The government says that it has managed so well, which was by restricting many programs that are fundamentally important to people, that it now has a bigger surplus, which is a measure of how well it has done. It now looks like we are headed toward a surplus of somewhere between \$6 billion and \$10 billion. Although at this point we cannot estimate the surplus, it is mind-boggling. Nevertheless, the government is unprepared to make the kind of changes in the equalization formula that would result in some of that surplus being redistributed in the form of equalization payments that are desperately needed.

I am not an authority on the actual figures that we are talking about here. I want to quote briefly from a report that came out of a finance ministers meeting that took place here in Ottawa a week ago today, I believe. What was pointed out was that the kind of changes in the present equalization formula that are being sought by the

provinces would result in a \$3 billion change in the way the federal government redistributes money to the provinces.

The reality is that Ottawa has a sizable surplus. It has already been confirmed that it is \$2.1 billion for the first four months of the year. What we know is that many provinces are facing, not just the normal strains of insufficient resources but in some cases the major punishing strains from totally unpredictable events. I speak of the situation we faced in Nova Scotia but I certainly recognize that this is also true in other provinces, whether we look at the impact of SARS, mad cow disease or the horrendous floods and fires in other provinces.

I want to speak about my province of Nova Scotia and the riding of Halifax that I represent. The current equalization formula does not serve us fairly and adequately. We find ourselves in the situation of huge costs that have been inflicted by hurricane Juan. Almost simultaneous with that, we find out that because of the way the equalization formula applies, and it would seem the inability of government to do the kind of calculations that would allow for a timely adjustment, we also face a huge clawback of equalization money paid in earlier years.

It has to be recognized that the formula that is needed and what has been largely agreed to, as I understand it, among the provinces and in negotiation with the federal government would mean a 20% raise for Nova Scotia in its equalization payments next year. That translates into about \$240 million.

I can tell the House that it would be an act of irresponsibility on my part to stand in the House, knowing how inadequate the current formula is and how pressing the financial needs are in Nova Scotia, to simply vote for the status quo when the changes would deliver some desperately needed resources to my province so it could live up to what is supposed to be the purpose of equalization payments and the promise of social and health transfers; that is, for people to be assured of having access to the basic services that they require at roughly comparable taxation rates. The current formula does not do it. That is why we cannot possibly give *carte blanche* to carry on with it.

• (1320)

The government should move quickly to remedy the inequities and injustices in that formula. If that means keeping this session of Parliament open, we are ready to do that because I for one would not know how to explain that this Parliament is in such a state of paralysis that it will shut down instead of dealing with these kinds of crises that are affecting people in their daily lives.

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I listened to the member and I have to say that I am perplexed as to what the member is trying to suggest. She is suggesting on the one hand that the government should come up with a new equalization formula with the provinces, which is in fact what we are doing. We have had very good discussions with the provinces. The member mentioned that the Minister of Finance met with his counterparts on October 10. It was a very useful and fruitful discussion and it is an ongoing process. We want to get it right.

Government Orders

On the other hand, the member seems to think that there is something objectionable or mischievous about the government introducing legislation that essentially is an insurance policy to ensure that in the unlikely event that we do not conclude an agreement by March 31 the first payment would roll out on April 16. That member would stand up and complain on April 16 if in fact equalization payments did not go forward.

Even when we were looking at cutting costs during the mid-1990s, equalization payments were not affected at all. The government believes very strongly in equalization. It is the cornerstone of the government and we continue to support it. We have had, as I have said, very useful and fruitful negotiations and discussions with the provinces.

However it is prudent management to ensure we have a contingency where if in fact it did not happen on March 31, the payments would still flow up to a year. Nova Scotia wants that. British Columbia wants that. The provinces want that. We have been discussing in good faith and I think the member has been suggesting that we have not.

Would the member rather we not introduce this, that we continue to have negotiations and if for some unforeseen reason we do not get an agreement, that payments would end after March 31? If that is what she wants to tell the Canadian people, that she and her party do not want to have that extra bit of insurance, then she should say so.

I believe this is the right thing to do. I have not heard anyone suggest for a moment that we have not been discussing with our provincial counterparts in good faith.

Yes, the member is absolutely right. Every five years we do this. However for her to suggest that because we are in October and this ends in March we are doing it at the last minute, I do not think so. What we are trying to do is make sure we have the insurance.

How does she respond to the issue that if we do not introduce this and something unforeseen happens, the payments will not flow?

• (1325)

Ms. Alexa McDonough: Mr. Speaker, anyone who is listening to what I have said on the subject, anyone who knows how delinquent the government has been in ensuring that a fair and equitable package is in place to serve the needs of have not provinces, could not possibly suggest that I am advocating that if there are no payments after April 16, then that is just tough.

My point is that the government has been in place for 10 years and there has been a need for adjustments all the way along, including the lifting of a ceiling that only now is the federal government finally prepared to do when it has been punishing Canadians for 10 years.

There is something pathetic about the fact that we find ourselves here in October saying that we need a contingency plan, that we need to take the pressure off the federal government, the heat off the federal government and remove the hammer that is there to press the federal government in case almost six months from now it still has not done it.

We seem to be prepared to suspend the very federal governmental apparatus that needs to be there to serve Canadians. I do not know how to explain to people that we are now at the end of October and

we have to make contingency plans for the possibility that the government is not likely to function for the next six months. That is what is going on.

Embarrassment ensues every day in the House. We have the battling of the egos of the two aspirants for the prime ministership, the one who does not to move over despite the fact that he lost the confidence of his own caucus and of Canadians, and the other one who has not been elected to office but who hides behind the curtains most of the time and conveniently avoids addressing most of the major issues, but has his henchmen saying that the government had better not commit to any money because he will review every bit. This place is in a state of paralysis.

I do not think it is up to opposition members to help the government out of the fix of paralysis that it has us in. It is up to the government to do its job, to sort out its internal petty bickering and to get on with arriving at a new formula for equalization that is long overdue so the money can flow after April 16. It should not depend upon us to get it off the hook by asking us to rush through a piece of contingency legislation.

• (1330)

Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance): Mr. Speaker, I was interested to hear the parliamentary secretary's characterization of the legislation as an insurance policy.

I would be interested in hearing my colleague's take with regard to the legislation, which she points out is simply to bail out the government for not getting its job done and letting the status quo limp on.

Does the member feel that the government is justified in calling the legislation an insurance policy? I am curious about that.

Ms. Alexa McDonough: Mr. Speaker, there are a lot of common views among members of the official opposition, but I am equally annoyed and amused by the government referring again and again to the legislation that is before us as an insurance policy.

What the government is really asking is that we provide a kind of cover for its ineptitude and paralysis. It wants us to ensure that it does not face the pressure that is appropriate to bring to bear and that it should feel to deliver on that new equalization formula by April 1. In that sense, I suppose, it is asking us to provide an insurance policy for it to cover for its ineptitude.

I do not think parliamentarians should be asked almost six months in advance to let the government off the hook from getting the job done. It is an odd notion of an insurance policy but in terms of who is being insured, it is not Canadians who need a fair and equitable equalization formula. It is the government asking us to ensure that it does not face the embarrassment and the exposure of its own failure to fulfill the commitments that Canadians want and deserve with respect to an equalization formula that works for them.

Government Orders

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I totally agree with the member's analysis. I would like to remind the parliamentary secretary, who, unfortunately, is now leaving, that it is the first time that a government introduces such a bill in the House of Commons. Despite the fact that the equalization formula is renegotiated every five years, the government had never introduced such a bill. So there is something exceptional about it.

I would ask the member if, instead of simply being an insurance policy as the parliamentary secretary was saying, the bill before us is not primarily a tool that will allow the Liberals to adjourn the House as they please.

[*English*]

Ms. Alexa McDonough: Mr. Speaker, I generally agree with the point the member has made that this problem has been created by the paralysis in the House. I am not sure that it is a cause of the paralysis in the House. I think because the government has virtually ground to a halt and made it impossible to really function, we find ourselves now with this kind of contingency legislation.

I, for one, have a very difficult time trying to explain this to my own constituents. I do not want to pretend that I have a lot of constituents phoning me up or writing me letters asking me to explain why the government is asking me to support legislation to let it off the hook six months from now with respect to delivering on the new equalization formula. That is just not the case.

What people are asking is how can it be, and I mentioned this previously. When a cabinet member comes forward with a positive, progressive initiative to invest heavily in our railway system, the member for LaSalle—Émard has one of his henchmen go to the people involved to tell them that his boss will not necessarily agree to honour the commitments made, and therefore, they had better not dare commit a single cent. I do not know how to explain that.

I guess I do understand why the government wants to shut down in the embarrassment of all this, but surely a government that wants to lead the country should be able to figure out how to break this log jam and get on with the business of the nation.

• (1335)

[*Translation*]

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, here we have a debate that seems very curious to me. We have just heard an hon. member say that she does not agree with this kind of insurance policy. I agree with her completely.

It is quite surprising to see a government, not yet a full three years into its mandate, elected with a huge majority, hurrying to adjourn the House and get ready for an election, when in theory a government is elected for five years. People are asking us questions, "Why is there such a hurry? Why do you have to go so fast or stop working now, when the government is still in its teenage years?" Elected for a five year term, we have not yet completed three years, and here we are passing laws to take out insurance policies, just in case, and put off the work. It seems very curious.

I forgot to mention that I will be sharing my time with the hon. member for Bas-Richelieu—Nicolet—Bécancour.

I do not think we need this insurance policy, because we have all the time in the world. This agreement is good for five years and there are still five months left until it is due for renewal. We simply have to keep on sitting and working. The provinces would like nothing better.

Why should we pass a law that gives the federal government an insurance policy against its inaction and against the fact that we will not be sitting, even though we were only elected three years ago? This Parliament's mandate could theoretically last five years. Why is this government so inactive that it needs an insurance policy? At the same time, what would that insurance policy provide to the provinces?

In the spring, we will be having an election. Between now and the spring, we will hardly be sitting at all. Why? Because there is a man at the controls who does not want to show himself. And what is more, there is a man who shows himself to us, but he is not at the controls. The other day, he said that the Liberals could walk and chew gum at the same time. The difference here is that one of them is doing the walking and the other is chewing the gum.

It is quite curious to see that we are in a situation where nothing is moving forward. This is the second bill we have had to consider that moves something up. It is also the first time that a government has presented a bill like the one that moved the date of implementation of the new electoral boundaries ahead. Under normal circumstances, we would have had until August 28 to work with the old electoral boundaries if there were an election.

Suddenly, there is someone outside the House, walking between the walls and the curtain, who is pulling the strings. Or rather to ensure even greater invisibility, he is walking between the wallpaper and the wall. Sometimes he is visible. Suddenly, like the holy ghost, he disappears. This makes things difficult.

We are being asked to adopt this bill, which will mean that provinces will not be assured of being heard. Once this bill is passed, the government will have one year. This means that there will be an election and a new government. As a result, those in power will be able to say that they have all the time in the world, and the provinces will not be assured of being heard. This is normally the case, and it will be even more true once the hon. member for LaSalle—Émard is at the helm.

It is difficult to believe that Canadians and Quebecers will be subjected to something so completely illogical.

• (1340)

The equalization program is up for discussion and is being discussed. It is also difficult to understand. It must be renewed and is subject to constant negotiations. This is an extremely costly program to administer and is extremely difficult for all the provinces and those heading the negotiations to understand.

Government Orders

The old program is being extended, simply because there is a refusal to deal with our obligations. It would be infinitely easier, as the Bloc Québécois motion asked, for the hon. member for LaSalle—Émard, the future prime minister, to come to the House. In a few days, he will be elected leader of his party, so he should be in his seat. Instead of paralyzing the government, which is afraid of being wrong about issues the hon. member will be asked about prior to an election, he should face the music so that negotiations on equalization can continue and so that we can do our jobs.

We will not be asking for an insurance policy for the federal government. The best insurance is for us to do our jobs. There are five months left in which to negotiate with the provinces and renew the equalization agreement. Then the provinces should be able to demand whatever they are currently unable to demand because everyone has been waiting for the federal government to renew the agreement since the spring.

We can see what is happening with government spending and all that is being spent to paralyze the government. I know how much it costs to run this government and the House of Commons. For several months, we have been at a standstill. A telling comparison would be a car without snow tires on an icy road. The wheels are spinning and the car is not moving. We are just killing time.

A more logical approach, and a better insurance policy, would be for those who are pulling the strings from behind the scene come to the House. We could then do our work.

The hon. member for Joliette mentioned the astounding increase in spending, especially in the administration of a program such as this one. For example, he said that the cost of running the federal bureaucracy has increased 35%. Meanwhile, they managed to cut the budgets of almost everyone. They have cut the health budgets of the provinces and demanded all kinds of things in return for handing them their due.

The income of seniors has been cut, because they were not given the guaranteed income supplement. We know a bill is in the works, just before the election, to right these wrongs. The fact remains that some \$3 billion has been taken from the income of the neediest seniors. The EI fund has also been used.

This government feels it can use whatever means are necessary to serve the political interests of the party and of the one who is pulling the strings behind the scene.

To conclude, I would like to tell you that the best insurance policy we can get is for the House to go on sitting and finish its work, so that the provinces and our fellow citizens will be well served.

• (1345)

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, if I understood properly, the member for Champlain did not have enough time to present his whole case, if I may put it that way.

He concluded by using the expression insurance policy, which the parliamentary secretary used earlier when he said he was introducing this bill so that we would pass it and it would be our insurance policy.

I would like to know what the member thinks about this argument, since this is the first time that such a bill has been before the House.

Never before, in the context of negotiations for the renewal of equalization formulas, has a government had to introduce a bill extending the existing agreements for an additional year because it has not been able to get results.

Mr. Marcel Gagnon: Mr. Speaker, as a matter of fact, if someone wanted to convince me to vote in favour of the bill by saying it is an insurance policy, they would achieve the opposite effect. I do not believe in it.

Indeed, this is the first time that a government has done something like this concerning equalization. The insurance policy is for one man only. It is an insurance policy for a government and a man that do not want to be here to face questions. It is certainly not an insurance policy for the provinces.

However, the best insurance policy for everyone is balance. The best justice for everyone is that we continue to sit in the House, that the new prime minister, whom we will know shortly, finds a way to sit in the House, that the government does its job, since it was elected for five years and is only in its third year. We have to do our job. This is the insurance policy that we will be able to provide everyone.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, according to what my colleague is saying, this government is very good at alienating a lot of people and a lot of provincial representatives, economically and otherwise. With the three bills it introduced, Bill C-6, Bill C-7 and Bill C-19, the government is above all alienating the first nations.

Some fifty members from these communities are gathered here to express their opposition to these bills, which do not respect the inherent right to self-government, which do not respect ancestral treaties, and which do not respect them as full-fledged members of nations so recognized by the United Nations.

I have a question for my colleague regarding equalization. Does he not believe that it would be a good idea to settle the fiscal imbalance issue, a move which would really give provincial governments and the Quebec government the resources they need to assume their own responsibilities? If this was done, we could slowly proceed to do away with this equalization program, which has been nothing but trouble since its inception because it is too complex to administer and too complex to improve.

The Deputy Speaker: The member for Champlain has two minutes left to answer the question.

Mr. Marcel Gagnon: Mr. Speaker, I thank the hon. member for Saint-Hyacinthe—Bagot. He is one of only a few who are familiar with this program. As Mr. Séguin, the Quebec finance minister has said, very few are. The hon. member for Saint-Hyacinthe—Bagot. is one of them.

The only place people do not believe there is fiscal imbalance is here in the federal government. All of the provinces agree that there is one. One need only look at the money wasted here at the federal level while the provinces, which have the responsibilities, lack the resources. The money is here, yet they are inventing all manner of systems when all that is needed is one fair one, which would redress the fiscal imbalance so the equalization payment program would no longer be needed.

Government Orders

Here things are more complicated. The harder it is to administer, the more it costs, yet there is still money left for the friends of the government in power. All of the provinces admit the existence of a fiscal imbalance, but it needs to be admitted here, and then it can be fixed.

● (1350)

Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ): Mr. Speaker, I am pleased to also have this opportunity to take part in such an important debate, one I would also qualify as surprising. No one would have believed that a government would dare for the first time to go against the traditions, habits and principles that have always been part of the House of Commons and the parties that have been in power here, that is respect for commitments to the provinces on the renewal, every five years, of the equalization contracts.

Today, they have told us they are going to tack on a year, that it can be discussed later. But they are thereby blatantly neglecting the needs of the provinces, particularly in the areas of health, social services and education.

With this new invisible leader, as my colleague for Champlain has just described him, behind the curtain pulling the strings, we find ourselves with a two-headed government.

First, he comes here and proposes things, then the next day, someone else says, no we will not do that. This will drag on until February. We have an irresponsible government, one that does not take its responsibilities, puts off its problems, does not listen to the provinces, the opposition, or various stakeholders in Quebec or in Canada, and does what it wants for one reason: to advance the personal agenda of the new leader, who will see to helping out his friends who contributed \$11 million to his leadership campaign and to returning the favour to friends of the party. The good old Liberal tradition will be reincarnated in a new leader. Leaders will come and go, but the party will always be corrupt.

The equalization that we are talking about is so complex. As my colleague from Saint-Hyacinthe—Bagot said, it could disappear one day if we took the time to sit down and properly discuss the provinces' needs and the distribution of wealth in Canada. It would be very easy.

Currently, the average fiscal capacity is based on five provinces: Quebec, Ontario, Manitoba, Saskatchewan and British Columbia. Provinces with a fiscal capacity below the average receive the difference from Ottawa, not the rich provinces, but Ottawa itself. What is more, equalization legislation is reviewed every five years.

Look at what the Séguin commission report said, for instance. This commission was formed by the Parti Québécois government and was chaired by Mr. Séguin, who is currently the minister of finance in the new Liberal government in Quebec. He has not changed his mind in the meantime.

He talked about restoring fiscal balance. Look at what Mr. Séguin said and then look at what the provinces said during the finance ministers meeting. They said that the financial means of the provinces had to be increased by at least \$8 billion annually. That is what the Séguin report said.

In Quebec, he said that \$2 billion in the medium term, and \$3 billion in the long term, was needed to restore fiscal balance. The CHST needed to be abolished and the GST or personal income tax transferred.

This new sharing of the tax base must be gradual. What the Séguin report suggested was quite orderly. Also, it wanted to improve the equalization system by taking into account the fiscal capacity of all ten provinces instead of only five; this would, among other things, require elimination of the existing ceiling and threshold provisions. Why should there be a limit? "You can be poor up to a point; you can be rich up to a point", that is what the formula is saying at the present time. The report said that Ottawa should not unilaterally change the equalization formula.

However, this bill is just that: a first unilateral step. It says, "We are setting the date at which we will negotiate and, for the time being, it will be delayed by at least one year". That is quite unilateral. How will the federal government behave when it sits down at the table? The same way, as the Séguin report feared.

The Séguin report also said that there should be checks and balances on the federal spending power. Fiscal rebalancing would limit the spending power of the federal government.

● (1355)

This government's capacity to spend is limitless. While retaining the same tax rates, it has cut transfer payments.

If it had been honest, it would have said, "I do not want to be involved in health and education any more. As a result, I will not keep the tax points I was using. The provinces can have them to offer those services". Instead, the government kept the money and left it to the provinces to provide those services. It is now bragging about its balanced budget while continuing to interfere in areas under provincial jurisdiction by spending wildly.

The spending power of the federal government must be rebalanced and limited. Quebec must reaffirm vigorously, as it has done traditionally, that there is no constitutional basis for the federal spending power. This is no small matter. That behaviour by the government, especially the current government, which will not change even if its leader changes, flies in the face of the Canadian Constitution. As a matter of fact, the federal government unduly interferes in areas of provincial jurisdiction and spends recklessly even though the Constitution puts limits on how it can spend.

Quebec must maintain its demand for the unconditional right to opt out with full financial compensation. It is funny because, yesterday, my colleague, the member for Trois-Rivières, moved a motion asking that the House acknowledge that Quebec constitutes a nation and has the right to opt out of any federal initiative it considers unsuitable. The same principle would apply to any other province requesting the right to opt out. That is part of the very principle of federation.

S. O. 31

In his report, the present Quebec Liberal minister of finance, Mr. Séguin, said that the right to opt out was necessary. Yesterday, the federal Liberal members from Quebec refused to vote in favour of that principle. They refused to vote in favour of the motion by the member for Trois-Rivières, which asked that Quebec be recognized as a nation and be given the right to opt out of any federal program not in line with its own interests.

That was mentioned in the Séguin report. I repeat that Mr. Séguin is now a Quebec Liberal minister. In Quebec, there is unanimity; all three parties agree with that motion. The federal Liberal members from Quebec remained silent. They still claim that they serve the interests of Quebec. However, there is only one party here defending Quebec's interests, and that is the courageous Bloc Québécois. The others just knuckle under. Each time they have the opportunity to rise or speak for Quebec, they stay put. They belong to the party of the silent. That is what we call them in Quebec.

That is why, come the next election, Quebeckers will not trust again.

STATEMENTS BY MEMBERS

[*Translation*]

NATIONAL POPPY CAMPAIGN

Mr. Gérard Binet (Frontenac—Mégantic, Lib.): Mr. Speaker, every year, during the National Poppy Campaign, more than 15 million scarlet poppies blossom on the lapels of Canadians from coast to coast.

Yesterday afternoon, at Rideau Hall, Her Excellency the Right Honourable Adrienne Clarkson, Governor General of Canada and Patron of the Royal Canadian Legion, received the first poppy of the 2003 campaign from Lieutenant-General Charles Belzile, Dominion Grand President.

The poppy is the national symbol of remembrance. It honours those who served our country in two world wars, the Korean conflict and peacekeeping missions. Its colour is reminiscent of the blood-red flowers that still grow on the fields of honour in France and Belgium.

I urge all Canadians to proudly wear their poppies and to pay tribute to the Canadian soldiers who died in action.

* * *

[*English*]

HOCKEY

Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance): Mr. Speaker, it is a principle of law that everyone is entitled to equal treatment before the law without discrimination.

Federal tax collectors have been busy auditing and assessing Saskatchewan Jr. A hockey teams. These actions threaten the very existence of that league. Now it is discovered that the federal tax collectors have not been auditing and assessing more than 120 Jr. A teams in the other provinces.

The people of Saskatchewan are again wondering, why is the Liberal government attacking rural Saskatchewan? This discrimination violates all notions of fairness.

The actions of the Liberal government are a direct attack on Saskatchewan amateur sports. It is a direct attack against the dreams of the players, their parents, their fans and the communities.

It is an attack on Canadian unity. The Liberal government should be very much ashamed of itself.

* * *

● (1400)

SHARE AGRICULTURAL FOUNDATION

Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.): Mr. Speaker, I rise today to acknowledge 25 successful years of operation of the SHARE Agricultural Foundation.

SHARE stands for Sending Help and Assistance Everywhere. The motivation to form SHARE was the result of a trip to Kenya by David Armstrong of Caledon, Peel County, where he witnessed extreme hunger and poverty.

When David returned home, he and his late brother, Neil, solicited the involvement of a number of dairy farmers in Peel and Halton counties to donate high quality cattle to send to poor countries where infant mortality was particularly high due to the lack of milk for infants and pregnant women.

Since that time, the foundation has grown steadily, and the efforts and donations of the many people who support SHARE have helped to alleviate poverty, hunger and death for thousands of people in a number of developing countries.

SHARE is more than a vision. It is a program that proves that individual Canadians can make a difference where the need is greatest. I ask all members to join me in congratulating the SHARE members on 25 years of caring and dedication.

* * *

TORONTO HUMANE SOCIETY

Ms. Judy Sgro (York West, Lib.): Mr. Speaker, for over 100 years the Toronto Humane Society has provided a desperately needed haven for injured and abandoned animals in the City of Toronto.

In any given year, over 8,000 animals pass through the shelter, which is open 24 hours a day, 365 days a year.

The injured receive veterinary care. Abandoned animals are given a safe haven, and wildlife is cared for and released to its natural habitat.

While October is adopt a dog month, the shelter also has hundreds of cats in need of homes. Adoption fees have been cut and a new family member is waiting to be picked up.

For directions to the Toronto Humane Society website persons can go to www.torontohumanesociety.com.

AUTISM

Mr. Walt Lastewka (St. Catharines, Lib.): Mr. Speaker, I am pleased to inform the House and the people of Canada that October is Autism Month. Autism brings many challenges to children and their families.

The Government of Canada is committed to improving the health and well-being of Canadians and will continue to support the efforts by the provinces and territories to provide services to those who are affected by this disorder.

The Government of Canada collaborates with other levels of government, non-governmental organizations and the voluntary sector to support a range of programs and initiatives to assist all children, including those with disabilities, to reach their full potential.

These include the federal disabilities strategy, the Centres of Excellence for Children's Well-Being, the Community Action Program for Children and the Federal-Provincial-Territorial Early Childhood Development Agreement.

The government undertakes its responsibility to the United Nations convention on the rights of the child by including the rights of children with disabilities to have access to the highest attainable standard of health and respecting children's rights without discrimination.

We must continue to support families and children of all ages by partnering at all levels to ensure that those with disabilities, such as autism, can fully participate in Canadian society.

* * *

NATIONAL DEFENCE

Miss Deborah Grey (Edmonton North, Canadian Alliance): Mr. Speaker, all Sea King helicopter training flights have been grounded because of technical problems. This is unprecedented.

Who is responsible for this dangerous situation? The king of obstinance, that is who.

There is absolutely no excuse for the Prime Minister's unreasonable behaviour in delaying the acquisition of new helicopters for the last 10 years. The high flyer from Shawinigan is the one who should be grounded for good. Thankfully, sooner maybe rather than later, he will be.

He has been playing Russian roulette with the lives of our troops. They know it. We know it. He knows it and every Canadian knows it. He is just hoping he can sneak out of office before there is a major Sea King accident that he will have to take responsibility for.

There is no one more cowardly than a leader who will put other lives at risk because of pride and arrogance. A 10 year reign of error, promise maker to deal breaker. It has been a decade of delay, denial and deception. His D day is coming soon.

The Prime Minister will be judged as a leader of unparalleled stubbornness. I say shame.

S. O. 31

● (1405)

FEDERAL-MUNICIPAL RELATIONS

Mr. John Maloney (Erie—Lincoln, Lib.): Mr. Speaker, in January 2004, the Regional Municipality of Niagara will host the third annual Smarter Niagara Summit.

This year's conference will focus on municipal-federal-provincial relationships to promote common policies on brownfield redevelopment and smart growth incentives.

Niagara's approach to the concept of smart growth has been successful because of an inclusive process. By engaging the Niagara community in discussion forms, by enlisting business and community leaders in the decision making process, and by providing thoughtful insights from dynamic speakers, it has developed a robust approach to addressing many big picture items affecting the region.

I wish to congratulate the region of Niagara for again hosting this valuable summit and for the focus on federal-municipal relations.

With Niagara's proximity to the United States, the locally driven bi-national forum, the fact that it is surrounded by international waters, its prominence as a trade route, the presence of the Welland canal system, border security issues and more, the need for strong federal-municipal relations in Niagara is very pronounced.

* * *

[*Translation*]

MIDDLE EAST

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, recently Oren Medick, an Israeli citizen and peace activist with Gush Shalom, visited Quebec to share his concerns about the erection of the security fence, a fortified wall, in the West Bank.

Mr. Medick talked about the terrible consequences for the Israeli and Palestinian people if Prime Minister Sharon's government sticks to its plan.

Allow me to remind members of an important conclusion reached at the European Summit held in Brussels on October 16 and 17, and I quote:

The European Council is particularly concerned by the route marked out for the so-called security fence in the Occupied West Bank.

This wall is in no way a solution to the deplorable suicide bombings and will certainly not bring peace to this part of the world already hard hit by violence. All of us have a responsibility with respect to what is happening in the Middle East.

S. O. 31

[English]

CANADIAN FORCES

Mr. David Price (Compton—Stanstead, Lib.): Mr. Speaker, HMCS *Calgary* will return home soon after three months of patrol duty in the Arabian gulf region participating in Operation Apollo, Canada's contribution to the international campaign against terrorism.

More than 7,000 Canadian Forces personnel from the navy, army and air force served on Operation Apollo, which began in October 2001 and will end with the return of HMCS *Calgary*.

Yesterday, the captain, Commander Dan MacKeigan, expressed his pride for the excellence of his Canadian crew and his gratitude for the constant support received from home. I know we all echo that pride.

I believe Commander MacKeigan's own words are best to describe the accomplishments of our brave men and women in uniform under Operation Apollo, "We were here on your behalf, making a real difference every single day".

On behalf of my colleagues, and all Canadians, I wish to thank all Canadian Forces personnel.

* * *

EDMONTON PUBLIC LIBRARY

Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance): Mr. Speaker, the Edmonton Public Library is celebrating its 90th year of serving.

For 90 years it has been a repository of worldly knowledge; 90 years of wonderful, uninhibited time travel through volumes of fictional adventure, historical truths and fantastic accomplishment; and 90 years of enriching the lives of Edmontonians.

This past year has been yet another milestone in the ever-developing library. The Lois Hole Library Legacy Program initiated by Lois Hole, Lieutenant Governor of Alberta, is planting the seeds to grow the Edmonton Public Library by buying books and materials to enhance the library's collection.

I wish to encourage others to invest, as I have, in the Library Legacy Program. Through knowledge, dreams can evolve. Edmonton's libraries have brought much knowledge and stirred many dreams to become a reality.

I wish to congratulate Edmonton public libraries. May they continue for all time to connect the people of Edmonton to the knowledge and cultures of the world.

* * *

TASK FORCE ON SEASONAL WORK

Mr. Brent St. Denis (Algoma—Manitoulin, Lib.): Mr. Speaker, earlier this afternoon, several colleagues and I officially launched the Prime Minister's task force on seasonal work.

We have been mandated to examine the important seasonal economy by listening to seasonal workers, their employers, and seasonally dependent small businesses and communities. Task force

members look forward to this challenge and encourage Canadians to contact us via our website at www.liberal.parl.gc.ca/seasonal.

Canadians at large depend on Canada's seasonal economy for many goods and services such as tourist destinations to visit, the food that we eat, wood for our homes, furs to wear, agricultural commodities, construction of our homes and buildings, and much more.

At the same time, the true value of seasonal work is often undervalued. We should not take our seasonal economy for granted. As a society, we should recognize the value, strengths, weaknesses and gaps in the seasonal economy, and together do better.

The task force will soon be visiting a number of communities across Canada which will provide us with a good cross-section of witnesses in areas of tourism, fisheries, forestry, construction, the oil industry, retail and others.

* * *

● (1410)

GOVERNMENT OF CANADA

Mr. Rex Barnes (Gander—Grand Falls, PC): Mr. Speaker, yesterday, the Canadian Transportation Commission condemned the government's decision to purchase used rail equipment for VIA Rail, another \$35 million and equipment still not in full service.

Yesterday, the 40 year old Sea King helicopter fleet was put out of service because it cannot fly safely.

Yesterday, the Minister of National Defence committed half a billion dollars for mobile guns that appear to compromise the needs of the military.

Yesterday, a Senate committee reported that our coasts are vulnerable because we do not have the ships nor the personnel to do the job. The costs of the used substandard submarines continue to escalate.

Yesterday, Canada dropped from 9th to 16th place in business competitiveness due to a perceived drop in the quality of its public institutions. Canada fell off the list of the top 10.

Yesterday, bargain basement decisions have come home to roost. This is the legacy of the Prime Minister. This will be the legacy of the member for LaSalle—Émard.

S. O. 31

[*Translation*]

CITY OF DRUMMONDVILLE

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, a Statistics Canada study on the industrial diversification of Canada's major cities shows that between 1992 and 2002 Drummondville was the leader among census agglomerations under 100,000 inhabitants. This is proof that the recovery strategy in effect since the mid-1980s has yielded dividends.

Drummondville's performance is all the more exceptional because its index surpasses those of larger agglomerations such as Ottawa, Calgary, Victoria or Windsor. Drummondville's growth rate remains steady. The year 2002 was the 11th consecutive year in which we succeeded in creating more than 1,000 industrial jobs.

Finally, the strength of Drummondville is the diversity of its economy. Few regions in Quebec or in Canada can boast of an industrial structure with so many strong sectors.

I congratulate Martin Dupont, the industrial commissioner, and his entire team for making Drummondville a place that can attract large-scale projects.

* * *

[*English*]

FOOD FOR ALL WALK

Ms. Aileen Carroll (Barrie—Simcoe—Bradford, Lib.): Mr. Speaker, I rise today to applaud the efforts of two constituents of mine, Betty and George Zondervan.

George is a retired Canadian army captain and a resident of Barrie who has walked across Canada from Vancouver to Halifax to help the Canadian Foodgrains Bank, a Christian organization that helps provide food and development assistance to people in need. George, at the age of 69, started his journey in Vancouver in March 2002 and was followed closely behind by his wife in the van.

The Food For All Walk finished in Halifax on October 25 and has helped to raise awareness for world hunger as well as raise funds for the Canadian Foodgrains Bank.

CIDA provides \$16 million annually to match Canada Foodgrains Bank shipments on a 4 to 1 basis, and this greatly enhances the amount of food and assistance that can be provided to those in need globally.

I ask all members to join me in congratulating Betty and George on their monumental cross-country journey and their dedication to such a worthy cause.

* * *

PAUL MOIST

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I rise today, on behalf of the New Democratic Party, to congratulate my friend, neighbour and constituent, Mr. Paul Moist, who was elected yesterday the national president of the Canadian Union of Public Employees at its convention in Quebec City.

CUPE members elected Paul to succeed Judy Darcy as the national president of Canada's largest union. We look forward to

working with Paul in representing the interests of some 535,000 public sector workers who are members of CUPE.

I have every confidence that Paul will build on his union successes by supporting members at the bargaining table, building strong local unions, stopping privatization, pushing for increased funding of medicare, and other public services.

Mr. Moist has a long history with CUPE and the labour movement. He joined his union at age 19 in 1975 as a greenhouse gardener in Winnipeg's parks and recreation department. A well respected union leader in Manitoba, a province with deep roots in the labour movement, Mr. Moist has dedicated his life to elevating the standards, wages and working conditions of the people he represented.

Our party wishes to congratulate him in his new role.

* * *

THE ENVIRONMENT

Mr. Julian Reed (Halton, Lib.): Mr. Speaker, environmental assessment helps us make wise choices about the environment before projects are constructed.

This is why I am pleased that amendments to strengthen the Canadian Environmental Assessment Act take effect today.

The Standing Committee on Environment and Sustainable Development diligently worked on this legislation to increase transparency and to close loopholes. These amendments will help safeguard our environment through a process that is more predictable, certain and timely. We will see the quality of assessments improve through measures to promote compliance and ensure better follow-up programs for projects.

By strengthening the Canadian Environmental Assessment Act the government is once again demonstrating its commitment to protect our fragile environment.

* * *

●(1415)

OKANAGAN—COQUIHALLA

Mr. Stockwell Day (Okanagan—Coquihalla, Canadian Alliance): Mr. Speaker, it is a privilege for me today to highlight two notable initiatives from the Okanagan—Coquihalla constituency along with a request to the government on behalf of each.

On October 3, Westbank First Nation hosted a remarkable signing ceremony to celebrate the achievement of a self-government agreement seen as positive by all parties concerned, native and non-native. Many say this agreement could be a Canadian model.

It is an honour to have Chief Robert Louie here today, and I echo his request that the government make sure the enabling legislation to deal with this comes before the House before we adjourn or prorogue.

Oral Questions

Also, I want to acknowledge one of Canada's most active service clubs, namely Kin Canada. In a time of great need this summer as destructive forest fires raged in the Okanagan and other parts of B.C. and Alberta, Kin Canada wasted no time in pledging \$50,000 and 40,000 pounds of beef toward aid and relief to those affected by these fires.

I especially acknowledge the good work of the Westbank Area Association of Kin Canada and Regional Kinette Governor Michelle Apps for their tremendous service to our community.

I ask the federal government to delay no longer and be as forthcoming with financial aid and relief as the good Kinspeople have been.

equipment, the Prime Minister should be embarrassed to make that kind of statement.

[Translation]

Another embarrassment for the Prime Minister has been the World Economic Forum's declaration that one of our greatest problems is favouritism in the decisions made by government representatives.

Will the Prime Minister finally admit that the ethics deficit is harming our country?

[English]

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, first I would like to state very clearly that the soldiers who died were in a jeep like all the soldiers have there, and it was over a mine that would have blown up a tank. It was a big one. These people were the victims of terrorists in Kabul and to try to score political points against the government with false statements like that is completely unacceptable.

ORAL QUESTION PERIOD

[English]

NATIONAL DEFENCE

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, of all the embarrassing legacies of this government, perhaps the worst is in national defence. Today we have the entire Sea King fleet grounded. This is 10 years after the Prime Minister eliminated the replacement program with the stroke of a pen, and after 10 years of budget cuts by the new Liberal leader and 10 years without a contract to get new helicopters.

Is the Prime Minister not embarrassed to be leaving office after a decade with no replacements for the Sea Kings?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I am not embarrassed at all to have been in a position to make sure that we would have six consecutive balanced budgets in Canada.

Yes, the helicopters were not replaced, but the same type of helicopter is used by the President of the United States to go from the White House to Camp David, so I presume that if it is a good enough helicopter for the President of the United States, it should be a good enough helicopter for Canadian soldiers.

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, I do not say that our soldiers may be facing heavier combat than the President of the United States, directly, but we have our Sea Kings grounded, two-thirds of the Hercules aircraft grounded, tanks and Iltis jeeps that are worn out, and inadequate replacements.

Can the Prime Minister explain why it took him only one day to get new Challenger jets for himself when he wanted them but after 10 years our military people do not have the helicopters they need?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is always the accusation of the opposition that the army is not well equipped. I was in Kabul a few days ago and the general in charge said that we are the best equipped troops around Kabul at this time. In the army in the United States, too, there are people who think they should have new equipment and so on. I think our troops are very good. They are excellent soldiers and they are equipped properly to do their job.

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, after two of our soldiers died in inadequate

* * *

• (1420)

THE ECONOMY

Mr. Loyola Hearn (St. John's West, PC): Mr. Speaker, according to the World Economic Forum, Canada has dropped off the world's top ten in growth competitiveness, with countries like Singapore, Iceland, Norway and the Netherlands all surpassing us. In 1994, Canada was ranked third. In 2000, Canada was ranked sixth. Today Canada is ranked sixteenth.

How can the Prime Minister explain this dramatic drop? And why should we expect anything better from his replacement, the man who presided over the decline as finance minister during the past 10 years?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, that was a survey that was taken during the time that we had some problems with SARS, with mad cow disease, and so on.

There are many surveys. For example, a month ago, the Economist Intelligence Unit report said that Canada will be the best place to invest for the next five years. The 2003 World Competitiveness Yearbook ranked Canada number three. In 2002, KPMG said Canada has the lowest business costs among advanced industrial countries. There are other very good statements made by everybody about Canada.

Mr. Loyola Hearn (St. John's West, PC): Mr. Speaker, last year Canada was ninth, this year sixteenth. It has nothing to do with SARS or BSE. It is because the World Economic Forum has for the first time included government waste and mismanagement in its calculations.

The government is reckless and wasteful and the numbers speak for themselves. How does the Prime Minister defend his stewardship of Canada's economy when the world economic community has pronounced his stewardship an outright failure?

Oral Questions

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, is it a failure that ours is the only country that has balanced its books for six years? Is it a failure to have created three million jobs in the last 10 years? Is it a failure that we took interest rates down from 11.5% to 6%? Is it a failure that we have in Canada, as I have said, the best place to—

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

* * *

[*Translation*]

1995 REFERENDUM

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, yesterday, the Minister of Intergovernmental Affairs stated that the 1995 referendum was a fraud, which is strangely at odds with the Prime Minister's comments. In his victory speech on the night the referendum on that same question was won, the PM stated, "We have every reason to be proud of democracy in Canada".

Will the Prime Minister, who also said that the people are always right, admit that the Quebec people had understood the question, that it was completely democratic and that there was no fraud about it, as his Minister of Intergovernmental Affairs said?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, of course the 1995 referendum question was a fraud. It was a complete fraud. And there was a precedent. With regard to the 1980 referendum question, the leader of the No camp said, "A real fraud, a misleading and dishonest question, a cover-up to maximize support for the yes camp".

My question is as follows: can Quebecers lose Canada through fraud, cover-up or deception? Of course not, and we now have the Supreme Court's opinion, and the clarity legislation to protect Quebecers.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, that evening, the Prime Minister also said that the decision was irreversible, that the question was clear and that it was about staying or leaving. It is fraudulent to say, "Yes, I agree, I agree to this debate and to taking part in this debate, and yes, it was their last chance". What both he and the Minister of Intergovernmental Affairs did was to mislead the public by letting them believe that he had agreed to take part in this debate, when he had a speech in his pocket that said the opposite.

The fraud artists, no matter what the Minister of Intergovernmental Affairs says, are on that side of the House.

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, in 1980, the leader of the No camp was Claude Ryan.

The fact that the Prime Minister of Canada, a few days prior to the referendum, had to explain what Mr. Parizeau, the leader of the Yes camp, was trying to do proves that there was a cover-up.

How is it that, according to a poll conducted a few days prior to the vote, only 46% of Quebecers understood that sovereignty would occur even without a partnership? How is it that the leader of the Bloc himself did not understand the question and got really upset when Mr. Parizeau had to explain it to him?

• (1425)

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, yesterday the Minister of Intergovernmental Affairs had the indecency to describe the referendum question as a fraud. The federal government has some nerve using such a term to describe an initiative that the Prime Minister and all the Liberal MPs from Quebec were involved in.

Will the Minister of Intergovernmental Affairs admit that the real fraud, during the referendum in Quebec, was when the federal government violated Quebec's Referendum Act by spending huge amounts of money on the "love in" in Montreal, even though this was completely illegal?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, the leader of the Bloc did not understand his own question. He was all confused. When Mr. Parizeau said he could declare unilateral independence within days of a yes victory, he got really upset and said he would never share the same stage with Mr. Parizeau. A few days later, Mr. Parizeau had him read the Quebec independence legislation, which said it was in fact a possibility. Then the leader of the Bloc said, "Yes, very well, now I understand".

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, if the Minister of Intergovernmental Affairs wants to uncover fraud, let us ask him if it was not fraudulent of all the Liberal MPs and ministers from Quebec in this House to vote against recognizing the people of Quebec as a nation. That is democratic fraud.

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, speaking of fraud, the Bloc seems to be making a habit of it, given that yesterday's question was also fraudulent. It talked about recognizing Quebec as a nation, with the right to opt out with financial compensation. It intertwined these two issues, yet they claim this was a clear question. We now have clarity legislation for unclear questions.

* * *

[*English*]

MEMBER FOR LASALLE—ÉMARD

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, the World Economic Forum cites corruption as a barrier to economic growth. How timely.

The ethics counsellor has just released a letter showing that Lansdowne Technologies was omitted from the new Liberal leader's declaration of assets. The new Liberal leader was allowed access to his list of assets. He knows what he owns. He signed the false declaration anyway.

What penalties will the new Liberal leader face for signing a false declaration of assets?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the ethics counsellor looked at the letter of complaint by the hon. member and he gave an answer. The member should accept that answer.

Oral Questions

Everybody files their assets with the ethics counsellor and they follow the rules that are established. All members have done it. I have received no indication that any member of cabinet since 1993 has not done what he or she has been obliged to do.

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, actually the Prime Minister has it completely wrong. What the ethics counsellor pointed out was that the new Liberal leader signed a false declaration of assets.

The management agreement allows the former finance minister to keep informed about his assets. We know he met with his management team at least 24 times, yet he does not seem to know his assets from his elbow.

What penalties will the new Liberal leader face for signing four false declarations of assets?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, one can make all the affirmations one wants. The ethics counsellor said that there was nothing abnormal about it. There is not much I can do. The only recourse I have, when someone is in cabinet, is to ask the person to leave. The member is no longer in cabinet.

That member does not have to ask me questions about what I would do because there is nothing I can do.

* * *

TRANSPORT

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, the Prime Minister's Minister of Transport announced new money for VIA Rail the other day and it has now come to our attention that the new Liberal leader's family has an interest in bus stations. For that matter, the Voyageur bus company has a long history of opposing VIA Rail and subsidies for passenger rail in the country.

Is the Prime Minister not concerned that this announcement, which we commended him for, is in danger? What will he do to ensure that money is actually spent on passenger rail and not sabotaged by the incoming Liberal leader?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, another government will be another government.

We received requests from VIA Rail to have its capital budget approved for years to come, as is normally done. In fact the money that has been allocated is much less than the request we received.

This was processed by Treasury Board and the cabinet committee. We think it is important to invest in rails in Canada. That was the consensus of cabinet and it was approved.

If somebody changes it in the future, there is nothing I can do. I will probably not be a member of Parliament then.

* * *

• (1430)

TRADE

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, I am sure the Prime Minister could find ways to lock this in if he wanted to.

My question is for the Minister for International Trade who knows about the upcoming summit in Miami with respect to the free trade area of the Americas.

Given that at one time a couple of years ago in committee he admitted to me that chapter 11, the investor-state dispute settlement mechanism, was inadequate and probably should be done away with, why does he persist in agreeing to a text which includes an investor-state dispute settlement mechanism? Why does he not just abandon this bad idea and show some leadership in getting rid of it?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, I believe that chapter 11 has served the interests of Canada's investors very well. What I said in the past was that we had learned some lessons from working with chapter 11 and that we would take into account what we had learned from it in the drafting of any other investment rules that we would negotiate. That is exactly what we are doing now.

* * *

TRANSPORT

Mr. Rex Barnes (Gander—Grand Falls, PC): Mr. Speaker, VIA Rail's controversial purchase of 139 second-hand British railway cars in 2000 has suffered yet another setback. The Canadian Transportation Agency has ordered VIA to make major changes to the coaches to make them more disabled-friendly.

What will the cost be to taxpayers for this makeover to do what is right for the disabled community?

Mr. Marcel Proulx (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, the new funding will not only provide for faster, more frequent and more reliable passenger rail service across Canada. The minister is committed to making rail transport available to all Canadians. These new cars will be fitted for the necessity of rail travel.

Mr. Rex Barnes (Gander—Grand Falls, PC): Mr. Speaker, the Minister of Transport recently announced \$700 million in new funding for VIA Rail. The decision was immediately put in doubt by the member for LaSalle—Émard whose staff insisted that VIA had better not spend those funds.

Could the Minister of Transport guarantee that the funds needed to make these cars accessible for disabled people will be there or will these funds have to be reviewed by the member for LaSalle—Émard as well?

Mr. Marcel Proulx (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, the department and the minister received a copy of the final decision of the Canadian Transportation Agency. The agency's decision is being carefully reviewed by Transport Canada officials.

Again, I remind the House that the minister has committed that rail would be available to all passengers. He will ensure that it is.

Oral Questions

[Translation]

QUEBEC

Mr. Yves Rocheleau (Trois-Rivières, BQ): Yesterday in the House, Mr. Speaker, all Quebec Liberal members and ministers voted against recognizing that the Quebec people is a nation. This is truly shameful.

Can the government tell us why it recognizes National Acadian Day, acknowledges that the Nisg'a are a nation, and yet refuses to recognize that Quebecers too form a nation?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, the member has had his answer already, but I will reflect the question back to him. Can he say he is a proud Quebecker, a proud French Canadian, and a proud Canadian? Can he accept all the identities within him without rejecting any of them? If this is so, we are in agreement, and can vote together.

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, for the minister's information, I am not a Canadian. A number of the Liberal members sitting here have previously been members of the Quebec National Assembly—

Some hon. members: Oh, oh.

An hon. member: What a disgrace.

The Speaker: Order, please.

The hon. member for Trois-Rivières has not yet asked his question.

Mr. Yves Rocheleau: Mr. Speaker, I can tell you that I take great pride in being a Quebecker.

A number of the Liberal members here have previously been members of the Quebec National Assembly.

I would like to ask the President of the Treasury Board, who was once one herself, why she voted against recognizing Quebec as a nation? If it is called a National Assembly, that must mean there is a nation. How then can she justify her vote?

• (1435)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I think the member for Trois-Rivières ought to leave this House, since he has said he is not a Canadian, not a citizen of Canada. Yet he is one when it comes to getting paid.

* * *

[English]

NATIONAL DEFENCE

Mr. Rob Anders (Calgary West, Canadian Alliance): Mr. Speaker, I am not a Liberal, but a British defence study on operations in Iraq states that the low level of U.K. casualties is a reflection of the outstanding protection afforded by its Challenger tanks.

In June 2003 the chief of the Australian army stated, "The risk of casualties...would be unacceptable" without tanks".

A French army spokesperson said that the invasion of Iraq "confirmed the absolutely key role played by a land army with heavy armour...in winning a war."

Why is Canada going in the opposite direction of our allies?

Hon. John McCallum (Minister of National Defence, Lib.): Mr. Speaker, I am receiving conflicting advice. In one corner I have General Hillier, the head of the army and the next commander of ISAF, the first Canadian lieutenant-general to lead an international mission since the Suez crisis, who described tanks as a millstone around his neck.

In the other corner I have the hon. member, the only member of the House to oppose Nelson Mandela as an honorary citizen of Canada, who says the opposite.

I ask you, Mr. Speaker, which of these two sources would you believe?

Mr. Rob Anders (Calgary West, Canadian Alliance): Mr. Speaker, he should quit listening to Liberals.

Canada is joining with Iceland and Luxembourg as the only NATO countries without tanks. The scheme of the Minister of National Defence to scrap our tanks runs contrary to the plans of our allies. Terrorists, armed with rocket propelled grenades and landmines, will be able to threaten the lives of Canadian soldiers.

Will the minister admit that the Strykers are more vulnerable to attacks from rocket propelled grenades and landmines than are tanks?

Hon. John McCallum (Minister of National Defence, Lib.): Mr. Speaker, the hon. member continues to speak nonsense. This is not my plan for the army, I am accelerating the plan. It is the army's plan. As General Hillier also said yesterday, the best tanks in the world, sitting in Edmonton and Val Cartier, are useless to our soldiers in Kabul.

The army itself told me it did not want tanks in Afghanistan. The army itself said that it would be fantastic if it could have the Stryker. It is clear from the army that we are definitely on the right track.

* * *

[Translation]

THE ECONOMY

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the Prime Minister, who is surprised that his laissez-faire attitude toward the behaviour of his ministers while vacationing at a fishing lodge is a cause for concern, was told by the World Economic Forum that Canada's ranking for competitiveness has dropped from 9th to 16th place in the world because of patronage in government decision making, which undermines investor confidence.

Will the Prime Minister review his position and take appropriate steps to discipline his ministers and earn his salary?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the separatists are a little touchy right now. It is true that they are in trouble in Quebec. But coming back to the question, this gives me the opportunity, in connection with the article in the papers this morning about productivity, to seek the consent of the House to table a letter from the chief executive officer of the Canadian Council of Chief Executives, Thomas d'Aquino.

*Oral Questions**[English]*

He wrote Klaus Schwab protesting very strongly about this absolutely unacceptable statement made based on very little fundamental information.

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, it does not sit well with the Prime Minister that the international economic community is criticizing Canada because of his lax attitude as Prime Minister.

Should he not realize that his attitude is affecting the perception of Canada's economic health? Has the time not come for him to discipline those ministers who do not abide by the ethics rules?

• (1440)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I just said that very reputable international organizations have called Canada the best place to invest, that Canada ranks third in the world for competitiveness and that Canadian business people have dismissed as not serious the survey released today.

It was not a politician who said so, but Thomas d'Aquino in a statement made on behalf of business people.

* * *

*[English]***ATLANTIC CANADA OPPORTUNITIES AGENCY**

Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance): Mr. Speaker, the industry minister's conflict of interest problems continue. One of the supposed purposes of the Atlantic innovation fund was to assist small and medium sized businesses with research and development.

In July 2002 the government announced its very first commercial recipient: a \$700,000 contribution to J.D. Irving Ltd.

Does the Minister of Industry consider this company to be a small business or is it just a payback for a fishing trip?

Hon. Gerry Byrne (Minister of State (Atlantic Canada Opportunities Agency), Lib.): Mr. Speaker, had the member done a little more research, he would have discovered that an independent advisory body, which provided me with recommendations, reviewed all applications. Over 154 applications were received. Funding was provided based on merit, based on the ability of the commercial entity to develop and commercialize technology that was of benefit to all businesses.

That is how the process was done, and that included this company.

Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance): Mr. Speaker, the Liberals wax eloquently when they talk about helping small businesses. The reality is that the Liberals take care of their rich friends first.

Why is the Atlantic innovation fund making contributions to a very large and wealthy corporation when the money was intended for small and medium sized businesses?

Hon. Gerry Byrne (Minister of State (Atlantic Canada Opportunities Agency), Lib.): Mr. Speaker, perhaps he did not understand the answer to the first question.

This is an entity that provides benefits throughout the entire region. The forestry sector is extremely important to all Atlantic Canadians. The fact of the matter is that this was a joint research and development and commercialization initiative that went beyond the boundaries of just J.D. Irving and sons. It went to other entities, other research institutions. The benefits are very, very real for all Atlantic Canadians.

* * *

ENVIRONMENT

Mr. Mark Eyking (Sydney—Victoria, Lib.): Mr. Speaker, now that the recommendations for the cleanup of the Sydney tar ponds have been received by governments from the joint action group, will the Minister of the Environment please tell the House what the next steps will be leading to the final cleanup of this hazardous site which is right in the middle of my riding?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, we are reviewing with the province of Nova Scotia, the government which has the lead on the cleanup plan, what has to be done. We are looking at environmental considerations, health considerations, risks and benefits, the length of time it will take to deal with the problem to clean up. Also the issues of future site use are being taken into account. We are looking at the issues of acceptability to the public and of course costs.

* * *

AGRICULTURE

Mr. Loyola Hearn (St. John's West, PC): Mr. Speaker, the Prime Minister brags about six balanced budgets. Let me say they were balanced because of free trade and GST, two good Tory initiatives, and his own horrendous program of social cuts.

The Minister of Agriculture said in September, "We are pleased that APF programs are now available to industry". Regrettably almost two months later, not a single cent has flowed. When will the Minister of Agriculture start delivering the beef?

[Translation]

Mr. Claude Duplain (Parliamentary Secretary to the Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I am sorry, but I did not hear the question.

• (1445)

[English]

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, let me repeat the hon. member's question for him.

In Newfoundland the agricultural industry employs more than 4,000 people and is valued at more than \$500 million annually to our provincial economy.

Newfoundland and Labrador was the first province in all of Canada to sign on to the agricultural policy framework agreement in May of this year. As the member for St. John's West was about to say, it is now five months after the agreement was signed and still not a single penny has flowed to the agricultural industry in the province of Newfoundland and Labrador.

How can the Minister of Agriculture justify that prolonged delay with the APF agreement?

[Translation]

Mr. Claude Duplain (Parliamentary Secretary to the Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the agricultural policy framework agreements have been signed. I cannot answer the question, because I do not know exactly why these funds have not been delivered. Still, the framework agreement with Newfoundland has been signed and the funds should be there any minute now, if not sooner.

* * *

[English]

TRANSPORT

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, as my colleague from Winnipeg—Transcona has stated, the NDP is concerned about the government's commitment to follow through on VIA Rail funding.

The next Liberal leader's family has interests in the bus industry which is actively lobbying against VIA. There is a conflict and there is a way to lock in funding. The Prime Minister can give VIA 10% of the surplus right now before the new leader scraps it. Will he do that? Will he get the funds to VIA now?

Mr. Marcel Proulx (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, the government is committed to providing a safe, efficient and environmentally responsible transportation system for Canadians. This investment demonstrates the government's commitment to the continued rehabilitation of Canada's passenger rail services.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, the Minister of Human Resources Development has just learned that self-employed workers would be prepared to pay into EI in order to receive benefits. This, according to her, is something new.

The minister must have forgotten about my report, published in 1999, on the human side of employment insurance. It mentioned this, as did my Bill C-406, which she voted against.

Is the Minister of Human Resources Development prepared to make a commitment to self-employed workers, and to do what is necessary to make them eligible for employment insurance now?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, the hon. member's question gives me yet another chance to congratulate the members of the Prime Minister's

Oral Questions

task force for the work they did in speaking with over 1,000 women entrepreneurs.

In that report they did make reference to the importance of parental benefits. We indeed will follow up on their report and see which way is best associated to deal with self-employed workers in this regard.

* * *

ELK INDUSTRY

Mr. Gerry Ritz (Battlefords—Lloydminster, Canadian Alliance): Mr. Speaker, for years now the Canadian elk industry has been fighting issues concerning closed borders all by itself.

Its producers have been denied access to the U.S. and Korean markets without so much as a whimper of protest from the Liberal government. The Liberals have done absolutely nothing to address the elk producers' losses during this trade dispute.

Why does the government continue to deny elk producers a stand-alone chronic wasting disease compensation package?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, the member's question could not be more timely. This morning I raised the issue of chronic wasting disease with the minister of trade of Korea who happens to be in Ottawa today.

We have agreed to work on it. Our experts will sit down and based on technical evaluations that we will make, we will work very hard at finding a resolution to the issue. This took place this morning here in Ottawa with the Korean minister.

Mr. Gerry Ritz (Battlefords—Lloydminster, Canadian Alliance): Mr. Speaker, that is three years late. Just in the nick of time the minister has finally gotten engaged on the file. Where is the cash? That is the next question. All these years of denial by the government have hurt our elk producers.

Could the minister explain why the CFIA confiscated \$100,000 worth of elk velvet from one producer and raided the home of another with a SWAT team?

The government has not even worked toward opening the borders until today, finally. It has refused to compensate the elk industry directly. What is it going to take to get those guys over there, those sleepwalkers, to actually pay attention to this escalating crisis?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, these guys over here have been doing that work for three years. We have been working on this difficult issue. The opposition knows very well how complex an issue it is and how hard my colleagues and I have been working on it. We have raised it with the ministers at every opportunity we have had over the last three years. We will continue to do so, independently of what those guys think.

Oral Questions

• (1450)

[Translation]

AGRICULTURE

Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ): Mr. Speaker, yesterday, 5,000 agricultural producers demonstrated in Quebec City to show how fed up they are with falling beef prices. Quebec's minister of agriculture, Françoise Gauthier, spoke about a federal program that would soon be announced, and expressed serious doubts on whether the program could be adapted to the dramatic situation in Quebec.

Farmers have had enough waiting and they want to know. Will the minister announce, today, a program to help owners of cull stock?

Mr. Claude Duplain (Parliamentary Secretary to the Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the minister certainly cannot announce anything today because he is not here. What I can say is that the minister and all the hon. members are well aware of the issue. The minister is busy working on a new program that could be announced shortly.

Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ): Mr. Speaker, is either the Minister of Agriculture and Agri-Food or his parliamentary secretary able to reassure dairy producers in Quebec in the following way: can he give them a guarantee that his program will be flexible enough and that it will compensate them for the heavy losses they have sustained following the dramatic fall in prices for cull cows in Quebec?

Mr. Claude Duplain (Parliamentary Secretary to the Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, we cannot reveal anything about the program until it is complete. However, since there are many cull cows in Quebec, that province will receive its share for cull cows under this program.

* * *

[English]

ELK INDUSTRY

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, the Republic of Korea closed the border to Canadian elk velvet in December 2000. It was due to concerns about chronic wasting disease, even though those concerns were not based on scientific fact.

Losing access to the largest market Canadians had has hurt Canadian elk farmers and their families. Canadians want to know when the Korean border will be open to Canadian cervid products again.

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, as I just said in my earlier answer, this very morning I had the opportunity to discuss the issue with the Korean trade minister.

We both agreed that our technical experts will be sitting again on the basis of the solid progress we have been making on the issue. The Koreans will make their decision based on the technical information that is now available. That gives us confidence that we will resolve the issue for our producers very shortly.

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, the minister talks about what he is doing, but it has been a

pretty slow process. It has been three years and my understanding is that it is the first discussion he has had on the issue.

The Canadian cervid industry has specifically requested that the minister launch a trade challenge at the World Trade Organization on its behalf. I want the minister to stand up today and tell us, when will he respond by launching that WTO challenge?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, I was in Saskatchewan a few weeks ago. I have had the opportunity to meet with the representatives of the industry. We have been working very closely with them. I do believe that by promoting their interests and working on the technical aspect of this complex question, we are doing the best possible thing to promote this issue and resolve it with our Korean allies and friends.

* * *

RESEARCH AND DEVELOPMENT

Mr. Walt Lastewka (St. Catharines, Lib.): Mr. Speaker, my question is for the Secretary of State for Science, Research and Development.

Statistics Canada recently reported that one in five doctoral graduates leaves the country to work abroad. What is the Government of Canada doing to address this issue of brain drain?

Hon. Rey Pagtakhan (Minister of Veterans Affairs and Secretary of State (Science, Research and Development), Lib.): Mr. Speaker, to address this issue the Government of Canada has taken a number of initiatives. It has increased funding to the research granting councils. There is \$225 million for the indirect costs of research at universities. There is \$1.8 billion for the Canada Foundation for Innovation. There are 2,000 masters graduate scholarships and 2,000 more for Ph.D. students. There are 2,000 research chairs at universities, 1,000 created today.

It is the nature of the scholarship that Canadian scholars do pursue further post-doctoral studies abroad, just as foreign students do further post-doctoral studies here in Canada.

* * *

DISASTER ASSISTANCE

Mrs. Betty Hinton (Kamloops, Thompson and Highland Valleys, Canadian Alliance): Mr. Speaker, B.C. faced devastating fires this summer. In my riding a mill is gone, people are out of work and now they are losing hope.

I received personal guarantees of support from the government. So far the government has come up with a mere fraction of the total cost of this disaster. Meanwhile, people wait. They wait for jobs, they wait for answers and they wait for help.

What exactly will the government do to help rebuild the North Thompson Valley?

Oral Questions

●(1455)

Hon. John McCallum (Minister of National Defence, Lib.): Mr. Speaker, I was in Kelowna the night when so many British Columbians lost their homes. I was also in Kamloops on that same visit. I do understand the devastation.

That is why I insisted that our officials respond very rapidly. That is why I was able to go to British Columbia last weekend with a \$100 million cheque as an advance payment. The British Columbia premier said to me that his officials had told him that never before had they seen such a fast reaction from the federal government.

Mr. Jim Abbott (Kootenay—Columbia, Canadian Alliance): Mr. Speaker, by the time the fires were ripping through the Kootenays, the Prime Minister decided to drop into Kelowna for a photo op, never to be seen again.

Those funds that the minister is talking about may be in British Columbia at this point, but his office has been unable to answer our questions. What will qualify? When will the funds flow? When will he get on with helping our constituents?

Hon. John McCallum (Minister of National Defence, Lib.): When will the funds flow, Mr. Speaker? I thought I had just explained that \$100 million in funds have already flowed to British Columbia. Our officials are working diligently with the municipal and provincial officials to make the final payments. I would say that \$100 million is not bad for a down payment.

* * *

[Translation]

HIGHWAY INFRASTRUCTURE

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, two days ago, I questioned the Minister of Transport about the expansion of highway 175. The minister remained vague and simply played on words. This is a simple question. If Ottawa is prepared to pay 50% of the cost of constructing the highway, it must also be prepared to pay 50% of cost overruns.

Does Ottawa's commitment include paying 50% of cost overruns?

That is what we want to know, and that is what is preventing this project from moving forward.

Mr. Marcel Proulx (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, I want to congratulate my hon. colleague from that area, who sits on this side of the House, on the phenomenal job he has done in this respect.

I will remind the House that last summer, our Prime Minister signed an agreement on highway 175 with the Premier of Quebec at the time. As the Minister of Transport said a couple of days ago, the federal government will honour this agreement.

* * *

[English]

TAXATION

Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance): Mr. Speaker, the Saskatchewan Junior Hockey League is an amateur hockey league that was financially crippled almost a year ago by an audit done by CCRA. That audit was performed only in Saskatchewan.

Despite the staggering fines, the teams are up and running on borrowed money.

I would like to ask a question of Saskatchewan's only minister. What has the minister done—

The Speaker: The hon. member knows he cannot ask the members for their regional responsibilities. We have had that discussion in the House before.

However the Minister of National Revenue is the person, I am sure, to whom he intended to direct the question. I see she is rising to answer.

Hon. Elinor Caplan (Minister of National Revenue, Lib.): Mr. Speaker, I am pleased to answer this question again for the member because he clearly has not understood the previous answers.

As I have said before, CCRA has the responsibility to ensure that the Income Tax Act is complied with equally by everyone across the country.

I can assure the member that we are working with the Canadian Hockey Association to ensure that the hockey teams across the country know what their obligations are, and to ensure that young players have access to the benefits that they might be entitled to. That is our job and we are doing it not only in Saskatchewan but right across this country, and the member should know that.

* * *

[Translation]

VETERANS

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, on October 9, the Standing Committee on National Defence and Veterans Affairs unanimously adopted a report to put right the injustice done by the Minister of Veterans Affairs in denying access to the veterans independence program to 23,000 surviving spouses.

Since the House unanimously adopted the sixth report of the Standing Committee on National Defence and Veterans Affairs yesterday, when does the minister intend to follow up on the report's recommendations and rectify this intolerable situation?

●(1500)

[English]

Hon. Rey Pagtakhan (Minister of Veterans Affairs and Secretary of State (Science, Research and Development), Lib.): Mr. Speaker, in May we announced that we would have a program for the VIP from then on henceforth. Our remaining challenge is to see how we can address the needs of those whose benefits lapsed before that and to see what we can do. At that time, we will have the reality of fiscal resources.

We are continuing to be engaged on the issue. I assure the member that the sensitivity of the government to veterans issues remains very high.

*Government Orders***JUSTICE**

Mr. Larry Spencer (Regina—Lumsden—Lake Centre, Canadian Alliance): Mr. Speaker, 80% of the Canadians polled said they believed that the age of sexual consent between children and adults should be raised to at least 16.

This week in the House the Parliamentary Secretary to the Solicitor General said “I do find that the age of consent at 14 is too low”.

Why does the justice minister condone sexual exploitation of children by adults by refusing to raise the age of sexual consent to age 16?

Hon. Martin Cauchon (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, with regard to the question of the age of consent, the hon. member knows very well that around the table of the federal-provincial meeting there was no consensus.

The government has created a new offence of exploitation that will offer much better protection because the protection will be for all young Canadians between the ages of 14 and 18. If the opposition members wants to offer good protection to young Canadians, they should be supporting the government in the passing of Bill C-20. What they are doing is a disgrace.

* * *

[Translation]

PRESENCE IN GALLERY

The Speaker: I wish to draw the attention of the hon. members to the presence in the gallery of Mr. Willy de Clercq, chair of the European Parliament's Delegation for Relations with Canada and chair of the European delegation to the 27th annual meeting of the Canada-Europe Parliamentary Association.

Some hon. members: Hear, hear.

* * *

[English]

BUSINESS OF THE HOUSE

Mr. Dale Johnston (Wetaskiwin, Canadian Alliance): Mr. Speaker, it being Thursday, I would like to ask the hon. House leader of the government what business he has in store for the rest of the day, tomorrow and next week.

[Translation]

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, this afternoon we will return to consideration of Bill C-32, the Criminal Code amendments, followed by Bill C-54. If we get through this, we will proceed to consideration of Bills C-19 and C-6, two bills on first nations. If we have time, we will also look at Bill C-51.

If that is a bit too ambitious, the first item for consideration tomorrow will be Bill C-6, the specific claims legislation. After oral question period, we will come back to Bill C-54, which we debated this morning, concerning fiscal arrangements. If there is time, this will be followed by Bill C-46, the market fraud bill, and Bills C-19, on first nations, and S-13, concerning the Statistics Act.

Next week, we will continue to consider bills that have not been completed, beginning on Monday with Bill C-46, on financial institutions. We will add to that list Bill C-23, the sexual offenders legislation.

By mid-week, we hope to be in a position to consider Bill C-52, the radio communications bill, and Bill C-20, the child protection legislation, as mentioned by the Minister of Justice during oral question period.

GOVERNMENT ORDERS

● (1505)

[Translation]

CRIMINAL CODE

The House resumed from October 29 consideration of the motion that Bill C-32, an act to amend the Criminal Code and other acts, be read the third time and passed.

The Speaker: Yesterday, the hon. member for Joliette gave a speech on the bill. He has a 10 minute question and comment period remaining.

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, I am very pleased to ask a question of my colleague from Joliette. I congratulate him on the excellent speech he gave yesterday in this House. I would have liked every government member and every Canadian Alliance member to be here.

In his speech, our colleague from Joliette mentioned that the Liberal government is cutting positions at the RCMP detachment located in his area. As we know, this bill will create new offences and new penalties targeting organized crime.

I would like our colleague from Joliette to describe what is going on in his area with regard to the dwindling number of RCMP officers there.

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I thank the member for Jonquière for her question. It takes us back into the debate on Bill C-32, which the Bloc Québécois supports.

In closing, I said there was something somewhat contradictory about the fact that a number of penalties have been increased, which we support, especially those targeting organized crime, while RCMP detachments are being pulled out of several regions in Quebec—and I imagine the same must be true across Canada.

In the Lanaudière area, we have a detachment based in Joliette. I explained that it was supposed to be staffed by 13 officers. Due to the transfer of officers who have not been replaced over the past years, there are now only four officers left to look after the whole area of Lanaudière, which is not enough.

In spite of that, these four RCMP officers are working in close cooperation with the QPF and especially with the municipal police of greater Joliette.

Government Orders

If this detachment of the Royal Canadian Mounted Police were to go to Saint-Jérôme and to Trois-Rivières, all of Lanaudière would be unprotected. In this regard, in his speech, the member for Saint-Hyacinthe—Bagot talked about the situation in his area, where a number of fields were taken over from farmers for the illegal production of marijuana or cannabis.

Unfortunately, we have the same situation in our area. It is a area where tobacco is grown and where there is also a great amount of corn. Unfortunately, these crops facilitate the hiding of this illegal production by the organized crime.

Thus, by neglecting Lanaudière to concentrate RCMP personnel in Saint-Jérôme and Trois-Rivières, the government will totally abandon Lanaudière to the organized crime and the taking over of these fields.

I also explained that, fortunately, citizens have taken action to promote an Info-Crime line, 1-800-711-1800. It allows citizens to anonymously and confidentially report crimes they have witnessed.

Of course, once they have called in, the police must build a case. Thus, if the Royal Canadian Mounted Police is no longer in Lanaudière, the work this group of citizens has done and is still doing will be in vain. There will be no use calling this Info-Crime line to report a crime if no one is able to act upon the information.

I remind the House that the RCMP, within the divisions in the different police forces, particularly in Quebec, plays a very important role in search and seizure to gather evidence on organized crime issues.

It is also important to point out another element. The Commission scolaire des Samares, which serves the north of Lanaudière, also has a number of people who work with the commission to ensure that drug traffickers do not use our schools and school yards to recruit consumers and also possible young drug dealers.

These people were hired by the school board and by Thérèse Martin school, Barthélemy Joliette school and even a private school, the Académie Manseau, and are working in cooperation with the Joliette RCMP detachment. If the solicitor general followed up on the RCMP internal management report, and its recommendation to close down nine detachments in Quebec, we will have to do without a detachment in the Lanaudière area. As citizens and as taxpayers, we are entitled to the same services the RCMP is providing to other areas in Quebec and throughout Canada.

The hon. member for Repentigny will agree with me. This issue affects him directly also, even though the detachment is not located in Repentigny, but in Joliette.

An hon. member: We are all one big family.

Mr. Paquette: True, we are one big family in Lanaudière. In fact, all the members from our area are sovereignists. I think the hon. member for Repentigny shares my concerns.

• (1510)

As taxpayers, we want the same services as the rest of Canadians and Quebecers.

If the federal government is no longer able to provide RCMP services to the Lanaudière area or even to the whole of Quebec, then they should transfer the money to us. I am sure the Quebec Police would do what is needed to take over from the RCMP.

However, as long as we keep paying taxes and as long as the RCMP has duties to carry out in our area, the RCMP detachment in Joliette should remain open for the good of the people of Lanaudière, under the provisions of Bill C-32.

To conclude, I do not see what good increasing the sentences set out in the Criminal Code would do if the police does not have the manpower to enforce the code.

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, I would like to thank my friend and colleague, the hon. member for Joliette, for his well-chosen words on Bill C-32. I am pleased to speak to this bill on behalf of my party.

Today, once again, we are going to cause sorrow among our colleagues opposite by explaining in a very rational way, with reasoned arguments, why we oppose the amendments, the bills and the ideas, that the government party brings before us.

Nevertheless, this time, we are going to support Bill C-32. The Minister of Justice will certainly be pleased to see his friends in the Bloc Québécois once again supporting a government bill, and I shall explain the four primary reasons.

These are the four themes we think are very important, and I quote:

This enactment amends the Criminal Code by

(a) establishing more serious offences for placing, or knowingly permitting to remain in a place, a trap, device or other thing that is likely to cause death or bodily harm to a person;

(b) permitting the use of as much force as is reasonably necessary on board an aircraft to prevent the commission of an offence that would be likely to cause immediate and serious injury to the aircraft or to any person or property in the aircraft;

(c) modifying the provision dealing with the provision of information on oath in relation to weapons;

In a moment I will explain why we are also supporting this amendment. The final theme, which, in my opinion, may be the most important, is this:

(d) creating an exemption to the offence of intercepting private communications in order to protect computer systems.

It amends the Financial Administration Act in order to authorize the federal government to take necessary measures to protect its computer systems.

In 2003-04 electronic communications and transactions are increasingly numerous. Many citizens make transactions over the Internet using their credit cards. Unfortunately, sometimes—too often—someone steals their credit cards by stealing the personal identification numbers. Later, fraud is committed through illegal use of the information networks.

If, through this bill or other legislation, we can correct this situation and give more protection to electronic transactions and transfers made by our citizens, it seems to me that we must, as parliamentarians, encourage such amendments and make as many of them as we need.

Government Orders

On this particular bill and on other bills—I want to emphasize that for my colleagues on the government side—we could draw on a bill recently passed in the United States dealing with unsolicited e-mails.

If I correctly understood the intent of the legislation in the United States, people can add their name to a national register and ask not to receive any promotional material from all major media and big corporations using telemarketers or computers for this purpose.

The big corporations have to consult the national registry every day and to delete the names of all those who do not want to be on the mass mailing lists anymore. According to the latest data that I have, some 50 million Americans have added their names to the national register to avoid receiving all this correspondence trying to sell products all equally miraculous and claiming to make them rich and famous, to educate them and to solve all of their health or financial problems.

I think that it would be perfectly legitimate to look carefully at this aspect in Bill C-32 or in a similar bill that would draw from this American legislation and to see if we can apply it to Canada in order to allow people to regain control over their computer and their personal lives.

● (1515)

When you are quietly sitting at home and the phone rings constantly with someone trying to sell a heat pump, a vacuum cleaner or a wonderful encyclopedia, it is a form of pollution. It disturbs our privacy and infringes on the leisure time we want to spend with our family. In our bills, we should be sensitive to that and try to improve the situation.

I talked about the four reasons for which we support Bill C-32. The main reason is that this bill creates a more serious offence for those who set traps or other devices in places kept or used for the purpose of committing crimes.

Let me explain why we agree with this principle. The offence of placing a trap already exists in section 247 of the Criminal Code. The proposed amendments would replace that section. We want to make it more specific and then add more offences.

Right now, setting or placing a trap with intent to cause death or bodily harm to a person is an offence punishable by a maximum term of imprisonment of five years, wherever the trap or the device is placed. This provision would remain, but with minor changes.

New offences are also being established. First of all, if the trap or the device does cause bodily harm, the term of imprisonment will be 10 years. It will be 5 years for placing a trap, but if it is used and someone is accidentally injured, imprisonment will be for a period of 10 years.

If someone sets a trap in a place kept or used for the purpose of committing a crime, the maximum term of imprisonment is 10 years. If the trap is set in a place kept or used for the purpose of committing a crime and that trap causes bodily harm, it will be possible to extend the term to 15 years.

Finally, if a death is caused by a trap, a bear trap or anything of the kind—I will explain that later—the person caught committing the

offence of setting the trap or device will be liable to life imprisonment.

This may seem a bit crazy, but I want to explain. This has happened recently in fields in Quebec. My hon. colleague from Joliette talked about people taking over tobacco or other fields belonging to farmers. So as not to get caught cultivating marijuana, members of organized crime rings place bear traps and other traps so that if the farmer gets too close to where the marijuana is being grown, he will get caught in the trap and can get hurt or even die from his injuries.

This is also true when buildings in industrial areas are rented and used to grow illegal plants. Bear traps or other traps are placed to prevent security or police officers from checking, or intruders or others from entering and discovering their stash.

In Quebec, some people have been very seriously injured by this kind of protection used by organized crime rings to protect the proceeds of their crime. It is understandable and legitimate, given the evolution in the use of these kinds of traps, to amend and clarify the scope of section 247 to provide even harsher sentences for those resorting to such abominable tactics to protect the proceeds of their crime.

● (1520)

The Minister of Justice said on Radio-Canada radio last April 13, “Currently, organized crime rings are placing traps in areas used for criminal activities. For example, areas where cannabis is cultivated. The firefighters association had been requesting this for some time”. This is why section 247 needs to be amended.

What happens when there is a fire and firefighters arrive on the scene? They might wind up in a bear trap because they cannot see through the smoke. It is perfectly legitimate to protect the lives of those protecting us and give them the tools they need and a safer environment in which to do their jobs.

I will take advantage of this theme of traps and snares to state that the Bloc Québécois had asked for certain tools in the antigang legislation to be corrected and changed. Two of these have not yet been acted upon. We feel the bill could have gone further. First of all, with Bill C-24 in the last session, the government refused to criminalize passive membership in a gang. This would have made it possible to fight organized crime more effectively, and that is what we want to do here. Had membership in a gang been recognized as a criminal offence, it would have helped in the battle against organized crime.

The other measure we were calling for was reversal of the burden of proof. In Canadian law it is essential to prove beyond a reasonable doubt that an accused has accumulated wealth by committing a series of specific and identifiable offences. We need only think of the Hell's Angels megatrials. When someone has a job and reports an annual income of \$19,000 when filing income tax returns, but is living in a house worth \$265,000 with a Jaguar and a Porsche parked out front, I do not know how that person manages his budget, but certainly not like you or I do.

Government Orders

Perhaps we ought to introduce the reverse burden of proof in order to get these people to tell us how to legally manage our affairs so efficiently. But, all joking aside, I think that people who belong to an organized gang ought to be required to show how they amassed their wealth. We would not be the first country to adopt this reversal of the burden of proof for this specific situation. Canada would not be breaking new ground and the world's legal system would not be destroyed.

I would remind hon. members that Australia, Austria, France, Greece, Ireland, Italy, Japan, New Zealand, Singapore, Switzerland and the United Kingdom have changed their legislation for these very specific cases, reversing the burden of proof.

One of the other reasons we support Bill C-32 is its authorization of the use of reasonable force to prevent criminal activity on board an aircraft in flight that could endanger persons or property—indeed could lead to their death.

Under the current Canadian legislation, the use of reasonable force to prevent the commission of an offence is permitted. The same applies on board an aircraft in Canadian airspace. The bill will amend the Criminal Code to explicitly recognize that any person on board an aircraft in flight is justified in using reasonable force if he or she believes that the use of such force is necessary to prevent the commission of an offence which could endanger the safety of the aircraft or its passengers.

The bill will also clarify that this justification also applies on board any Canadian registered aircraft in flight outside Canadian airspace, and not only in Canadian airspace.

The amendment will ensure the full effect of the Tokyo Convention On Offences and Certain Other Acts Committed on Board Aircraft.

Canada is signatory to many conventions and belongs to many international institutions such as the ICAO and the UN.

• (1525)

Meetings are held regularly in certain countries. For example, the ICAO deals with aviation safety. Countries are asking themselves how they can contribute to the improvement of aviation safety.

As a sovereignist, I have a lot of respect for the sovereignty of states and their right to independence. However, in this era of globalization, there are decisions that cannot be made strictly within our borders, whether on land, on the sea or in the air. There is a constant flow of people, information and money. Financial transfers abound. Therefore, we must sign more and more international conventions, and this is why the sovereignty of states is important.

When we sign an international convention, if our own legislation is inadequate, incomplete or incorrect, we must amend it. In this part of Bill C-32, we are amending the Criminal Code with regard to the use of force on board aircraft. We are doing this to comply with the Tokyo convention. We must also prevent serious crimes like we saw in the United States in 2001, when terrorists hijacked airplanes and used them as weapons against civilian populations.

We consider it essential that passengers and peace officers on aircraft know that they are covered by legislation if ever they feel it

necessary to use force to ensure the safety of both those onboard the aircraft and those who could become the victims of the use of this aircraft for terrorist or criminal purposes, as happened in New York City.

I am therefore convinced that the amendment of section 117.04 of the Criminal Code will ensure greater safety for the crew as well as for people who travel by plane either for business or pleasure.

Our third reason for supporting Bill C-32 is the provision on warrants to search for and seize weapons. Section 117.04 of the Criminal Code deals with that. It sets out the procedure for a peace officer to apply for a warrant to seize weapons, prohibited devices, ammunition, explosives, and so on.

In this respect, one only has to think of family violence situations and the restriction put on police officers to apply for a warrant before entering a home when there are weapons on the premises. Here again, we must make the work of those ensuring our safety easier by allowing us to ensure theirs.

To conclude, as I said at the beginning of my remarks, let me stress again the importance of creating an exemption to the offence of intercepting private communications in order to protect computer systems. A growing number of Canadians are using computer systems to transact business and communicate at all levels. These computer activities must be protected.

As I said earlier, we should take advantage of this window of opportunity to go one step further and develop something based, for once, on what the U.S. is doing. They can do good things in the U.S. A national registry of people could be developed in Canada, and we could tell the big companies which spam us to take our name off their list. This way, our quality of life would be improved.

As you can see, the Bloc Québécois once again considered with all due diligence this bill before us. For these four main reasons, we will support the bill.

• (1530)

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, I want to congratulate my colleague, the member for Repentigny, and tell him how much his speech proves to all those listening that the Bloc Québécois does not put up opposition just for the sake of doing so. It can support bills when they are important for the betterment of Canada and Quebec. We are very much in agreement with this bill. It still contains a few irritants, but we will be there on the alert when it is enforced.

Following the comments by our colleague, the member for Joliette, whose riding is in the same region as mine, the Lanaudière region, I would like him to tell the viewers in his riding what the result of the RCMP leaving will be. What kind of problems will that create?

Government Orders

Given all the measures that were put in place in his region to set out guidelines for the fight against organized crime, what will be missing and what should the Canadian government do to compensate if it withdraws the Royal Canadian Mounted Police from the region? Should the funds be transferred to the Sûreté du Québec?

Mr. Benoît Sauvageau: Mr. Speaker, I want to thank the hon. member for Joliette for her kind words. We are very much aware of this important and sensitive issue.

The RCMP does have a detachment in the vast region of Joliette. Joliette is one of the largest cities in the Lanaudière area, and the RCMP detachment helps make our homes and streets safer.

However, this professional but rather modest detachment cannot ensure the safety and security of everyone in the region. As in several areas in Quebec and in Canada, I am sure, but especially in our region, which I am very familiar with, the role of an RCMP detachment is to bring together the various stakeholders.

The role of the RCMP is to educate the public about their rights and the law and to ensure public safety. To this end, it works in cooperation with the Sûreté du Québec, the appropriate municipal police forces and public safety agencies, like Avenue Jeunesse and the Maison des jeunes.

I see the role of the RCMP as being more preventive, in cooperation with our communities. I see the RCMP as a group which, together with others, prevents our youth from falling into organized crime or committing a crime by preparing them in advance and not only by being coercive.

Their involvement in our community is very important. In this regard, I appreciate the question and comments from my colleague and I support the comments made by the member for Joliette. We want to keep this detachment that has been a part of our communities for a very long time in order to ensure this security.

However, if the government should one day decide to follow up on the RCMP report and abolish this detachment, we would at least ask for financial compensation, not because we want money, but because that would create a void that would have to be filled to ensure that the services previously provided could continue to be offered.

As to whether removing the RCMP detachment would be a good thing or a bad thing, we could look at it from another angle. If I remember correctly, in 1998, 1999, the New Brunswick Provincial Police was abolished and replaced by the RCMP. Frank McKenna was the premier at the time.

I have friends who lost their job. They were members of the New Brunswick Provincial Police. I do not know—I have not done any studies and I am asking you or rather us—if all the concerns and all the expectations were addressed.

We would have to look at the crime rate. We would also have to look at the issue of speeding on the highways and fatal accidents. We would have to look at what people hoped to achieve by eliminating the provincial police in a province and replacing it with the RCMP and see if all the objectives were met.

That would give us an example of the role of the RCMP and of the importance of its presence in our communities. Of course, in Quebec, the RCMP is not as present and as visible in our daily lives. However, it is there to a modest degree in Joliette and in the Lanaudière area and we want to preserve what we have come to rely on, or at least be compensated if we lose it.

• (1535)

[English]

Mr. Joe Comartin (Windsor—St. Clair, NDP): Mr. Speaker, like most members of the House, my party and I are in support of the amendments to the Criminal Code that are contained in Bill C-32.

As individual members I think we have all heard horror stories from constituents in our home ridings around the use of traps by certain members of our society, mostly the criminal elements of our society, which has put lives in danger, particularly the lives of our emergency service workers, whether they be police, firefighters, ambulance drivers or people who work in those areas.

We think of this almost exclusively in terms of the police officer crashing through a door and being met with a trap in the floor or a shotgun pointed at the door and triggered by the breaking in of the door. However, it usually is something less dramatic than that but equally dangerous, perhaps even more so because the police officer going in is well aware of the risks that he or she may be facing. It could be the ambulance driver going in simply to pick up somebody who is injured or is suffering from ill health who is confronted with this type of trap.

What the bill does in terms of trying to deal with this type of anti-social and outright criminal behaviour is increase the penalties for anybody who either has established that trap or is knowingly in possession of property and real estate wherein those traps are contained. It runs from increasing sentences from what might have been a 10 year sentence to one of 14 years and, in some cases such as situations where death results from the use of these traps, to life imprisonment. It bodes well for all members of the House to support that part of the bill.

Another point that we felt was important and were happy to see come forward is the whole issue of making restitution easier for people who have been victims of crime. The existing situation requires in effect a whole separate civil proceeding under some circumstances, that is, one actually has to start an application to the courts in order to obtain a court order from the civil courts, which would then allow one to collect on the restitution order that would already have been made by the criminal courts. There are amendments in the bill that will make that process much easier, much simpler and much less expensive for victims of crime.

There are some technical amendments around the use of warrants for going in and seizing weapons. This issue rose to the Ontario Court of Appeal in *Regina v. Hurrell*. The court in effect struck down the warrant used in those circumstances in that it offended the Charter of Rights and Freedoms.

Government Orders

What we are doing here is recognizing the limitations that the court of appeal put on the use of these warrants. We are now including those limitations in the bill but still allowing, under the proper set of circumstances, for police officers to go in on reasonable grounds and seize weapons where they are concerned that the weapons may be used for violent crimes. Again, it is a very useful mechanism to be made available to our police forces in the way of preventing crime and is therefore a good use of the Criminal Code in that regard.

The final point I would like to address, which has drawn some attention because of September 11, 2001, is redefining what is reasonable force, specifically on air flights. To make that clear, we have redefined in the amendments what a flight is.

• (1540)

More specifically spelled out in the bill is the right of any individual to use reasonable force in a situation where violence is either in the process or anticipated aboard air flights. Given the circumstances of September 11, this is a timely amendment which will provide clear direction to all members of society on what is acceptable and permissible and perhaps even recommended in those circumstances.

Based on those comments, the NDP is quite pleased to support the bill, particularly the amendments I have mentioned.

[*Translation*]

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, I am pleased to have this opportunity to speak today on Bill C-32.

Before I begin my speech, I would like to congratulate my three colleagues. Congratulations are in order when people make excellent contributions. Throughout the process around this bill, they have had positive contributions to make.

I wish to congratulate my colleague, the hon. member for Saint-Hyacinthe—Bagot. As we know, about six years ago there was a lot of criminal activity in his area. Pot was being planted in cornfields. Our colleague denounced the authors of this crime publicly, and was a target of personal threats afterward. He did not back down, however, and continued his efforts, to the benefit of the population, the various levels of government, and the law enforcement agencies, who were at a disadvantage because there was no law that contained provisions to help them under these circumstances.

My colleague was greatly worried about the activities of the criminal community, but his activities were also a great worry to them. Thanks to his actions, society started to ask questions. As a result, the parliamentarians, who need to heed what their constituents want, could not do otherwise than to examine their consciences and decide that the law needed to be changed, in order to beef up the sentences for such crimes.

So I congratulate my colleague. In his region, as in all other regions of Quebec, we still need to invest a great deal of energy in the battle against the criminal element, with its multitude of ways to get around the law and get rid of people they do not want around.

I congratulate him and ask him to keep up his work with the people in his area, so that all parts of Quebec can draw on their

experience and start up their own programs to deal with what is going in their area.

I also congratulate the hon. member for Joliette, whose speech was excellent. He has told us that this bill was going to have more teeth because of the proposed amendment to the Criminal Code. Unfortunately, the Canadian government has submitted a proposal to the Solicitor General to do away with RCMP detachments in certain specific regions of Quebec, and if this were acted on, it would be most regrettable.

We must think of all the energy that has been expended by the Quebec provincial police, the RCMP, the municipal police forces, the municipal and school board officials, specific schools and the general public. They have sat down together to pool their efforts in order to get a clear idea of the situation in their region, as well as to make the battle against crime more effective.

The RCMP is a very important institution. As all these offences come under the Criminal Code, the RCMP is mandated to intervene in these cases. By not having these stakeholders at the table, we have just impacted on the work done in the areas concerned.

That is not what I call listening to taxpayers. All of us here pay taxes. And Quebec and the other provinces pay taxes to the federal government.

I would ask the Solicitor General to reconsider his decision because this is very important. Organized crime generates a lot of money, and there is certainly no shortage of money to keep them busy. I do not know where they get all this money from, but there is an abundance of it. As far as we are concerned, most of the time it is volunteers, people who are not paid, who help us in our efforts to fight the reprehensible acts committed by the criminal world. The Solicitor General must act to meet the needs of the nine regions in Quebec, including Lanaudière, that will be affected by the elimination or closure of the RCMP detachments.

• (1545)

I also want to commend my colleague from Repentigny, who represents the region of Lanaudière and is affected by this. He told us how important it is.

In my riding, we have many police officers who get involved and who are no longer just coercive. They sit down to talk with young people and the community. They are partners in preventing crime. They talk to young people and parents. We have an association of parents of teenagers that works closely with the police. They talk with young people and ask what needs to be done to make our society better in the future.

People always say that society has become complacent. That is not true. There are community organizations and they need funds to be able to fight crime. They are succeeding because they have the support of the RCMP and the Sûreté du Québec, which have the money and the training to fight crime.

Government Orders

Giving such a signal to these people indicates that we are not interested in them. These people want to improve social conditions for everyone. We must not forget that when such criminals set traps in a field, it is not only the farmer who may get hurt. There are hikers in the woods and near the farmers' fields. There are children who play there. These people may have accidents, even fatal ones.

By informing people, we can fight crime. However, without some funding and some experts with the means to intervene, we are putting handcuffs on our constituents' goodwill.

Therefore, the Bloc Québécois will support this bill. As my colleague from Repentigny said, we are not here just to say no. We are here to make progress on issues that affect each and every one of our constituents. When there is something positive and the time has come to act, and the government opens the door for us, we are there to examine the legislation. When a bill, like Bill C-32, provides solutions to the problems of all Quebecers and Canadians, we will not oppose it.

We must, however, watch carefully as this legislation is implemented, since nothing is perfect. When enforcement guidelines are issued, sore points sometimes develop. The Bloc Québécois will be very attentive, because this bill can improve society. I think we must support all measures that can improve society and we must say so aloud.

This bill makes interesting amendments to the Criminal Code, particularly with respect to the new offence concerning traps.

Earlier, I said that in my riding as well, there are many farmers' fields being targeted by organized crime. Pot has begun to grow in those fields. These criminals have a lot of money at stake. Consequently, they protect themselves by installing many traps around their crops, to safeguard their pot of gold. These people are organized.

By including in this bill a stiffer penalty for setting traps, we are finally doing something positive.

● (1550)

It has to be done. The underworld puts coercive pressure on people. Therefore, our legislation must put coercive pressure on the underworld, on organized crime. These criminals must be stopped.

Most of the time, all these substances, like marijuana, are targeted to a young clientele. We see that in schoolyards. These people are very well organized. They always have drug dealers working for them. And they recruit young kids. In most cases, these young kids will agree to do it because of the money they can make. I met a young boy who was no more than eight or nine years old and he was making up to \$300 or \$400 a week by selling pot. People of any age can be attracted by the prospect of making easy money.

We need coercive measures, issue tables and laws that enable us to take action. In the past, police forces were more than willing to do their part, but the Criminal Code did not provide them with the necessary tools. This bill changes that.

This bill also allows the use of reasonable force on board aircraft. This was mentioned earlier. All my colleagues who spoke to Bill C-32 talked about it. They referred to what we saw on September 11.

People returning from trips by plane often have stories to tell about incidents that happened on board the aircraft. Sometimes, some people drink too much too fast and do regrettable things.

This bill will clarify the fact that any person on board an aircraft can intervene to contain an overly enthusiastic passenger. This is a positive measure. Moreover, when people engage in reprehensible behaviour on board an aircraft, it causes harm.

Some people have psychological problems. Some do not like to fly but they have to. If something happens on board, it can be very disturbing for them. I think that these provisions will reassure those who are afraid to fly. They will know that people will no longer be allowed to do whatever they want on board an aircraft.

The bill also modifies the provision dealing with the provision of information on oath in relation to weapons. It also creates an exemption to the offence of intercepting private communications in order to protect computer systems. That was a key point I was concerned about when we heard about this new bill. Indeed, we all know that with the emergence of the Internet just about anybody can surf the net. Accessing data banks is easy. We can talk to anybody we want around the planet. My colleague behind me often uses his laptop in the House. He often does research on the Internet. If my colleague can do it, many others can do it too.

The bill contains provisions to make sure the wording of clauses is consistent with the Charter of Rights and Freedoms. We know that today our protection ends where somebody else's protection starts. Without the Canadian Charter of Rights and Freedoms and the Quebec Charter of Rights and Freedoms, I believe there would be abuses. We have that protection.

● (1555)

We must use it and protect privacy.

It is in the bill. However, the Bloc Québécois said during the clause by clause review of the bill that the wording of that clause was not clear. We will ensure the Charter of Rights and Freedoms is respected.

One of the clauses mentions that a peace officer must have reasonable grounds to apply for a warrant. This is a real problem. In my family there are a number of lawyers, police officers, peace officers and paramedics. I have a very large family where just about every profession is represented. We get together quite often. We are a tight-knit family. When we are gathered around the table we quite often talk about these topics. Whenever someone mentions an issue, someone else says that such or such a bill is inadequate. We talk a lot about justice issues in my family.

The bill we are dealing with right now will add some fuel to the discussion we had last year during the Christmas holidays. My relatives will be able to say that Bill C-32 improves the means we have to deal with criminal offences and the negative impact of organized crime's activities on society in Canada and Quebec.

Government Orders

With all it did, the Bloc Québécois has been very active in improving this bill. The Bloc Québécois pointed out that this was a first step but that we had to go further. This is important. Sometimes, legislators are lagging behind instead of taking the lead.

We all know that when a bill is passed, it is not reviewed annually. Bill C-32 is currently relevant, but it lacks elements for the future. Tomorrow is already here. Numerous amendments should have been adopted. However, life is not perfect, particularly when we are dealing with the criminal world. Those who operate in the criminal world are quite sharp and they always succeed in circumventing the law.

The central elements of this bill allow us to ensure security through new offences with regard to placing traps. Other provisions deal with the use of force on aircraft. The Bloc Québécois had also requested new measures on the anti-gang legislation.

An anti-gang bill was introduced a few years ago. The situation did get better, but the bill did not go far enough. We hope that the government will listen to us and will act promptly to adopt stronger anti-gang legislation.

● (1600)

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, I have a question for my hon. colleague. The role of the legislator is not always an easy one. It is important to remind you and all the young people watching us that bills are passed in this House because abuses occur.

We do not take any pleasure in passing bills to establish offences or increase sentences for placing traps or impeding air travel. We do it because of all the abuse. It is our duty, as members of Parliament, to strike the right balance.

I really liked what my hon. colleague from Jonquière had to say about this issue and the prevention committees that were set up in her riding. That is how information can be relayed to the public and how young people can exchange information.

There is a way to make this bill pointless. If young people did not buy marijuana, it would not be grown in corn fields or in private homes. Traps would not be placed to chase thieves away. But with a high number of consumers, it is a lucrative business. What do we do? We protect our schools and install all kinds of systems as deterrents.

Today, we have no other choice but to pass a law because there are just too many consumers of this product. Of course, if everyone, including the young people, agreed to stop buying the stuff, we would not need a bill on traps.

And it would be the same for air travel. If everyone were to behave properly, and maybe drink a bit less aboard a plane, as my hon. colleague said earlier, we might avoid disruptive behaviour that makes people ill at ease. Since September 11, passengers do not feel as comfortable as they used to in aircraft.

It is only normal that anyone misbehaving would make the rest of the passengers nervous. That is why bills are passed.

I would like my hon. colleague to explain what is going on in Jonquière, to go back to the example she was using and tell us what measures are being taken in Jonquière.

● (1605)

Ms. Jocelyne Girard-Bujold: Mr. Speaker, I want to thank my hon. colleague for this opportunity to speak about Jonquière. Everyone knows how proud I am of the people of Jonquière. I am very happy every time my colleagues or bills give me the opportunity to discuss, compare and talk about the people of my area.

For several years now, police officers in Jonquière have become people whom others, particularly young people, can talk to. The officers really meet the kids on their level. They are partners in helping youth. This is extraordinary.

In my riding, there is a lieutenant who leads a round table for youth. Last year, I held a big party to celebrate International Women's Day on May 8. I invited about 500 women to brunch. Mr. Gilbert, the Lieutenant, spoke.

He talked to the women, who were so interested that question period had to be extended. Mr. Gilbert was given additional time, because everyone wanted to hear more about this wonderful round table with the young people, the police, community organizations and the schools, as well as municipal councillors.

People always say that these police officers are also members of community organizations. They are there. They do not tell the young people, "You should do this". No, they tell young people, "What do you think we should do in this instance? Share your ideas with us. If you were in charge, how would you make things better?"

It is fascinating to see how good this makes the young people feel, just because the police ask them this question.

This is the purpose of a round table. Being united and working together helps prevent crime, because when things are disorganized, anyone can break our ranks. Consequently, being united means working together. By working together, we become strong. By being strong, we take a stand and we speak for our communities.

Ms. Monique Guay (Laurentides, BQ): Mr. Speaker, I also want to congratulate my colleague from Jonquière. I too care about our young people, because I have teenagers myself.

I can tell you that, in Quebec, we do a lot of prevention. This is a situation that we live with at home, in Quebec, and it is quite unique. We do prevention with our youth while they are at a very early age. As is the case in my colleague's region, we also have round tables in the riding of Laurentides and in my colleagues' ridings, to ensure that our youth understand the dangers of drugs, alcohol and everything that is illegal. In this way, we try to help them reach adulthood by being aware of these dangers.

Government Orders

With regard to traps, we have heard horror stories in Quebec when the marijuana harvest season arrives. We know very well that there were not only traps, but also other devices that prevented even farmers from going into their fields. Firearms were installed and would automatically fire if people walked in the fields. People could have their legs cut by wire. When someone is cut or fired at in a leg or an arm, it can even be lethal. It is important to legislate accordingly and to protect the public.

I want to hear what my colleague has to say again. I know that people have experienced problems in her riding as well. We, as members of Parliament, often travel by plane, and I myself have several times experienced situations where people who have had a little too much to drink or who were panicking—this happens—got rowdy and even threatened the stewards on the plane. It is important to have the tools to protect ourselves. I would like to hear what my colleague has to say about the situation in her riding again. If she has experienced such situations, I would like her to tell us about them.

• (1610)

Ms. Jocelyne Girard-Bujold: Mr. Speaker, I thank my colleague for giving me another opportunity, perhaps the last one, to comment on this bill.

I want to take this opportunity to thank Roch Gilbert, a local police officer who made these tables possible, in co-operation with the Maison des jeunes, SOS Jeunesse and all the community stakeholders.

I congratulate Roch Gilbert for his visits to the schools. When he enters a classroom, he does not stand in front of the students but sits down with them. He explains his background and asks young people to give their opinion and tell him what they would like him to be with them. This approach is quite different from everything we have ever seen.

When I was young, I would not go near a police officer because I was so afraid. He had a gun and uniform, and he looked very strict. Mr. Gilbert has a new approach. He is the deadpan type. He speaks about tragic situations in a way young people can relate to and with humour.

Humour helps to get messages across. We should have more humour in this House to play down the heavy topics we have to deal with. Bill C-32 deals with very complex and serious issues, like serious situations in aircrafts and the use of traps.

We do not dare make light of it because we think it would sometimes be unparliamentary. But we should use more humour in a way that is acceptable in Parliament. Maybe we would not need an official poet, then, because we would all be poets.

[*English*]

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

The Deputy Speaker: The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

An hon. member: On division.

(Motion agreed to, bill read the third time and passed)

* * *

[*Translation*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

The House resumed consideration of the motion that Bill C-54, an act to amend the Federal-Provincial Fiscal Arrangements Act and the Federal-Provincial Fiscal Arrangements Regulations, 1999, be read the second time and referred to a committee.

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, I must first inform you that I will be sharing my time with the hon. member for Laurentides.

It is my pleasure to rise to speak to Bill C-54 to extend the Federal-Provincial Fiscal Arrangements Act. Of course, this bill extends the period during which equalization payments may be made. When we hear this word, it sounds very complex. What is the formula? On what basis is the distribution made? There is a whole lot of discussion about that.

Oddly enough, before the last election in Quebec, there was less money for equalization. After the election, the money started coming in. Some will say it was unintentional. Personally, I would say that the timing was perfect. That is the name of the game. There is always a dilemma with respect to equalization. Why? Because this is the way Canada, and the federal government in particular, has decided to redistribute wealth throughout the country.

Redistribution of wealth means that some provinces receive equalization payments while others receive nothing. Quebec is a recipient province. I long for the day when Quebec will no longer be a recipient. The reason is simple: to receive equalization is an indication of a flagging economy. It is true that unemployment is higher in Quebec than elsewhere. Take for example the GM plant in Boisbriand, which closed down. This closure affects the ridings of my hon. colleagues from Rivière-des-Mille-Îles and Laurentides as well as my riding of Argenteuil—Papineau—Mirabel. This is a fine example of distribution of wealth across the country. All the automobile manufacturing is in Ontario. But all the raw material is in Quebec. That is how wealth is distributed.

In order to reach that balance at the end of the year, the federal government decided to redistribute money. Some provinces have more money than others. Ontario does not receive any equalization payment because it has big companies, big manufacturing plants and big car plants. We have none. We have to be content with some small parts plants. And yet Quebec is one of the biggest producers of aluminum and magnesium in the world. These products are used to build cars, but they are no longer built in Quebec. There are no more plants. The Liberal government chose to close the Boisbriand GM plant. That is a fact.

Government Orders

The other way to try to reach a certain balance is to redistribute wealth through equalization payments. Today with Bill C-54 the government is renewing the way equalization payments are calculated. As we know, there is a lot of debate and discussion on how they are calculated. There were discussions when the Parti Québécois was in power in Quebec. The debate is still going on. Questions are being asked by the Liberal government now in power in Quebec. Other provinces are asking questions too. They want to review the way these infamous equalization payments are calculated.

Without warning, the government has decided to renew the agreement in this respect because the House might not be sitting before the existing legislation expires. Today the government is rushing through an extension without discussing the principle of equalization. That is a fact. It will not be discussed because there is no time. A system that is challenged by every province is going to be extended.

Why is it challenged? I will give one example. Because, among other things, in order calculating the average, the richest provinces are not taken into account. The wealth of the richest provinces is not assessed to determine which are the poorest and which ones must benefit the most. They are taken out of the equation. Only some provinces enter into the calculation. I will tell you which ones later. These provinces are used to calculate, among others, equalization payments.

You will understand that to redistribute wealth one should be able to put in the balance the richest provinces and the poorest provinces. One should give to the poorest ones and take a little bit more from the richest ones. That is a fact.

By taking a little more from the wealthy, I mean taking more money from the federal government and giving more to the poorest. Anyway, the wealthy will not get any. If we were calculating this way, it would cost the federal government \$3 billion more.

•(1615)

This is why the calculations are still done using the old system because they do not want to redistribute wealth according to the newly established formula. I have made this comparison because it is not easy to understand for those who are listening to us. They are not all administering provinces.

Let us look, for example, at the old age pensions and the way the government calculates the increase in the cost of living. The cost of living corresponds to the average family cost of living. Do not tell me that the cost of living is the same for the elderly as it is for the average family. They do not have the same eating and the same driving habits. However, their housing and drug costs are much higher for them than for the average family.

Thus, when the Canadian government increases the amount of the old age pension, it uses the traditional formula. It does the same thing when redistributing the money among the provinces. Provinces are now asking that the redistribution be according to a new formula, and seniors from Quebec and Canada should ask the same thing, to ensure that the government is not calculating the increases according to an average family cost of living.

In recent years, the cost of living for seniors has risen drastically. That is the reality. What is the reason for this? The cost of housing

has gone up a great deal, and prescriptions cost more as well, while food and transportation are down.

Governments benefit from this. One example: the Old Age Pension, which is pegged to the cost of living. In some quarters of the past year, no increases have been necessary, because the average cost of living has not gone up. There is to be a small increase coming up shortly, but it is still less.

For these reasons, the distribution of wealth needs to be reconsidered. Discussions must be reopened on how the wealth is shared with seniors, so as to bring their pensions into line with actual accommodation and health care costs.

The same thing goes for the provinces. Equalization payments must be increased so that the poorest provinces, those with less resources, can benefit more, which is the principle behind equalization payments. Provinces with fewer resources ought to benefit more from the equalization system than the extremely rich ones.

Everyone must be included. We must not do as the Liberal government has done in its calculations for equalization: take just a handful of provinces and do an average. They use Quebec, Ontario, Manitoba, Saskatchewan and British Columbia.

The others are excluded, purely and simply because they are sometimes too rich. Thus calculations for the equalization payments are simplified. To repeat, if true wealth were calculated, that is all the resources of the richest provinces compared to those that have the least, there would be \$3 billion more in equalization payments to the poorest provinces.

Quebec and some others would benefit, most definitely. Hon. members will understand why the potential recipients complain about the way the calculation is being done.

In conclusion, the Bloc Québécois is opposed to Bill C-54, but not to the principle of equalization payments. We are opposed to the fact that it is being brought up at the last minute, without any discussions with the provinces, the ones concerned by the system of equalization payments.

•(1620)

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, I would like to congratulate my colleague, the member for Argenteuil—Papineau—Mirabel, who explained this very complex issue of equalization in the little time he had. I hope that people listening have understood, because I think he is a born teacher.

We are wondering why the government is presenting this bill at the very last minute, in a panic. Ever since we resumed sitting after the summer break, we have been wondering. What is going on in Parliament?

The government proposes measures, then backs off, moves forward and then no longer makes any decisions and everything stops. Why is it so and why is the Bloc Québécois against the principle? We are not against equalization, we are against the principle.

Within the time allocated to him, could my colleague elaborate?

Government Orders

• (1625)

Mr. Mario Laframboise: Mr. Speaker, I thank my colleague, the member for Jonquière, for her question.

Naturally, we all realize that, if Bill C-54 is being rushed through the House, it is because the Liberal government has decided to adjourn the House; that means we will soon be on a break until the next election. This is all due to the fact that one man has decided to call an election, the member for LaSalle—Émard, as leader of the Liberal Party, next spring, in 2004.

Of course, in the meantime, the member for LaSalle—Émard has no intention of coming here to answer questions that we could ask in the House, about equalization for example, to find out about his position on the new way of distributing equalization payments among the provinces in Canada.

Since it is quite possible that the House will not have time to sit or adopt a new equalization policy, the government is simply extending the former policy, which was supposed to expire next spring.

The government is really not taking any chances: it is extending the policy without consulting the provinces. This is the part that is hard to accept, because this is only one of many similar cases. I will not list all the disasters that have happened in this Parliament over the last few weeks; I know the journalists are taking care of that.

The truth is, however, that it is hard for members from Quebec, like my hon. colleague from Jonquière, my hon. colleague from Charlevoix, my hon. colleague from Laurentides and my hon. colleague from Sherbrooke to protect the interests of Quebec when, every time we are about to address an issue, the government introduces a bill and tries to ram it through the House in order to avoid any discussion and especially to avoid any question being put to the next leader of the Liberal government.

That is the grim reality. These days, we discuss things with members, ministers and a Prime Minister who no longer have any power, who can tell us whatever they want, knowing full well that the member for LaSalle—Émard has publicly said that he would review all the decisions made by the current government.

How can we talk about equalization with the finance minister when the hon. member for LaSalle—Émard has stated that he would review all the decisions made by the current government?

So, it is not easy. This is why we oppose Bill C-54. It is not that we are against equalization, but we do not like the fact that the provinces were not consulted beforehand and that we cannot put questions to the member who will be running the next government.

[English]

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, clearly that member and the Bloc have not read the bill. The bill has nothing to do with the issue he has raised. This is an insurance policy. Currently, the Minister of Finance is meeting with his counterparts. As members know, they met on October 10, they are continuing these discussions and they will meet again.

As far as what will happen in the future, that is something we are anxious to resolve. Obviously, by March 31 we want to have the

agreement in place. However, in the unlikely event that we do not have an agreement, this insurance policy will ensure that moneys continue to flow to Quebec and the other seven provinces.

The fact is, without this legislation, there will be no money, and I am sure that member will have the audacity on April 16 to stand and say “Where is the money?” There is no money because his party is holding up Bill C-54. We need to have this in place as an insurance policy.

We have two tracks here. One track is negotiating with the provincial governments. The meetings have gone very well, and I again emphasize that.

If we do not have an agreement at the end of March, although unlikely, I assume that member would support insurance just as he would on his house or his car? He gets it not because he hopes he will have to cash it in, but for protection.

• (1630)

[Translation]

Mr. Mario Laframboise: Mr. Speaker, I still want to thank the Liberal member for his question.

The role of the Liberal government is to negotiate equalization with the provinces now. We, in the Bloc Québécois, are willing to come back to the House at any time at the request of the new leader of the Liberal Party to pass a bill on a new equalization agreement. I challenge him to do the same thing, to convince his colleagues to come back to the House when a new agreement is reached with the provinces, an agreement that would be satisfactory for everybody in Quebec and in Canada.

The Deputy Speaker: Before resuming debate, it is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Renfrew—Nipissing—Pembroke, National Defence; the hon. member for Dauphin—Swan River, Foreign Affairs.

Ms. Monique Guay (Laurentides, BQ): Mr. Speaker, I want to congratulate my colleague on his speech, as well as my other colleagues who, over the course of the day, took part in this most important debate for Quebec and for the other provinces who need it.

We know that the equalization formula is renegotiated every five years. Now we are practically being told that if we do not vote in favour of this bill, we will no longer receive equalization payments. This makes absolutely no sense. First, it is antidemocratic. Second, when the government tries to extend a period simply by introducing a bill, saying that we will continue with the same system just to protect the future prime minister, it is unparliamentary.

We must be able to sit down and negotiate these things here in this House. This is part of the job of the Prime Minister and of all the ministers, but it is not being done. Everything is frozen here. Parliament is paralyzed because a new prime minister is coming. It may be paralyzed for the next six months to satisfy the future prime minister. This cannot work.

Government Orders

Right now, the problem is that we have two prime ministers. It is just awful. When the Liberal caucus meets on Wednesday morning, there is another caucus meeting in the afternoon with the future prime minister. This cannot work. It paralyzes everything. One undoes everything that the other one does.

At this time, instead of adjourning the House as they want to do to satisfy the future prime minister, they should heed our request and renegotiate the equalization formula to take into account several factors that may have never been taken into account before.

As my colleague clearly said earlier, some plant closures, like the GM one, have put the employees through hell. Some of those employees even had to transfer to Ontario. They have had two years to get settled and work in Ontario and now they are being laid off once again. They now have more debt because they had to buy furniture and to settle into their new apartments in order to be able to benefit from their pension in the long run. This happened to a lot of them. I am not only talking about two people, but about a good number of them who had to relocate to Ontario. All of them, without exception, are now losing their job. They will have to come back to Quebec without a pension and without anything. That does not make any sense.

We can appreciate that we have problems, and those problems should be taken into account. There is also the whole issue of employment insurance. Billions of dollars are being accumulated at the expense of the unemployed, but that is not being taken into account. These people are poor and we are the ones supporting them and trying to help them. What do you think they do when they are not eligible for EI benefits? They go on welfare and we are the ones in Quebec who have to take care of them. We are the ones who pay for the training programs to send them back to work.

We do not mind that, but it has to be taken into account in the equalization payment calculations. We have to be able to provide those services. It is very often because of equalization that we can create programs to help those people.

We cannot forget either that Quebec has established very wide ranging social policies. We are providing day care for \$5 a day. We are providing our people with services that the other provinces are not necessarily providing. That has to be taken into account.

The system needs to be renegotiated, because a number of changes are required. What the government is doing right now is saying, "We are just going to pass this little piece of legislation to extend the agreement until 2005". This will give the future prime minister, the member for LaSalle—Émard, time to decide on a negotiating position, form his new cabinet and enjoy the good life. In the meantime, this place is at a standstill.

I have been in Ottawa 10 years now. I celebrated my 10th anniversary just a few days ago. When a bill is introduced, we work long and hard on amendments and committee reports. It can be 10 years before a piece of legislation is amended. I was the critic for the environment before my hon. colleague from Jonquière and, as she knows, it took us 10 years to review the Environmental Protection Act. It was finally done. Can you imagine? This is a long and difficult process.

Here we have a piece of legislation extending for an additional year an agreement due to be renegotiated now. The situation of the various provinces, changes taking place and cuts made by the government must also be factored in somehow.

• (1635)

The fact is that when the government makes cuts here and there, the provinces bear the brunt of these cuts and have to dip into their own budgets to make up the difference.

That is not factored in when calculating equalization payments. As a result, the population is getting poorer, and seniors are getting poorer. Today, people live longer, as we know. This must be factored in, and these people should be able to live well, because they worked all their lives. When they retire, they practically live in poverty because their income is insufficient. Imagine the situation of someone living to be 90 years old. We are living better longer thanks to our health systems, but it is not much fun to live one's last years in poverty. This must be factored in.

With respect to employment insurance, the government must stop saying it is not helping itself to money and stealing from the unemployed. Only four out of ten qualify for employment insurance. The rules have changed such much and they are so strict now that access to benefits has become nearly impossible. Young people joining the labour market must work 920 hours before then can even qualify for employment insurance for the first time.

In Quebec, we also have many seasonal workers, and that has to be factored in. We have to take the time to sit down and renegotiate and we have to do it immediately. Do we have a government right now, or not? If there is a real government in power right now, then its representatives should sit down with their provincial counterparts, who will be more than willing to oblige, because it is high time that equalization was renegotiated.

No one is in a better position than the provincial governments to tell the federal government what is happening in the provinces. This has to be factored into the equalization formula and the government has to stop stealing billions of dollars from the EI fund to service the national debt. The money has to be reinvested and purchasing power given back to the public. There needs to be an end to creating two classes in society.

An hon. member: Come on.

Mrs. Monique Guay: It would be nice if he listened, since I listen to the minister when he speaks.

We are currently creating two classes in society: the very poor and the very rich. It cannot work that way. In my riding, the GM plant closed and that affects me personally. There was also the big fiasco with the Mirabel airport. How do you think that affected the area? How many people were working, who are now unemployed or have had to relocate to find work? It is an unbearable situation in society and it is a difficult experience to go through. The Nike company laid off 150 people when it moved production to a less expensive country, such as Mexico, where the cost of labour is very low.

Government Orders

These are things we are all aware of. We know how this works in each of our ridings. We can bring something and help them in their equalization formula.

I think that this bill goes against parliamentary democracy in this House and I think that today we have the means to sit down with the provinces and rework the numbers to find a formula that is fair for everyone, in order to reach an agreement that will last another five years. This agreement has to be made immediately and we have to stop trying to satisfy the future prime minister, the member for LaSalle—Émard, and do our work as parliamentarians right now.

• (1640)

[English]

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, this debate would be wonderful if it were held at another time. The reality is the legislation before the House is an insurance policy to extend—

The Deputy Speaker: The hon. member for Charlevoix.

[Translation]

Mr. Gérard Asselin: Mr. Speaker, I rise on a point of order.

My colleague from Laurentides gave an excellent speech in this House and had to do some research. Unfortunately, you will find that there are not enough members present to listen to the quality of her speech. Since we are about to ask her questions, I would like there at least to be a sufficient number of members present to hear the answers to the questions that are asked.

Mr. Speaker, I call for a quorum count.

And the count having been taken:

The Deputy Speaker: Since we do not have a quorum, call in the members.

• (1645)

And the bells having rung:

The Deputy Speaker: I am told we now have a quorum. I will ask the hon. Parliamentary Secretary to the Minister of Finance to continue with his question or comment.

[English]

Mr. Bryon Wilfert: Mr. Speaker, this bill has four clauses and they are not very long. The problem is that the Bloc has failed again to read the bill.

The issue here is an insurance policy with regard to equalization. It is to ensure that in the unlikely event that we do not have an agreement by March 31 that the payments to the provinces, including Quebec, will continue to flow.

We talk about sincerity. If the Bloc members were really sincere, they would realize that the government did not cut equalization even during program review. This has been a cornerstone of the government.

We have had a successful meeting between the Minister of Finance and his provincial counterparts on October 10.

The member for Niagara Centre understands the bill completely which is why he supports it. He does not understand why there is a problem and I do not understand either.

The fact is that it is insurance. The discussions are ongoing and if Bloc members have any valid issues with regard to equalization, that is fine. However, this is not the bill dealing with that. It is simply dealing with insurance.

However, Bloc members will stand up on April 16 and scream if money is not flowing to Quebec because they did not support this insurance policy which is Bill C-54.

I know it is hard, but could we stick to the issue? If Bloc members want to talk about something else, they can do it at another time.

I would like to ask the member, if we do not have an insurance policy in place, is she going to say to the House that it is fine, no money to Quebec? Obviously not.

• (1650)

[Translation]

Ms. Monique Guay: Mr. Speaker, as people used to say when I was young, the truth hurts. It is the job of the Parliamentary Secretary to the Minister of Finance to sit down and negotiate. What is he waiting for? He must act now.

Why does he not act? We all know the answer here. It is because the future prime minister does not want this to be negotiated now. He wants to wait until after the election. He probably has some surprises in store for us, with cuts once again. This is probably what is awaiting us. This is why today the government is presenting us with a bill at the last minute to draw things out and to look good during the election campaign.

Do not tell us that we cannot read bills. This is not true. In the Bloc Quebecois, we are doing our job conscientiously. I can tell you one thing, this is a Trojan horse, as we say. It is very dangerous to present us now with a bill such as this, and then, when the future prime minister wins the election, he will make major cuts in equalization payments once again.

We do not want this bill. We want a calculation that is equitable, fair and that responds to people's needs. This is our goal and we will fight to the end to ensure that this happens.

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, does my colleague, the member for Laurentides, not agree that negotiating with the provinces is the responsibility of the present Minister of Finance and his parliamentary secretary? Why do they not do it? Precisely because they will no longer be the finance minister and the parliamentary secretary. That is the cold hard reality.

Ms. Monique Guay: Mr. Speaker, my colleague is absolutely right. There is also the fact that we, as parliamentarians, have work to do. The Parliamentary Secretary to the Minister of Finance has work to do. He is not doing it these days. The Minister of Finance is not doing his job either. This creates a situation where we become suspicious.

Government Orders

We suspect that there will be some radical changes after the next election. It is normal that we would think that way. They do not want to negotiate now because they want to look good during the electoral campaign. However, I can guarantee that members of the Bloc Québécois will expose them during the campaign. I can guarantee that they will not get away with this.

We will vote against the bill and we will make sure that Quebeckers and Canadians are made aware of what they are trying to do in this House.

Ms. Francine Lalonde (Mercier, BQ): Mr. Speaker, I congratulate my colleagues on their excellent speeches. I will continue in the same vein as my colleague from Laurentides.

This is a short bill. It covers two situations. The first one, about which we have talked a lot and which explains why this bill has been introduced, is the fact that there is a deep division within the government. Actually, the next prime minister will review everything that is done. Therefore, they will not negotiate.

It could also happen that the negotiations will be postponed, since the purpose of this bill is to extend until March 31, 2005 some arrangements that were to end on March 31, 2004. The provinces might wonder, and rightly so, whether the government is trying to give the former finance minister and future prime minister, the hon. member for LaSalle—Émard, the opportunity to negotiate after an election.

The truth of the matter is that those who take their responsibilities seriously are saying that this bill is not needed right now. Or negotiations are underway, and that is fine. Since we are supposed to sit until December 15, and resume in February, there is no reason to rush. If the government is ramming this through, it is because it knows we will not be sitting during this period of time.

• (1655)

[English]

An hon. member: That is nonsense.

[Translation]

Mr. Speaker, let me translate what I am hearing from the other side. Somebody said that it was nonsense. This whole bill is nonsense. Maybe it was not planned that way, but when we look at it—and it is our duty to do so—we see that it would only postpone and delay the negotiations.

That is what it would do. I was a negotiator for 15 years. I learned to read documents and not rely only on what my counterparts would tell me. I found out that I was right to do so. Spoken words fly away, written words remain.

What does it mean for the people watching us? Why are we against this bill? If there were no problems with the current equalization legislation, if the provinces were pleased with it, we would not be here considering this bill.

The truth is we need to negotiate this. The provinces have met. Thanks to the leadership of Quebec, they have agreed on a number of demands. On October 10, as the hon. member for Joliette pointed out, the provincial finance ministers and their federal counterpart

said that they would negotiate in good faith in the hope of reaching an agreement before March 31.

That was on October 10 and today is October 30. What has happened since then? Why? If the government did not want to draw attention to this issue, why did they do this? It does not make any sense.

Either no one is steering the ship or the ship will not come back to the House of Commons before the next election. There are not a million explanations for this. Or it is a rather strange way of governing.

For those who may be listening to us, equalization is important for the provinces. It is a way of bringing some fairness to the ability of each province to provide services. However, right now, this system is flawed.

What the provinces are asking is that the revenues of all provinces, instead of just five, be taken into account. This would increase by \$3 billion the amount of money to be distributed, except that \$3 billion is nothing compared to the wealth generated in Canada. It is a drop in the bucket. It is between 1% and 1.3%.

The provinces want this because it would take into account their ability to pay and that of the federal government, which keeps increasing at the expense of the provinces, the unemployed and low-wage earners. I will digress here and say that the employment insurance plan is supposed to be a plan for which contributions are taken out of our pay cheques for a specific reason. And yet, that money is used to increase the federal government's surplus, which is now somewhere around \$48 billion.

The provinces have been forced into a difficult position with regard to the delivery of health care services. We heard much about it. We did not hear as much about services in education. As for social services, we heard even less about that. Why do we want to renegotiate the equalization formula? To bring some fairness to the distribution of what is called the tax base, which means the ability to collect taxes.

The federal government has the ability to collect a lot of money in taxes, but it does not have the needs. The provinces do not have the same ability to collect because there is not enough tax room left by the federal government. However, they are the ones who have to provide services to the public. This is why we need to negotiate.

What the provinces are asking first is that the government consider the revenues of all the provinces, not only the five provinces with average revenues. Alberta, Ontario and the poorest provinces are excluded.

Second, they ask that negotiation be more transparent. At this time, 3,000 elements are taken into account. Those in the know say there are really very few experts in this sector. Transparency is absolutely essential and this is what the provinces want.

The provinces also want the cap on equalization removed. Indeed, they have increasing needs in all the sectors that we have listed.

Government Orders

● (1700)

Why do we find ourselves in this somewhat aberrant situation where the provinces, on October 10, said they were waiting for negotiations and wanted to renew all this, and on October 30, a bill says that this is postponed until March 30, 2005?

We must ask the question and we are asking it. What answer will we be given? We will be told that the government is forward thinking. I heard the member opposite say quite loudly, “You do not understand anything; if at the expiry date there is no legislation, there will be no money”. What is he saying? You understood perfectly well; it is easy to understand. He is saying that, on October 30, the House has one week left and we must pass this bill. Then, we will say goodbye, and we will see each other again at election time.

I am sorry, but that is the message the government is sending. Do they think we will agree with such a message, when that would mean saying that the government is no longer able to assume its duties, that it does not want to put itself in a position of having to assume them before the next election? The provinces are waiting to negotiate and they need to negotiate with someone who is able to do so.

Earlier, I said I had lengthy experience in negotiation. If there is one thing we learn in negotiating, it is that you are not really negotiating until you have the person who makes the decisions at the table with you.

When people who are negotiating do not have a mandate, the negotiations do not happen. It may be that the messages being put forth by the member for LaSalle—Émard, saying that he will reassess all decisions made by the government, has bothered the equalization negotiators so much that they are saying they had better pay attention.

It is hard to think of it any other way, and that is serious, because it confirms once again that this government is paralyzed. Instead of facing up to it and making the necessary decisions, this week we have been treated to a kind of farce—I say what I think—when, the same day we read in the newspapers that the member for LaSalle—Émard says he will reassess all the decisions, he comes in to vote in the House against the Bloc's motion, applauding the Prime Minister and urging him to stay as long as he wants.

What does that have to do with the business of Parliament? What does that say about government responsibility? It means—and I will be polite—that at the very least, there is an extraordinary lack of respect for the House. It means that we can sit here in this House and tell ourselves that what we do may serve no purpose. The work we do here in committee and in the House may be wiped out and we will begin again at zero, since the government is no longer governing and there will be a new prime minister. However, he will not be able to take up his duties as he should have.

On that topic, I heard the Prime Minister give an answer to some questions we have been asking ourselves here on this side of the House. He said that he had lived through a similar situation when there was a change in government after the Conservatives.

I agree, but currently, it is the same party and that makes it very strange. We are in that situation and it is surprising. We did not expect to be in such a situation.

Since we are confronted with this situation day in and day out and since it is deteriorating, this bill is confirming all our fears. No one can deny that this bill could mean either that an agreement will not be negotiated or that it will not be negotiated within the timeframe, but possibly after the election.

● (1705)

This is frustrating for parliamentarians. Above all, it is insulting to be told we do not understand anything. What the government is trying to do is to anticipate the consequences of its inability to govern.

We cannot support or accept that. We will continue to oppose it vigorously, because it is nonsense. We will not allow that to happen. We will use every means at our disposal.

Ms. Jocelyne Girard-Bujold: We will show them.

Ms. Francine Lalonde: These are all phrases we can use. This is sad. As individuals involved in politics, as representatives elected by the people, we would normally expect to come and do some serious work in this House and not to be stuck here for months, watching time go by until a new government can take over. That is nonsense.

Some people somewhere in government have to consider Canada's image. I am the foreign affairs critic. Canada, which boasts about its reputation, is doing itself serious harm. It is being observed. It is putting itself on the map, so people are watching. The current situation in no way demonstrates good governance or transparency. Not at all. This is serious.

That is why we want this bill to be defeated. However, we still have one hope, and that hope has just been introduced. We are telling the House how we feel. If, in response to our amendments, the government responds to our fears, we might change our minds. However, if things remain unchanged, including the text of the bill, we can only be angry at what is before us.

Bill C-54 bears a number with a past. This was the number of the so-called Internet transaction bill, which infringed on Quebec's jurisdiction. This was long debated. As things currently stand, if Bill C-54 is not amended, we will strongly oppose it.

● (1710)

[*English*]

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I realize that the Bloc is trying to demonstrate in its view why this federation does not work and its attempt to try and delay this legislation is a good example.

I really believe the member, who I thought would be much more thoughtful in her comments for someone who has negotiated for 15 years, has demonstrated a lack of understanding. The legislation is an insurance policy but that party over there does not believe that. I cannot believe the hypocrisy of that party. If on April 16 we do not, for whatever reason, have an agreement and the moneys do not flow, those members will be complaining bitterly. They will be raising the roof in here.

Government Orders

The member is right on one point. On April 10 the Minister of Finance had very useful and productive meetings with his counterparts, and the negotiations are going on.

I want the Bloc members to get one thing straight because I am tired of listening to them say that this has suddenly appeared. The fact is that negotiations are going on and they are going well. Nobody said there were no negotiations. What we are saying is that in the unlikely event we have an insurance policy.

This is not sinister. I realize that they think everything we do here is sinister but this is something that the provinces need. They want it and they expect it. There are no surprises. This is like the Holiday Inn. There are no surprises.

We assume, because the provinces are supportive and we are having good negotiations, that this is just an insurance policy. However the Bloc members, because that is their nature, think this is some sinister plot, and they bring all sorts of other things into this which are not germane to this debate.

If there is no agreement in place after March 31 and the first payments do not arrive in Quebec on April 16, I defy the member to stand up and say that it is okay because it was her party that opposed the legislation to have insurance.

[*Translation*]

Ms. Francine Lalonde: Mr. Speaker, if anyone has been responsible in terms of Quebec and the provinces, it is the Bloc Québécois. I challenge the hon. member to admit that he is only introducing this bill because he thinks he will not get another opportunity to do so. That is the truth and that is why we are opposed to it.

Obviously, we are responsible. We want there to be money on March 30 or April 1, 2004. We also want there to be negotiations. The member cannot respond to what I said about the contents of this bill. The only thing that he is answering is that we were ready to let the time expire and that we are not considering the enormous harm this would cause the provinces.

We want there to be negotiations. We do not want to give the government the means to slow down this process and use that as a pressure tactic. The government is capable of giving us guarantees. In committee, the Bloc will make amendments. That is what we want.

• (1715)

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Mr. Speaker, I want to congratulate my colleague, the member for Mercier. I did not know she could get mad, but she has just proved it today.

I have a question or a comment for her. The Prime Minister—and I am not talking about the member for LaSalle—Émard but rather about the little guy from Shawinigan—announced a few months ago that if the Canadian government accumulated a surplus in the current fiscal year, \$2 billion would be returned to the provinces for health care.

About three weeks ago, on a Wednesday afternoon, the current Minister of Finance proudly announced that the government would have a \$7 billion surplus. A few minutes later, in a press conference, some journalists asked him if he would hand over to the provinces

the \$2 billion promised by the Prime Minister. He answered that he would not, that it would be premature. He said that he had to study the situation and that he would give an answer later on.

What does she think about the reaction of the current Minister of Finance?

Ms. Francine Lalonde: Mr. Speaker, everybody knows how badly the provinces need that \$2 billion. But we were just told that it was not certain that they would get it. I thank my colleague for his question, because this is a very serious issue.

The facts that keep accumulating explain why we are so suspicious of such a proposal. This is why we are trying to get all possible guarantees to make sure that the money is there, that the negotiations turn out well and that the new proposed amounts take effect on April 1, 2004, as planned.

Ms. Monique Guay (Laurentides, BQ): I will try to ask my question as quickly as I can so that my colleague will have time to answer.

First, it is insulting to be told that we cannot read a bill. Several of us have been parliamentarians for 10 years, so I think we are quite capable of reading a bill. They are angry, precisely because we read the bill and discovered that its main purpose is to accommodate the future prime minister. Let us not kid ourselves; that is the fact of the matter.

I held a press conference in my riding on Monday and journalists from my region asked me, “What is going on in Ottawa? Everything has come to a halt, there is total inertia over there. What are you doing now? What will happen? You cannot work, everything has stopped, there are two prime ministers. What is going on?”

I would like to ask my colleague if she hears the same comments from journalists and constituents in her riding, to the effect that Parliament is paralyzed. Could she comment on that?

• (1720)

Ms. Francine Lalonde: Mr. Speaker, I thank my colleague for this excellent question.

It is true people are worried and they wonder what is going on or not going on here. If a debate like this one can give us the opportunity to express the concerns of the people about the federal government's incapacity to govern the country, at least it will have served a purpose.

I cannot help but deeply regret this situation, because I do not think it is beneficial for democracy.

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, I am pleased to rise to speak about Bill C-54. I congratulate all my colleagues who spoke before me.

Where is democracy heading in Canada? That is a question I would like to ask every member in this House, and all those who are listening to us or watching us on TV. More and more, we wonder where democracy is heading in Canada.

Government Orders

The current Parliamentary Secretary to the Minister of Finance has been asking ambiguous questions since the beginning of our exchanges on Bill C-54. The Bloc Québécois is against the principle of Bill C-54 and its position did not come out of a magician's hat. We will try to have the bill amended so that, should there be an agreement between the provinces and the federal government on a new formula by March 31, 2004, such an agreement would take precedence with regard to payments to the provinces.

The Bloc Québécois' position is based on the consensus of the provinces. I did not come up with that consensus since I am not here representing provincial governments. The provinces do not want to have an equalization formula, one that no longer reflects the current realities of their citizens, rammed down their throats

The provinces agreed to sing from the same songbook as the Government of Quebec to present their demands to this government. As you know, there was a general election in Quebec and the nasty separatists are no longer in power. A Liberal government is now at the helm in Quebec. Will the Parliamentary Secretary to the Minister of Finance understand that? They are his people.

The Liberal MNAs are opposed to the approach of this government, their federal big brother. We have always been told that the Bloc was a branch of the Parti Québécois. Now the government's provincial brothers are opposed to what it is doing on the issue of equalization.

The Bloc takes as a basis the fact that the provinces are demanding that the formula be modified to take into account the fiscal capacity of all 10 provinces of Canada. I do not know whether the parliamentary secretary knows what fiscal capacity means. I am not talking about Quebec only, I am talking about a consensus among the provinces on the formula proposed by Quebec. The provinces want this to be factored in.

Such a measure would cost the federal government \$3 billion more a year. The federal government is opposed to it, because it does not have the money.

A few days ago, and all the members of his party applauded, the Minister of Finance told us there was a surplus of \$7 billion, yet when he tabled his estimates, he talked about a \$3 billion surplus.

We are not talking about a few coins in his piggy bank. I doubt you have a piggy bank large enough to contain \$7 billion, Mr. Speaker. If so, you would be an exception to the rule.

The Minister of Finance said there was a \$7 billion surplus. The current equalization formula needs to be reviewed and adjusted to the current reality.

• (1725)

This is done for the next five years and has to be adjusted to the reality in the provinces.

My colleague from Laurentides talked about how her area had been hard hit when the Boisbriand plant closed. My area has been suffering from the softwood lumber crisis. The Sherbrooke area has other problems. In my riding, Alcan has just become the top aluminum producer in the world, but we have the highest

unemployment rate in Canada. Why? What do we do with our raw materials? We ship them off elsewhere; we do not process anything.

The same scenario is found in all the regions in Quebec. That said, the provinces are saying, "Enough is enough. You base your statistics on the rich provinces, but we are no longer rich. We want to renegotiate with you and come to the table. We have the time".

March 31, 2004 is five months away, after all. I do not know what the member for LaSalle—Émard is up to behind the curtain of the House of Commons or behind his desk with his friends, the big contributors to his campaign fund.

If there is good will, everyone can sit down in five months, particularly since there is consensus among the provinces. They will not arrive with the intention of squabbling. No, they have informed the government of their conditions.

I congratulate them, because they always describe federal-provincial discussions as constantly having one participant who is not in agreement. But this time they all reached agreement in advance and have told the feds, "It is your turn now to listen to us".

We are part of that consensus, and we are telling the federal government, "Sit down and negotiate instead of having the pipe dream that everything is fine, that this is the greatest place in the world".

No, there are regional and provincial inequities. This applies regardless of what is concerned, poverty for instance. Let them stop pretending otherwise: we have the highest percentage of children living in poverty, according to UN statistics. When I heard that, I thought of our present prime minister boasting about how we were the richest country in the OECD.

This then is the consensus, and we will support it. The parliamentary secretary, the present PM, the member for LaSalle—Émard and future PM behind the curtain, the present Minister of Finance, all want to shove something down our throats that we will not swallow. We are going to oppose it, because doing so makes sense.

During the election campaign, we do not want to hear them talking about "the Bloc Québécois members who were against it". They did that in 2000, claiming we were opposed to the infrastructure program. This is not true. What we said was that it was not big enough.

That is the situation. Let them negotiate. Afterward, if things go well, we will vote in favour.

The Deputy Speaker: I wish to inform the hon. member for Jonquière that she will have approximately 12 minutes remaining when the matter is next brought before the House.

It being 5:30 p.m., the House will now proceed to the consideration of private members' business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[English]

CRIMINAL CODE

The House resumed from October 24 consideration of the motion that Bill C-338, an act to amend the Criminal Code (street racing), be read the second time and referred to a committee.

Mrs. Lynne Yelich (Blackstrap, Canadian Alliance): Mr. Speaker, I am pleased today to speak to a very worthwhile bill presented by my colleague from Surrey North, Bill C-338.

As we heard in the House last week, the bill proposes to amend the Criminal Code so that street racing would be considered an aggravating circumstance for the purpose of sentencing a person convicted of an offence committed by means of a motor vehicle under the following sections: section 220, criminal negligence causing death; section 221, criminal negligence causing bodily harm; subsection 249(3), dangerous operation causing bodily harm; and subsection 249(4), dangerous operation causing death.

The bill also provides for mandatory nationwide driving prohibitions ranging from one year to life in duration depending on whether the incident is a first, second, third or more offence to be served consecutively to any other sentence imposed. For example, on a first offence a judge must suspend driving privileges nationwide for a period of one to three years. For a second offence the prohibition must be between two and five years. Any subsequent convictions will net a three year to lifetime licence removal. In addition, if a death resulted from the first or second offence, a lifetime prohibition would be imposed on the second conviction.

Making mandatory driving prohibitions effective nationwide prevents a street racer who has lost his or her licence in one province from bypassing the problem by simply obtaining a licence in a different province.

Those are the legalities of the bill. The reality is that this bill if passed will make our streets safer. It will prevent individuals who have killed or seriously injured someone as a result of street racing from simply serving a short sentence and then immediately returning to the driver's seat.

It will provide a measure of justice for the families of street racing victims. This is important because justice is often missing under the current laws and typically inconsequential sentences are attached to street racing offences. It may provide enough of a deterrent to stop some people from taking part in street racing activities.

It would be naive of us to expect any legislation to completely halt street racing. There are other factors that come into this, youth, alcohol, drugs, immaturity and inexperience among them. We cannot legislate personal responsibility or good judgment, but if we can at least make someone think about the potential consequences of his or her actions and have those consequences be severe enough to evoke an unfavourable response, I believe it is possible to provide a deterrent to dangerous behaviour.

That is what the bill does. By including nationwide driving prohibitions and treating street racing as an aggravating circumstance for sentencing purposes, Bill C-338 sends a message that

Private Members' Business

there will be serious consequences for the four offences I mentioned earlier.

When discussing criminal sentencing, the government often claims to oppose minimum sentencing. We have heard that time and time again. In this case however, I believe the concept of a tough minimum penalty is exactly what is needed to serve as a deterrent. Fear of getting a speeding ticket just is not doing the job.

Street racing is not a new problem. It has been around for decades and decades. Its longevity however does not make it okay for individuals to abuse their driving privileges. It does not make it acceptable for them to disregard the safety and welfare of others for the simple thrill of an adrenaline rush for control, speed, power and prestige for status.

I believe it was the member for Argenteuil—Papineau—Mirabel who said it is important for young people, and this holds true for everyone, to realize that no matter how fine or how responsive a car is, treating it as a plaything can turn it into a deadly weapon. This is an excellent point and a message that must be more clearly transmitted to the driving public.

● (1730)

I believe it is the responsibility of Parliament to do what it can to protect the public from unnecessary danger. The bill helps achieve this purpose. There is no reason any family should have to deal with death or injury of a loved one due to street racing. Each and every one of these incidents is preventable and should not happen. Unfortunately they do happen and with disturbing regularity.

When I heard about the bill, I had my office contact the Canada Safety Council. The gentleman I was in contact with suggested that street racing in his opinion is actually in decline compared to decades ago. That may or may not be the case as it is difficult to obtain comprehensive statistics on the subject, but there is no denying the carnage that has marked our roads and highways in recent years strictly as a result of street racing.

A quick survey of news reports shows many deaths have been attributed to street racing, at least four in Saskatchewan alone since 1999. The sad part is that innocent bystanders often pay the fatal consequences of a racing driver's bad decision, passengers along for the ride, people walking along the street or on the sidewalk, even an RCMP constable who was killed when a street racer collided with his vehicle.

My colleagues have listed the names of some of those who have died as a result of street racing and also those names of street racers who have paid for these tragedies with the most minor of sentences. I will not repeat those today.

Some might argue that street racing is a matter that should fall to the jurisdiction of the provinces. Each province has its own laws regarding motor vehicles and traffic laws. Tougher measures to reduce activities such as street racing have been enacted in recent years. The modifications include changes to graduated licensing programs and impounding vehicles used in street racing, but realistically, the provinces are limited on what they can do beyond impounding vehicles and manipulating drivers' access to vehicles through licence suspensions.

Private Members' Business

On the streets police are also doing what they can to crack down on street racing. For example, in Regina, the capital city of my home province, street racing has become a target during traffic blitzes and awareness campaigns. The Saskatoon police have implemented a street legal racing program to help educate young people and the general public about the problems of illegal drug and alcohol use, the realities of alcohol or drug impaired driving and the dangers of illegal street and drag racing as opposed to racing on a designated track.

The program also helps promote a better understanding between the police and the communities they serve. Considering that the peak age for street racing is between the ages of 18 and 21, educational programs such as street legal are key tools in fighting street racing and other driving related problems such as aggressiveness, excessive speed, lack of respect for safety and traffic laws.

Despite the measures being undertaken by other levels of government, street racing is still a very real and very dangerous problem. That is why it is necessary for the federal government to implement legislation such as Bill C-338. It complements provincial and law enforcement efforts to combat street racing.

The costs of street racing are very high and I do not mean only in the sense of dollar values, although that certainly is an issue in terms of health care costs, insurance and damaged property. I am talking about the cost of the lives of our young people, the loss of potential and the cost of knowing our streets and highways are not as safe as they could or should be.

Canadians are concerned about this unnecessary menace and they want the government to take action. I call on each member of the House to do just that by supporting this bill before another innocent person falls victim to street racing.

• (1735)

[*Translation*]

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Madam Speaker, it is my pleasure to rise today to speak on Bill C-338, which was introduced by the hon. member for Surrey North.

I want to congratulate my colleague from the Canadian Alliance and the hon. member from his party who just made an excellent speech. I think she really raised all the questions we must ask ourselves concerning this excellent bill.

You know, we are wives, mothers and sometimes even grandmothers. We care about our young, and we care about providing a quiet and peaceful environment for the young and for the old. This bill, introduced by the hon. member from the Canadian Alliance, will provide security. At the same time, it will help us show respect to our young people. We have all been young and, as young people, we have all had access to a car. We have all done some speeding, even though it was not allowed.

Today, with these luxury machines with no speed limit, it seems to be exponential. These are toys. They should not be driven, except on race tracks. The competition is fierce between dealerships, automobile manufacturers and suppliers. The cars' performance is never good enough. Most of the time, these cars are driven by young people who speed. Speed is exhilarating. Limits are necessary on public roadways.

If there had been no abuse, we would not be discussing such a bill in this place. Unfortunately, there has been abuse. To protect the driving public, speed limits must be set. We live in a civilized society. We cannot let anyone jeopardize the lives of other users of public roads because they are racing on those roads.

Our freedom stops where that of others begins. This bill does not concern only young people. I know of men their forties who love their fast cars and who race.

As my hon. colleague from the Canadian Alliance said, there have been terrible accidents and people have been killed. This cannot continue. One person dead is one too many. This is a timely bill, since it comes before the situation worsens and our highways become closed circuits, like the Gilles Villeneuve circuit.

We can agree. This bill makes a great deal of sense. I hope that the government side will pay attention to this. No doubt, there have been similar events or accidents caused by peoples racing in the streets in the ridings of the members opposite.

Street racing is not an offence under the Criminal Code, because it has not been around long. I saw it once on television, and it was kind of scary. The race took place at night in the Quebec City area. Young people lined up their cars and then took off. It was frightening. It was shown on TV. And this is an example for younger kids to follow? This has to stop.

• (1740)

We belong to a society. I do not know of any civilized society that permits anarchy. By allowing young people to do whatever they want on public roads, they endanger the lives of others. This sends the wrong message to the uninitiated, who turn those young people into idols.

These days, our kids grow up with idols. Enough is enough. Legislation is needed. This bill will serve our purpose. It will also help prevent accidents.

We all drive and, when we use the roads or highways, there is already a great deal of traffic. There is always someone who wants to pass and who never wants to drive behind anyone else. Other people feel the same way but they respect the speed limit. During street races, there is no speed limit. The drivers put the pedal to the floor and go. This has to stop.

I congratulate my hon. colleague. The Bloc Québécois is able to congratulate its colleagues in the Canadian Alliance. This is a good bill. In the future, I would like to see more common sense legislation so we can resolve the problems affecting us all.

I hope that all the members of the House will support our hon. colleague from the Canadian Alliance, as the Bloc Québécois commits to doing today.

Private Members' Business

● (1745)

[English]

Mr. Rex Barnes (Gander—Grand Falls, PC): Madam Speaker, it is a pleasure to be in the House tonight to speak on street racing. I will echo what the member just said about the excellent speech before hers, and her speech was also excellent. I do not know how anyone else could make such a great speech to try to convince government that something has to be done.

All I know is when I was younger, I could not afford a big car or a souped up car. Either the parents are doing something right or they are doing something wrong. I do not know how 18 and 19 year olds can have these cars unless they have lots of money. We as parents have to take some of responsibility and with responsibility comes different things in society. They are still children at 18. Although they may be outside the realm of parental guidance, as far as I am concerned we are still, as parents, responsible for their actions.

The first thing young people say is that it will not happen to them. I could tell stories. When I was younger, the big thing to find out was if a Ford could outdo a Chev or a Chev outdo a Dodge. We were young and we did not think we would have an accident or create a tragedy. We did it for fun.

The thing is when we drive a motor vehicle of any type, we always find out the unexpected usually will happen when we do not expect it. As soon as we lose control, who will be on the other end? Will we cause someone to die? I do not know if the young people realize that. Young people think that it will not happen to them, that they will not die. They think they are invincible.

Street racing does kill and it causes major injuries to many innocent people, besides those in the vehicles.

This legislation would treat street racing as an aggravated circumstance when sentencing anyone convicted of killing or seriously injuring someone with a motor vehicle if it is established that street racing was a factor at the time of the incident. Sometimes the law is not there to do what it should do. Sometimes laws should set an example to people who do things without realizing the consequences of their actions.

Just look at the young offenders act. I had a lady call me recently. She was so upset that someone had stolen her vehicle. After they caught the young person, the only thing that happened to him was a slap on the wrist. Our court system has to take things more seriously. Our court system has to ensure that the law is there for anyone who is involved with street racing, especially if someone is killed. The law should be there to ensure that the courts set an example, that they send a message to street racers that this is unacceptable.

Sometimes we have to blame the lawmakers, and the lawmaker in our country is the House of Commons. It is us, as the elected people. We are the ones who will have to try to make the difference. We are the ones who will have to ensure that we save innocent lives and the lives of the young people who street race.

Street racing has become a very popular pastime for many young people. The statistics vary from region to region. For example, in Toronto in a period of one year, 17 people were killed as a result of street racing, 17 unnecessary deaths for no reason at all. The grief

caused by that is shameful. I am sure the families of the ones who have passed on because of these incidents are asking themselves why that happened to them.

These incidents are preventable. If we, as the lawmakers, are not going to do what is right by banning it, then we must accept it. If that is the case, we have to go one step further by providing a spot where people can race. Let us develop a spot for it. However, I do not think that is the answer. The answer is what we are discussing today.

● (1750)

More than lives of racers are at risk. Passengers and pedestrians may be killed or injured as a result of street racing. This is the unfortunate consequence of being in the wrong place at the wrong time. If a person drives a vehicle at speeds of 160 to 170 miles an hour and gets a blowout at that speed, I can tell members that it is not a pretty picture. As a result of this, people are unnecessarily being put at high risk.

In my former profession I was a paramedic. I was always on what we called the tail end of the result of total carelessness, when we went to a scene of an accident where there had been a motor vehicle accident because people had been driving at high speeds. There was no explanation, but the answer was always "I did not think it was going to happen to me".

Unfortunately, when people think that way, guaranteed it will come up and kick them in the behind. All of a sudden it does happen to them and as a result they realize they are in big trouble. When someone dies as a result of negligence, people pay a dear price, and that lives with them for many years down the road.

As I said, many things can go wrong, but usually accidents are caused by the inexperience of drivers, excessive speeds and the conditions of the road.

Street racing takes a number of forms. Some are very organized and involve many people. Some are based on nothing more than just two willing motorists in traffic. Sometimes common sense has to play into it. However, I spoke to some of the members. They told me some horror stories of drag racing on the main streets, with lots of traffic and lots of people. It is really frightening.

I know it does not happen in my part of the region very often. We do not have that problem as much as the bigger centres. As I said earlier in the first part of my speech, our key was to see if a Dodge could outrun a Chev or a Chev could outrun a Ford. Then there are people with souped up vehicles, which goes back to why parents would allow the young people under their control to have such vehicles. They got them for one reason and that is for high speeds for drag racing. If they want to drag race, set the perimeters for them so they can go out in the countryside where there are open areas. If they flip their vehicle, then the only ones they will hurt will be themselves and not innocent bystanders.

Private Members' Business

Penalties for street racing are at the discretion of the judge and range from a suspended sentence to life in prison. This is where it goes back to the courts having a lot of flexibility. If the courts do not send a message to people who are involved with such activities of street racing which causes death or major injury because of that, then nothing will ever change. We need to send a clear message and the courts need to send a clear message that this is unacceptable.

My son is 23 years old, and I will probably say that it will not happen to me. As soon as it happens to a person, it is a different story. Let us put ourselves in the place of someone who has been severely injured by street racing or a person who has had someone killed because of that. Then we would find out what it is all about. I am sure we can talk about all kinds of stories with the attitude that will not happen to us, but it will happen if we do not take a stand and do what is right.

It is difficult for police to catch the racers, as racers can easily outdistance police cars. Usually drivers are caught by violating regulations dealing with the vehicle and not the speed. Cars are often modified to provide the maximum amount of speed.

I will tell a quick story. When I was younger, a good friend of mine wanted to see how fast he could drive his car. He got up to 160 to 180 miles an hour. The joke was that the police car could not catch him, but the thing is nobody was killed. If somebody had been killed, it would have been a different story.

• (1755)

Many countries, such as the United States, New Zealand and Britain, have put provisions in place for street racing and I believe Canada should do the same.

On behalf of the PC Party I thank the member for his bill. We definitely look forward to supporting it.

Mr. Ken Epp (Elk Island, Canadian Alliance): Madam Speaker, I too would like to congratulate my colleague for a bill that goes in the right direction.

I am inclined to think that perhaps my colleague is a little bit too soft when we look at what the provisions of this bill give. For example, under his bill if a person were to actually kill someone because of street racing, the bill does not provide the imposition of a lifetime ban from driving until a second offence. I guess that is how our legal system works. The book is thrown at the person for that first offence and then hope, if the person has killed someone, that he or she will have learned a lesson. I guess that is an element that we need to have.

The reaction is that if a person actually kills someone while driving a vehicle recklessly, and certainly speeding on the highway is reckless driving, then perhaps on the day people are issued their first driver's licence they should be informed that if they kill someone through recklessness their privilege of driving will be revoked and not given back. Maybe that would be more significant.

I appreciate what my colleague is trying to do. He has that wonderful, good, compassionate side of him. That is great. I have that too. I guess we have to try to balance that off as well as we can.

I have no experience at all with racing. When I was a kid growing up on the farm in Saskatchewan we did not go racing with the old

International one tonne. It just did not cut it. We had better vehicles later on but by then I was so sensible that I never recall ever being in a race with someone. I was in a race on a bicycle. When I was at university, believe it or not I was in a 50-mile bicycle race. I have been in a race but not one of the wild vehicle races.

I think it is important to realize that when one goes to excessive speeds physics come into play. It now takes a lot of distance and a lot of time to stop a vehicle. It also depends on the kind of vehicle.

Over the years, while I have driven a motorcycle many times, I have often thought that I should stop when coming to an amber light until I would look at the guy tailgating me at 10 feet and realize that he was not going to stop. I knew if I stopped that I would end up going through the intersection anyway, except that I would be going through it with him dragging me.

People who drive a motorcycle can stop very quickly. A car will stop relatively quickly. A semi-trailer truck, which I have also driven, will undoubtedly take much more time.

I did a calculation based on some of the numbers that are given to students when they first learn to drive. It might be interesting to members in the House to realize what excessive speed does. I will sort of put this little picture, and I am estimating here. Let us say that where the Speaker's chair is, is an intersection and a person is walking through the intersection in a crosswalk. Then we have a person driving a car and approaching that intersection, which is at the other end of the House, which in my estimate is about 30 metres away. If that vehicle were approaching, it would take 2.2 seconds in order to stop and the vehicle would be able to stop by the time it got to the intersection.

That is reasonable. All hon. members can picture that. Most members here have driven vehicles. That distance, at 50 kilometres an hour, a person applies the brakes and comes to a stop, unless it is icy or there are other conditions.

One of the cases my colleague mentioned when he gave his speech was of street racing, where it was estimated that when this car hit this lady the vehicle was going 120 kilometres an hour. Do members know how long it takes for a car doing 120 kilometres an hour to go from that end of the House to this end, which is 30 metres? It takes less than one second. It is so fast that if people were walking and saw the car over there but did not realize it until it was there, they physically, even if they were running, could not get out of the way before they were hit.

Private Members' Business

● (1800)

I was acquainted with someone many years ago who had a very fast car. He only had it about a month or so. I do not know whether he was racing, but he was easily going double the speed limit when he T-boned a farmer who was coming out of an intersection. The farmer obviously saw the vehicle even though it was at night but thought he had enough time to cross the intersection before the vehicle got there. Lo and behold, he entered the intersection and his vehicle was hit on the side. He was so severely injured that he spent the rest of his life in a paraplegic condition. It was a tragic accident. The young lady who was with my acquaintance was badly mutilated. Her life was changed. It was just because there was excessive speed.

I also find other things appalling. Not long ago I saw a youngster crossing the street at an intersection with a crosswalk but no lights. It was a marked crosswalk that was a couple of blocks from a school. The car in front of me stopped and I pulled up behind. I saw the youngster stop but then I saw in my rear-view mirror a guy driving toward me. He saw we were stopped so he moved into the right lane. It seemed totally apparent to me that he was going to keep on driving. He was annoyed that we were stopped, maybe thinking that the car ahead of me was turning left. I did something, which I found rather difficult. I threw on my signal light as fast as I could and moved over to that lane. I will not say what gesture I got, but I feel I probably saved the youngster's life that day because I forced the other car to stop very quickly in order to avoid a collision. If that driver had schmucked my car, so be it, but no one should take a risk like that driver did just to save a few milliseconds when other people's lives are at risk.

It is very dangerous to go fast. However for some reason young men are more prone to this kind of a contest, the one that shows that they are bigger, better, stronger, et cetera. I think the measures my colleague is proposing in the bill are measures that are absolutely necessary.

What I would like to see in every province is mandatory driver training for people who are beginning their driving careers. I would like to see independent examiners. In many instances the driving schools themselves issue the licence to the driver. I would like to include in that training some graphic videos of the results of driving errors and making bad judgments, including street racing.

I would like to see the measures being proposed by Bill C-338 enacted so that young people and even older people who are learning to drive for the first time will have it drummed into their brains that if they engage in street racing or excessive speed for any reason whatsoever they will have the proverbial book thrown at them. This may deter them from doing it.

The measures in the bill are certainly stronger than the measures we have now. I think it is something that we should strongly consider. Whether a person is killed with a gun or with a vehicle, the family still suffers the loss of a loved one. The individual's life is snuffed out. We are ready to take all sorts of what I call extreme measures against presumed potential deaths by weapons so why not, if a vehicle is used as a weapon, have measures that are just as strong in order to deter a person from committing the crime and taking a person's life.

● (1805)

I urge all members in the House to support Bill C-338 because it is a good bill and a necessary one. It will affect no one who obeys the law, and for those who are prone not to obey the law, hopefully it will be a useful deterrent.

Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance): Madam Speaker, I commend my colleague from Surrey North for bringing the bill forward and raising the profile of this issue.

This is an issue that deserves our consideration. Other members have spoken about this in the House both today and previously. We have heard wide support from our colleagues regardless of which party they are from, apart from the Parliamentary Secretary to the Minister of Justice, and that is a concern. I will return to that at the end of my comments.

The bill would make street racing a much more serious offence than it is now. Other colleagues have pointed to circumstances and tragic incidences in their communities, not only in British Columbia but around the country, where individuals have lost their lives, and that is a tragedy. If we can stop one person from being harmed or killed by bringing forward this legislation, then we will have done a good thing.

Quite often we want to see what others are doing in other jurisdictions. In his speech last week, my colleague from Surrey North pointed out what others are saying in other jurisdictions, and they have already taken action.

Manitoba has taken action. The Manitoba minister of justice has said that:

Amendments made to our Highway Traffic Act this past session have given our provincial street racing offence the highest maximum fine and the highest demerit point level available for provincial driving offences under that legislation.

Manitoba has introduced strong new measures to deal with dangerous drivers, and I think that is a good thing.

Motions have been brought forward in British Columbia as well. The attorney general of British Columbia, Geoff Plant, in reference to street racing, said:

The Criminal Code needs to be tightened up in the area of conditional sentencing so that conditional sentences are rarely, if ever, available for a crime of this nature.

As others have mentioned, it is often young people who get involved in street racing, for whatever reason. It might be their sense of invincibility or their sense of adventure and desire to push the limits. If we look at the vehicles available now as compared to the vehicles that were available when I and others here first started to drive, they are powerful machines, capable of reaching very high speeds quickly.

My colleague from Elk Island gave us some calculations about just how dangerous speed can be, and I agree with him on that point. Those kinds of circumstances have led to tragedies around our nation involving street racing.

Private Members' Business

I had the opportunity many years ago to teach driver training. I did not teach in-car instruction. I taught young people, who were just learning to drive, in a classroom. A police officer was at one of the sessions and he told stories about being on the scenes of accidents involving high speed, including street racing. The stories were simply horrific. Our colleague from the PC Party mentioned that he was a paramedic and was on the scene of serious accidents. If we can help to prevent even one tragedy, we will have done a good thing, which is why the bill is worthy of our support.

As was mentioned by my colleague from the Bloc and others, we need to put legislation in place that will send the right message. We do need to send the right message when we bring forward legislation. If we communicate through our laws that street racing is a serious and a dangerous thing and if individuals choose to participate in that kind of activity they will be held to account. If we send that message through this legislation we hope that will have an effect on people's behaviour.

When given alternatives, such as the opportunity to participate in racing at a race track, young people often will not take that choice because of the thrill of racing on a city street. That is unfortunate. Because of that we need to let young people know that if they street race they will pay the price with some serious consequences.

• (1810)

We need to let young people know that if they street race, they will pay the price with some serious consequences.

There is a raceway in my riding called Mission Raceway. It is a facility for both drag racing and road racing. That would be a great place for young people to race their cars. If there could be a way of building in some alternatives for young people who were engaged in this kind of activity to use the raceway as an opportunity to get that energy out in that way, I think that would be a great thing. Whether or not individuals choose to do that would be up to them. If we could provide an opportunity for that, perhaps they would make that choice.

Ultimately, it comes down to individual responsibility. Young people need to take responsibility for their actions. We have seen what happens when they do not. It not only affects the families of the victims who may be involved in accidents but the drivers themselves. Even if they survive the crash, they have to live with the scars in their own lives of having to live with what they have done in street racing if they have caused some serious damage or if they have killed somebody. If we could help young people to avoid that, we would have done a good thing, as well.

I am surprised by the message sent by the Parliamentary Secretary to the Minister of Justice on this topic. He seems to be the only one who has spoken against this bill at this point. That is somewhat surprising because there is agreement among members of the opposition. I hope there is wide agreement among members of the Liberal Party, backbenchers and others, who will have an opportunity in a free vote to support this motion. There will not be some kind of edict from the justice minister that this a motion that is not worthy of their support, because it is.

If we can send the right message and teach young individuals that they are responsible for their actions, then we will have done a good

thing. This is a bill that is worthy of the support of members from all parties.

Again, I wish to congratulate my colleague from Surrey North for his hard work on this issue. I encourage every member to support this bill and make it a reality in our land.

• (1815)

Mr. Chuck Cadman (Surrey North, Canadian Alliance): Madam Speaker, I appreciate having the final word on second reading debate of Bill C-338.

As I said previously, all major cities across Canada are experiencing problems with street racing, some with tragic results causing serious injury or even death to innocent victims.

Street racing today is somewhat different from what was experienced decades ago, as was referenced by some of my colleagues. Today, we have smaller cars with more horsepower. We have young people with significant disposable money to spend on enhancing vehicle performance. Beyond that, there seems to be an attitude among some young people that it is their God given right to put others at risk.

Bill C-338 would amend the Criminal Code. Street racing would be considered an aggravating circumstance for the purposes of sentencing a person convicted of criminal negligence causing death or bodily harm or dangerous operation of a vehicle causing death or bodily harm. It would also provide for a mandatory, nationwide driving prohibition to be served consecutively to any other sentence imposed.

In the first hour of debate, the Parliamentary Secretary to the Minister of Justice disappointed many with his arguments against the bill, arguments that can only be described as weak. He implied that we do not need mandatory minimum nationwide driving prohibitions against street racers convicted of killing or seriously injuring people because the courts can use a sentence with a long period of imprisonment.

The problem is that in a majority of cases to date there is no term of imprisonment, not even short, let alone long. The parliamentary secretary spent most of his time talking about the maximum penalties available in the Criminal Code to deal with street racers convicted of killing or seriously injuring. Again, he avoided the fact that the courts are not using maximum sentences or even close to it.

Canadians have expressed outrage over the carnage caused by street racing and the lenient sentences being imposed, including conditional sentences or house arrest. Canadians do not support the use of house arrest as punishment for anyone convicted of being responsible for a street race that either killed or seriously injured someone.

I brought the bill forward to honour the lives of victims of street racing. People like Jerry Kithithee, Irene Thorpe, RCMP Constable Jimmy Ng, Payam Yaghoobi and others lost their lives to the deliberate actions of selfish, irresponsible, and self-centred individuals in hot cars.

I am pleased and grateful to hear members from the opposition parties speak in support of the bill and I thank them. Again, I was disappointed but not terribly surprised by the weak arguments from the government side.

There is much public support for the legislation. In addition, a number of provincial justice ministers, attorneys and solicitors general have indicated their support. I hope that support is reflected in this place.

I would ask all members to support sending Bill C-338 to the justice committee. It is not a partisan issue. It is clearly the right thing to do for victims, their families, and in the name of literally safer streets in our communities.

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

Some hon. members: Question.

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

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

The Acting Speaker (Ms. Bakopanos): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Ms. Bakopanos): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Ms. Bakopanos): Pursuant to Standing Order 93 a recorded division stands deferred until Wednesday, November 5, immediately before the time provided for private members' business.

* * *

FISHERIES

Mr. Loyola Hearn (St. John's West, PC) moved:

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

He said: Madam Speaker, it is both an honour and a privilege to debate this extremely important motion, especially for the province of Newfoundland and Labrador.

However, it goes well beyond that because the precedent set here is to encourage the government to protect the fishing resources around our shores, whether it be the east coast, the west coast or the north. It also encourages the government to get the best out of our natural resources, to protect and ensure that we maximize the benefits from our natural resources.

Private Members' Business

First, I would like to explain what is meant by the nose and tail of the Grand Banks, and the Flemish Cap. Like many countries around the world, Canada has a 200 mile limit. Our continental shelf however, in two areas off the coast of Newfoundland, extends beyond the 200 mile limit; two peaks jut out outside the 200 mile economic zone. These two peaks are referred to as the nose and tail of the Grand Banks because they are part of that historic fishing ground known as the Grand Banks of Newfoundland.

The two sections are in questionable international waters. That means Canada does not have jurisdiction over everything that goes on there and I will explain that as well.

The Flemish Cap is to some extent an underwater island. It is a shelf further from the 200 mile limit, but one that is off and part of Canada's continental shelf.

In reality, we have three pieces of real estate which Canada says it cannot do anything about what goes on there. We have nations from all around the world blatantly abusing the resources that swim over these three pieces of real estate.

I say swim over because the law states that anything that is on, attached to, or under this piece of land is controlled by Canada because it is part of our continental shelf. We have control over any drilling rights and we also have control over any sedentary species. Sedentary species are shellfish that move very little. They are not physically attached to the ground and they do not move very far.

While Canada has control over the actual land, what is on it, or semi-attached to it or under it, it does not control what swims over it. That gives other countries the right to come in and catch the fish that swim over the nose and tail of the Grand Banks and the Flemish Cap.

We might ask however, if we control the land, why do we let others come through our territory and drag their heavy doors, which the draggers use, across our ground if we are responsible for the actual ground?

That is an interesting case and no one wants to push it because of all kinds of implications. In reality, the actual land is within our control. If so, undoubtedly, we are responsible for any environmental damage done to it.

Why I throw that out is because we are going to hear from the government that we cannot extend custodial management over the nose and tail of the Grand Banks and the Flemish Cap because it is in international waters. The resources that swim over these three pieces of land are allocated to different countries, some of which have lengthy historic rights and all of which have agreements within NAFO.

● (1820)

The Northwest Atlantic Fisheries Organization allocates quotas to some 19 countries, including Canada. One might ask, if that is the case, what is the problem? The problem is that many of these countries do not adhere to the quotas given.

Private Members' Business

Canada has no problem with other countries fishing outside the 200 mile limit within the NAFO-regulated zone, because they have been fishing there as long as we have. When John Cabot discovered Newfoundland in 1497, he went back home and talked about all the fish he found. Ever since that date, we have had European fishers and others come and fish our waters, particularly the Spanish, the Portuguese, the English and so on.

As I say, many of them have fished it for as long as the people who settled here on this side of the Atlantic have fished it. That is not the problem if they live within the allocations. However, some of the nations do not. Some of the nations blatantly abuse the resource.

There is no one to control this. Even though NAFO sets regulatory quotas, it has no way of dealing with somebody who just says, "I do not agree". In fact, there is a veto clause or an objection procedure. If they say they do not agree with the fish allotment given to them and they are going to catch x number of tonnes beyond that amount, everyone is powerless to do anything about that.

Many countries just go out and catch whatever they can catch without getting caught. Even if they get caught, it is seldom, because Canada has very poor surveillance mechanisms, except for our aerial surveillance, which is top notch. On the ocean, however, we have very little clout to deal with the perpetrators. Occasionally we catch an offending vessel. One, the *Olga*, was caught in St. John's a year and a half or so ago with all kinds of cod aboard, a species under moratorium. What happens in a case like that?

Let me give another example of a Portuguese vessel that got a citation quite some time ago. We found out that they had 100 tonnes of species under moratorium stacked in packages 10 deep, all marked incorrectly so as to deceive anybody who boarded the vessel. Luckily we have some very good fisheries officials. When they get the opportunity and when they get the resources to do their work, we have people who know what to do and how to do it, above and beyond the call of duty.

However, these boats that are caught offending and overfishing cannot be dealt with by Canada. They cannot be dealt with by NAFO because NAFO has no enforcement mechanisms whatsoever, and therein lies a major problem. They have to be sent back to their own countries to be dealt with. We know what happens there, do we not? I ask the question. Maybe members know, but I do not and the minister does not, because we have made some freedom of information requests asking what has happened to certain vessels and the answer was that they had no record of what happened. We just send the boats home and we do not know what happens after that. Of course in no time after that they are back fishing again, doing whatever they want to do.

How can we control it? Other countries besides Canada have concerns. They have concerns about the lack of science. They have concerns about the environmental conditions. They have concerns about what is happening to the biomass generally. They have concerns about overfishing. They have concerns about blatant abuses of rules and regulations. Countries like Norway and Iceland, particularly Norway, and even England and Scotland, have told us that they are extremely concerned about what is happening out in the ocean. They see what is happening. They know little about it, but

what they do know is that some controls should be put in place to avoid abuses.

Why is something not being done? Because nobody has taken any leadership whatsoever. What has our Minister of Fisheries and Oceans done? What has the department done? We checked to find out how much correspondence there was between DFO and the minister and NAFO about overfishing. Do members know how much there was? None. There was absolutely none. That is inconceivable. No one in authority is paying any attention to a major renewable resource that created jobs for thousands and thousands of Atlantic Canadians. It is being destroyed.

● (1825)

A short while ago, a group of individuals in my home area did an analysis of how much benefit our province would receive if we could catch the same amount of fish we caught in 1973. Today the whole fishery in Newfoundland is worth somewhere around a billion dollars. Most of that is because of the crab and shrimp we catch in our waters inside the 200 mile limit.

If we could catch the same amount of groundfish, if we forget crab and shrimp, which are extremely lucrative, if we could catch only the groundfish, the flounder and cod, et cetera, that we caught in 1973, our industry would be worth over \$3 billion to Newfoundland alone. That is what a renewable resource can do if protected.

Can we do anything? Yes, we can. What is the first thing we should do? We should show leadership. Are we seeing any? No, none, except from the Standing Committee on Fisheries and Oceans. The committee has raised the issue with the support of everyone on the committee from all parties in the House.

We have not had any problem whatsoever in getting support from every party in the opposition on this issue, because it is similar to the collapse of the beef industry in Alberta. The people involved in farming realize what devastation can be caused when an industry collapses. They more fully understand what happened in Newfoundland and Labrador when the fishing industry collapsed. We are all alike. It gives us a better chance to understand each other across the country, and we know that if we are going to do something about such disasters we have to support each other.

Here is a great chance for the House and for our country to start doing something to protect our resource. If nobody else is interested in protecting these resources, let Canada step forward. Little Iceland, some years ago, was seeing its resources raped by foreign boats from other countries, particularly Spain and Portugal, which are still the big culprits today, and of course England. England in particular was fishing extensively off the coast of Iceland. Iceland told them to get out of their waters. They refused. What did Iceland do? Iceland sent out its gunboats. Little Iceland took on the rest of Europe and won.

What has Canada done? Canada is the major player, the major owner of this resource, the supposed custodian of this resource. We have done nothing.

Private Members' Business

In fact, the minister has no power to do anything. If he gets involved in international issues, he has to go to the foreign affairs and international trade department. In our experience, their response is, "Shh, be quiet, you might interrupt our international trading agreements". Maybe we would have problems with our wine going to France and French wine coming here. We might not get the South Koreans to come and build car factories. We might not be able to sell our wheat to Russia.

We are supposed to look after our own people. We have not been doing it. It is about time we started doing it. Somebody has to show leadership. The committee has done everything it could. It has gone to the European countries. It has written to all the countries in NAFO, in their own languages, expressing concern. It has received support from countries such as Norway and Iceland in what it is trying to do, that is, to draw attention to overfishing.

The real leadership, however, has to come from government. And government has been a complete and utter wimp when it comes to looking after the fisheries, not only on the Atlantic coast but all over the country, and particularly this stock of northern cod, which was the greatest mass of fish anywhere in the world. The northern cod was the greatest resource we had in the country. We have let it be destroyed by foreigners simply because we do not have the guts to take them on.

I ask for support in the House for this motion, but I particularly ask government to support this so we can move forward in this direction. Undoubtedly we will get support from other countries when they know we are protecting the resource, not only for us but for them also, because they share in that resource. It can be an all-inclusive solution if government just takes custodial management of this area.

• (1830)

Mr. James Lunney (Nanaimo—Alberni, Canadian Alliance): Madam Speaker, I want to be first to stand up and congratulate the hon. member, my colleague from St. John's West, for bringing this motion before the House. It is an extremely important issue. I know it is important for Newfoundland, but I believe this issue is important for all Canadians.

Having served on the fisheries committee when we were looking into the issue of the nose and tail of the Grand Banks, I was among those who heard from the mayors of communities like Trepassey and Burgeo, who came to tell us about the devastation of their stocks. We heard the stories about the lack of enforcement under NAFO on the nose and tail of the Grand Banks. We know that there is overfishing going on and the resources are stressed.

We feel that the government needs to muscle up and protect what belongs to Canada. It is not a problem that Newfoundlanders should have to face alone. It is a problem on which Canadians need to stand with our neighbours in Newfoundland. We need to defend what is ours. This is our continental shelf.

I want to ask the member about enforcement. He mentioned that little Iceland muscled up and managed to defend its fisheries from overfishing and foreign fishing. We know that there are observers on

board these vessels. We know that many times the observers report infractions but there is no enforcement.

I wonder if the hon. member would like to comment on Canada's ability to respond, be it via Coast Guard or via armed forces surveillance. How would Canada need to respond in order to implement custodial management of the nose and tail and the Flemish Cap of the Grand Banks, which is a Canadian resource, a part of our heritage that needs to be defended?

• (1835)

Mr. Loyola Hearn: Madam Speaker, I thank my colleague for the question. Let me first pay tribute to the people who work in the Coast Guard. Let me pay tribute to the people who work at the Department of Fisheries and Oceans at the local level, to the people who work in St. John's, to the people who try to do the best they can with the resources they have.

However, it is in the resources where we find the problem. Are we properly surveilling? Do we have an enforcement mechanism to look after blatant abuses in those areas? The answer is no.

In the fisheries committee we are now doing a study on the Coast Guard. For a lot of last year our Coast Guard boats were tied up simply because they could not afford fuel. We have copies of directives telling Coast Guard forces to reduce speeds to reduce fuel and to only go to sea when they have to. That is not the way to protect a coast and to prevent people from overfishing.

We need more money. We need more resources given to the people who are only too willing to do the job. The people on the ground, as we say, or in this case on the sea, have no problems doing the job. They do a tremendous job.

I mentioned aerial surveillance. We have the best aerial surveillance anywhere in the world. A Newfoundland company, Provincial Airlines, does a tremendous job under charter to the department, but their base of coverage is limited. If we could expand that, we would know a lot more about what is going on out there and we would prevent a tremendous amount of overfishing and abuse.

To answer the member's question, what we need is more resources, properly focused, but what we need most of all is some leadership from government and that is something we have not seen.

[Translation]

Mr. Georges Farrah (Parliamentary Secretary to the Minister of Fisheries and Oceans, Lib.): Madam Speaker, I would also like to thank the member for St. John's West who raised this very important question in the House. This is not the first time we have discussed this issue. We have had other opportunities to talk about this.

As my colleagues mentioned, the Standing Committee on Fisheries and Oceans has reviewed at length this issue which is so crucial not only for the people of Newfoundland, who are directly affected, but also for all Canadians.

It is absolutely true that the situation beyond the 200 mile limit in the Atlantic is one of overfishing. Nobody in the department, not even the minister, denies that the situation there is unacceptable. This situation directly affects the stocks and the fishing industry in Canada, especially in Newfoundland where they have fish plants.

Private Members' Business

The proposal by the member for St. John's West is unacceptable for our country, both from a legal and an international standpoint. This proposal is asking us to unilaterally impose our laws in international waters. We know there is a problem with overfishing, but unfortunately, deciding that Canada will unilaterally control fishing activities beyond the 200 mile limit is not realistic.

NAFO did not have the status of an organization until now, but substantial improvements have been made. Management by NAFO has not so far alleviated the problem. That is why the member is putting forward this motion.

The alternative he is proposing is unacceptable and could have some serious consequences for our country at the international level.

I will refer to the former member for St. John's West, John Crosbie, who was also Minister of Fisheries and Oceans for a while as you know. I think the present minister succeeded Mr. Crosbie. This Conservative member and minister said repeatedly that this solution was not realistic. Therefore, that is the point of view we must adopt when we look at it.

This being said, Canada is an active member of NAFO, the Northwest Atlantic Fisheries Organization. Through Canada's leadership within the organization, some changes have been made in recent years. These changes were not made as fast as we would have liked. However, in the last two years, specific measures were adopted to ensure that the situation improved. We recognize that there is still a lot of work to be done, but as far as we are concerned, opting for such an extreme solution will only have an even more negative impact in the short or medium term.

I will not list all the meetings that have been organized by the Northwest Atlantic Fisheries Organization since 1995, but important improvements have been made in the last two years. At the September meeting held in Dartmouth, Nova Scotia, NAFO member countries agreed unanimously to establish a long term halibut conservation plan. This plan provides for a 60% reduction of the quota. Because of the leadership shown by Canada, the participants really realized that if we do not respect this resource, it will soon disappear. That is something tangible that clearly demonstrates that improvements need to be made.

As for the monitoring and surveillance of vessels, we have taken concrete measures over the past year, closing our ports to fishing vessels from the Faroe Islands. When boats are caught in contravention off the 200-mile limit, Canada has to have measures in place to make sure that these countries are penalized.

● (1840)

On the other hand, with the stopping of the *Santa Mafalda* about a month ago, the control of this overfishing has been greatly improved. The vessel was brought to St. John's Harbour, in Newfoundland, if my memory serves me well. Portuguese inspectors caught in the act a vessel that had illegal quantities of fish while there was a moratorium in place. We saw that the Portuguese, among others, really co-operated on this issue.

Consequently, the situation is not simple or easy. There are a lot of improvements to be made. However, we must definitely and very objectively admit that, in the last few years, there has been a considerable improvement concerning NAFO.

With regard to the alternative suggested by my colleague from St. John's-West, he is the first to say that people do not have enough resources for custodial management, despite the fact that they do some remarkable work. If we were to unilaterally impose Canadian management in international waters, imagine how we could control such action. It would take absolutely enormous amounts of money. Yet, the action as such is not legal on the international level.

I understand the members and people of Newfoundland. They are really the victims of completely unacceptable situations. Canada is known internationally for its respect of rights and as a society which is governed by the rule of law. Unfortunately, I do not think it is realistic to suggest the proposal before us can be implemented.

That is why we should keep working hard within the Northwest Atlantic Fisheries Organization to assert our leadership. We are one of the major contributors to this organization. We should not shy away from taking the leadership inside this organization and enforcing our legislation.

As I already said, recent meetings have shown some improvement. We should continue to work in this direction. We should also become international leaders. In Canadian and interior waters, we have taken our responsibilities. Even if we impose sacrifices and quotas on fishers, we can understand their frustration when the same restrictions are not respected by those fishing in international waters. It is frustrating for Canadian fishers, and we understand that. Of course, it is frustrating.

To conclude, I have to say the minister will do his best to take a leading role. We have demonstrated that recently, and we will continue. We will also make sure the Canadian vision is shared by all other partners in NAFO. We cannot force it on other partners. In the medium and long term, we will prevail if we can persuade our partners.

With the kind of mounting evidence we have that many countries do not abide by the rules, we are making some progress. We are taking a leading role. Let us keep working in that direction. In my view, it is the most realistic and fair solution to this problem.

● (1845)

[English]

Mr. Andy Burton (Skeena, Canadian Alliance): Madam Speaker, I would like to thank my colleague from St. John's West for moving this important motion. It is extremely critical to the people of Newfoundland. Certainly it has repercussions right across Canada when we look at the west coast as well, where I am from. The motion is very timely and very appropriate.

Private Members' Business

The crux of the problem is that a coastal state like Canada does not have rights to the water column above the continental shelf where it extends beyond the exclusive economic zone. We have jurisdiction over sedentary species, but we do not have exclusive fishing rights for fin fish that swim over the continental shelf. Therein lies the problem with the nose and tail of the Grand Banks and the Flemish Cap.

Currently the Northwest Atlantic Fisheries Organization has the mandate to control and manage that fishery. The mandate is the conservation and management of fish stocks within the area and outside the 200 mile limit of the coastal states which comprise Canada, the U.S.A., France for St. Pierre and Miquelon, and Denmark for Greenland. NAFO's objectives are to promote the optimal utilization, rational management and conservation of the fishery resources of the convention area. It is an admirable mandate, but certainly it has not met the expectations established at the beginning.

I would like to quote a few witnesses who gave evidence before the committee when it was on the east coast studying this issue some 18 months ago:

NAFO was an organization that failed desperately in controlling and managing the stocks on the edge of our continental shelf.

NAFO is really an extremely ineffective organization in terms of enforcing its members to be compliant with its own rules and regulations.

NAFO is clearly not working as it is presently structured.

NAFO is a useless organization because of the objection procedure.

I can tell you, NAFO is not working and NAFO will not work.

It goes on and on. Another witness stated:

The reason it is not working is because the enforcement is left to the member nations. Clearly, they feel that they can flagrantly violate the regulations and rules. They can go out and vote the quotas, and participate. The conservationists can be outnumbered by those with self-interest. It fails on two levels. It fails because the rule setting is not in compliance with scientific advice and secondly, because the enforcement is left to the nations who are violating it for their own benefit. They are not enforcing it. Clearly, if you can be as flagrant as they have been, if you can fail to file your reports and still go fishing out of these countries, then it is just not being taken seriously.

Really that is the problem. We believe there is a solution. The committee believes there is a solution. There was a unanimous report. I was a member of that committee. That solution is custodial management.

Under a custodial management regime, Canada would assume sole responsibility for the management and conservation of the areas of our continental shelf beyond the 200 mile limit, the nose and tail of the Grand Banks and the Flemish Cap. However, foreign fishing interests would not be removed. Instead, historic allocation and access would be respected.

In 1990 the Oceans Institute of Canada emphasized this issue:

In short, conservation of fish stocks on the nose and tail of the Grand Banks must not be perceived as a "grab for a bigger piece of the pie" by Canada.... Furthermore, Canada must make it clear that the purpose of such unilateral action would not be for Canada to claim a sole right to harvest straddling stocks on the high seas; rather, the purpose of such action is to preserve Canada's interests, and the interests of the international community, in the conservation of these stocks.

We are talking about straddling stocks. These are fish stocks that swim sometimes inside the 200 mile limit which we control, and sometimes outside. There is no fence there to stop them. We can manage that fishery resource within our limits but once they swim across that 200 mile line they are fair game for anybody and everybody. Therein lies the problem.

The essential purpose of custodial management would be to establish a resource management regime that would provide comparable standards of conservation and enforcement for all transboundary stocks inside and outside the 200 mile limit. A custodial management regime is a necessary and reasonable response to the failure of NAFO to rectify its current problems and to bring its members under control.

● (1850)

Recently the Senate issued a report on straddling fish stocks in the northwest Atlantic, and I would like to quote from page 61. It states:

The Committee recommends that, given the precarious state of the world's fishery resource and the special interest that coastal states have in fish stocks adjacent to their 200-mile EEZs, the Government of Canada, in pursuing its foreign policy objectives in the area of sustainable development, forcefully begin to advance the notion in international forums that coastal states should be accorded a greater say in decision-making and an enhanced role in administering the Regional Fisheries Management Organizations to which they belong. Compatibility of management and conservation measures for straddling fish stocks, both inside and outside 200-mile EEZs should be the major objective sought by Canada.

That is the crux of the matter. The solution is custodial management. It can be done if the will to do it is there.

As recently as September 19, a news release was issued by Fisheries and Oceans Canada. It states:

Canada Cites Two EU Vessels for NAFO Violation

In the past week, Canadian NAFO inspectors have cited two European Union (EU) fishing vessels for serious violations of the NAFO Conservation and Enforcement Measures (NCEM) on the tail of the Grand Banks.

On September 13, Canadian NAFO inspectors from the patrol vessel *Leonard J. Cowley* boarded the Portuguese vessel *Santa Mafalda* in Division 30. The inspectors estimate that 50% of the catch, approximately 50 tons, was American Plaice and other moratoria species.

On September 17, Canadian NAFO Inspectors operating from the HMCS Charlottetown boarded the Portuguese trawler *Joanna Princesa* in Division 30. The inspectors estimate that 30% of the catch, approximately 30 tons, was American Plaice and other moratoria species.

That was 30 tonnes or 60,000 pounds of fish.

This problem is ongoing. Reports have come out over a number of years crying for action from the government to deal with this issue. The solution is very obvious. The solution is custodial management. It will work on either coast of Canada. We can see problems coming in the future on the west coast. Fisheries are in trouble on either coast. We are having difficulties. We have to deal with the issue in Newfoundland, and the member for St. John's West has the solution.

I urge the House to support Motion No. 136 to ensure that we can deal with this problem into the future.

Private Members' Business

●(1855)

[*Translation*]

Mr. Jean-Yves Roy (Matapédia—Matane, BQ): Madam Speaker, before I start I would like to make a small correction because there is a mistake in the French version of the motion. It should not say “gestion de garde” because there is no such thing; it should read instead “gestion axée sur la conservation”. It is important to mention that. It is indeed “gestion axée sur la conservation” and not “gestion de garde”.

I would like to congratulate my colleague from St. John's West for bringing this motion to the House. It is truly an important motion.

I listened to the parliamentary secretary who, in a way, did answer him. I believe he was trying to justify the government's action. However, the attitude of the government ever since Newfoundland joined the Canadian federation has been absolutely unacceptable and unjustifiable.

It is unjustifiable because it allowed a resource to be destroyed. It is unjustifiable because it allowed an entire industry to be destroyed, an industry that was the main industry in Atlantic Canada, that was the main industry in Newfoundland and the Gaspé, where I come from. It was also the main industry in other Atlantic provinces. Over the years, the government allowed this resource to be destroyed because it did not take the necessary steps to protect it, as other countries did.

My colleague mentioned that point earlier. He mentioned Iceland, a tiny country of some 284,000 inhabitants. This year, its catch of cod will exceed 200,000 tonnes. This tiny country took matters into its own hands. On several occasions it extended its territorial waters. On three occasions, this tiny country vigorously defended its resource.

Here is a country with 284,000 inhabitants who stands up to the United Kingdom and its armada, and successfully stands up for justice at the international level to protect its resource. This is a very important example.

What has happened here in Canada? I heard the parliamentary secretary say, “Yes, but we should not irritate countries we are working with. We must respect international law”. Indeed, I agree. I quite agree that we have to respect international law. But I also agree that the government should try harder. I also agree that the government did not take the necessary steps in the past.

That is where the problem lies. The government says that we must follow international laws, and that is just fine. However, let us talk about the first time that we had a moratorium, which caused a terrible disaster in the Maritimes.

Indeed, for the last two years and even before that, that is since 1993, a lot of people have been forced into unemployment. The government must have invested some \$2 billion to support the economies of these provinces, and it still has not learned its lesson. It was in 1993. Ten years later, we are still discussing the same situation, and a new moratorium was imposed last spring.

What is happening? How can a government be so incompetent and inept at managing a resource?

On top of that, the Standing Committee on Fisheries and Oceans produced two reports over the last two years. The first one, issued in June 2002, was entitled “Impacts and Solutions, Conservation on the Nose and Tail of the Grand Banks and the Flemish Cap”.

The minister's response was almost instantaneous. He dismissed out of hand all the recommendations contained in the report without having even read it or consulted it. What did the committee do? I would remind members that it was a unanimous report from all parties, from coast to coast, and even from a member of the Bloc Québécois, namely myself, since I sit on that committee.

That shows how important an issue this is. It can be just as important for Newfoundland as it can be for British Columbia or Quebec. If Quebec were independent, I am sure that it would not have managed the resource in this fashion. It is very important, and it has to be said.

At every meeting of provincial fisheries ministers, they discuss this issue. It is the same thing for the Newfoundland fisheries minister. So they come back to this issue and ask the federal government to take its responsibilities and to manage the resource properly.

I was saying there was a first report that was practically dismissed out of hand. Seeing that, the committee produced another report in March 2003. Again we asked the government, unanimously, to take the necessary measures to implement the custodial management of fisheries resources on the Nose and Tail of the Grand Banks and the Flemish Cap. We did so because it is our resource.

●(1900)

Our resources are being pillaged and plundered on a daily basis, and by a great number of countries. We may pretend that progress is being made, that improvements are being made, but I can tell the House that by the time decisions are made to protect our resources, there will not be much left. It has happened before.

To protect our resources, all the federal government did here, at home, was to impose a moratorium. Will we have to wait until every country in the world has imposed a moratorium on our resources and there is nothing left inside or outside the 200 mile limit? That is what the government is waiting for, since it has not taken any concrete measure.

In the last two years, the Standing Committee on Fisheries and Oceans has proposed solutions to this problem. It was the duty of the government to consider them carefully, to determine if they could be implemented and, through the foreign affairs department, to start negotiating some kind of solid agreement to protect the resources on the Nose and Tail of the Grand Banks and of the Flemish Cap.

As a member of the Bloc Québécois, I can assure my hon. colleague that we will strongly support and endorse this motion as we have done in the past two years.

Mrs. Marlene Jennings (Parliamentary Secretary to the Solicitor General of Canada, Lib.): Madam Speaker, I would like to thank the hon. member for St. John's West for his continuing interest in this matter.

Private Members' Business

I support wholeheartedly any measure that would improve the viability and the conservation of fish stocks inside and outside the 200 mile limit.

However, I believe that even with custodial management on the nose and tail of the Grand Banks and on the Flemish cap, we will not solve the overfishing problem. I am not the only one to think so.

Custodial management, whether the initiative is unilateral or results from negotiations, would be problematic and difficult to enforce and many believe that it would even be contrary to the interests of Canada.

Any unilateral initiative in that direction would run into strong opposition from countries who fish outside the Canadian 200 mile limit. The international community would consider it to be contrary to customary law and it could bring about some serious judicial, political and even military consequences.

Furthermore, this proposal would be costly. Canada would have to pay for new scientific activities, monitoring and law enforcement operations in a much larger area of the ocean.

We would also have to look at the possibility that some countries would ignore the extension of Canada's jurisdiction or oppose it. We would have to spend considerable amounts of money to defend ourselves before international courts in the event of prosecutions by other countries.

It would be just as difficult to have custodial management in the context of negotiations, which is the second possibility for putting such a policy and such a management in place. Once again, the international community would strongly oppose it.

Custodial management would hurt Canada's interests on another important level. This initiative would greatly diminish Canada's influence on the international level, as well as its ability to bring about positive changes within international organizations such as NAFO.

Whether opposition members like it or not, Canada shares the oceans with other countries. We must effectively promote conservation and sustainable management of oceans. Custodial management would considerably diminish our ability to voice our concerns, that is the concerns of our Canadian fishers, and to improve the way our stocks are managed. Canada must remain at the decision making table if it wants to ensure a bright future for the fishing community.

This does not necessarily mean that fish management in high seas must not be improved. However, the work done in the recent by DFO and the hon. minister gives me hope that we can improve the situation.

For example, in 2002, the department put forward Canada's position at meetings with NAFO countries. Canada closed its ports to fishing vessels from the Feroe Islands and Estonia, because they did not abide by the regulations. We also announced a new approach to banning offending vessels that fish in the NAFO regulated area from accessing our ports.

● (1905)

In February of this year, experts gathered at a round table to analyze various options for improving conservation and manage-

ment of straddling fish stocks. In June, the minister reported to his North Atlantic counterparts on Canada's grave concerns about non-compliance with regulations and on the need to unite their efforts in order to find solutions.

Finally, this September, Canada made important progress at the NAFO meeting in Dartmouth, Nova Scotia.

Outcomes of this meeting included the drafting of a long term conservation and restocking plan for the Greenland halibut, adoption of a pilot project on compliance and increased conservation measures and enforcement of NAFO regulations.

And that is not all. This year, Canada has embarked upon a series of bilateral consultations with most of our NAFO partners, insisting on the urgent need for vessels to comply with NAFO rules, and encourage governments to take action against those who do not obey.

In addition, Canada continues to collaborate closely with other countries to achieve ratification of the United Nations Fish Agreement, the UNFA. When it is ratified, this agreement will become a precious tool to compel fishing countries to comply with very rigorous standards of conservation and respect for regulations.

In the longer term, the DFO is redefining its strategic orientation in order to make important changes and give Canada the means to influence NAFO's orientation in the years to come. A working group of advisers from the provinces and industry has been established to analyze options and define the strategic orientation.

These measures show clearly that the Government of Canada takes this issue very seriously. They also show that we are able to work—and work well—with our partners at home and abroad to make substantial improvements in the management of open ocean fish stocks.

Establishing a custodial management strategy in the nose and tail of the Grand Banks is not a realistic solution and will not serve the best interests of Canada nor the best interests of our fishers.

Canada has every reason to improve the situation through collaboration and concerted efforts with its international partners.

That is why I cannot support the hon. member's bill, although I congratulate him on his efforts.

● (1910)

[English]

Mr. Rex Barnes (Gander—Grand Falls, PC): Madam Speaker, it is a great pleasure to speak about such an important issue. Of course, the hon. member for St. John's West has always been front and centre on this. The member is probably the most experienced member I know. He understands the fishery and its relationship with Newfoundland and Labrador.

Private Members' Business

We are going through a very difficult time only due to the fact that the federal government has refused to take control, to show leadership and do something with a Canadian resource of which Newfoundland and Labrador is a part. As a result of it, we are now reliant on the federal government for programs. Our people should not have to worry about that.

In my area of Gander and Grand Falls, the groundfish licence fisher people and plant workers are struggling. As a result of that, we are now dependent on government for programs for EI eligibility. There is not enough work to be found.

The government is slow with programs. If only it would do the right thing, take control of the nose and tail of the Grand Bank and the Flemish Cap, then we would have control of our resource to do what we should do for the people who we represent. Newfoundlanders and Labradorians would benefit from our resource, get the full potential from it and as a result, we would not be dependent on Ottawa for anything.

Our resource is very rich. We have put a lot of dollars into the economy because of our fishery. It is similar to our oil industry. Everything leaves our province and Ottawa controls it. That has to stop. We have to ensure that we have control and leadership over that so our people will become dependent upon the ocean for their income rather than upon Ottawa.

For some reason or another, Newfoundlanders and Labradorians seem to have to beg all the time for what is rightly theirs, the fish and grounds we fish off. If we were part of the United States, and I said this before in the debate on the fishery, the United States would not let its product or its resource go to foreign nations without a fight.

We have no worries about Iceland blowing them out of the water or going out with the warships. Canada should do it. The U.S. would do it. Newfoundlanders and Labradorians are very concerned that there is not enough of leadership.

We will hear all kinds of different views, but it is very important to realize that the people in Newfoundland and Labrador and the people in my riding, who depend on the fishery, want leadership from the federal government. They want it to take control so we can develop our resource for our people, not people of other nations.

I know we have to build with other nations, but an elderly gentleman said something to me 10 days ago when we were on the campaign trail in Newfoundland and Labrador. He asked me why the federal government was so concerned about helping other people in other nations rather than helping Canadians.

I do not know why, but one reason comes to mind. It is more concerned with diplomacy than taking care of its own people. We have to start taking care of our people in Newfoundland and Labrador and in the rest of Canada because we are the ones who are here for others.

I know we have to take care of the people in African nations, in Chile and in Afghanistan, but we have to take care of our own people first. We have to ensure that our resources in Canada stay within Canada, within Newfoundland and Labrador, within Alberta, within Nova Scotia and within all other provinces so we, as a group and as country, benefit the most. If the provinces benefit, people will

be working and we will not have the worry about having to rely on EI programs.

It is a slap in the face to Newfoundlanders and Labradorians to need handouts from Ottawa. We appreciate it when times are tough. That is why the federal government is here for us. When times are tough, yes, we must meet the demand and the challenge.

• (1915)

It is time for the federal government to realize that the fish resource in Newfoundland and Labrador should be there for the people of Newfoundland and Labrador and on the coastline of Canada, not for other countries to tear apart and take home for their own benefit.

Scientists have said that the groundfish in Newfoundland and Labrador is at an all time low. The cod fishery has been closed. Then all of a sudden about eight weeks ago the fisheries minister said that the scientists were wrong. If I remember correctly, he said that there were five times the amount of cod in the ocean than had been anticipated.

Was a fall fishery for cod opened? No. Was there more surveillance so that we could make sure that foreign countries and people are not taking fish illegally? No. They have cut back on prosecution. They have cut back on surveillance.

If we are to protect our resources, especially in the fishery, we have no other choice than to make sure that the fishery is there for the people we represent. The federal government has to take a different approach on surveillance. It has to take a different approach on management. It has to take a different approach when it comes to Canadians.

We do not want to become reliant on EI programs from year to year. We want fish in the plants. We want oil processed for the benefit of Albertans, Newfoundlanders and Labradorians and Nova Scotians. We want to prosper in our own province and not become reliant. By taking control of the nose and tail of the Grand Banks, we will definitely make sure that it happens.

I want to make sure that members of the House realize that this is a very serious matter. I thank members for the opportunity to speak. I hope that other hon. members will say a few words because this is a very important issue for Newfoundlanders and Labradorians, and for all Canadians.

[*Translation*]

Mr. Marcel Proulx (Parliamentary Secretary to the Minister of Transport, Lib.): Madam Speaker, I am pleased to address the House tonight to say a few words in this important debate. As indicated by the Parliamentary Secretary to the Minister of Fisheries and Oceans, assuming custodial management over the Nose and Tail of the Grand Banks and of the Flemish Cap is not a workable option for a number of very valid reasons.

The preferred approach is to work with the international community. Again in September we had the proof that cooperation can produce concrete results. The annual meeting of the Northwest Atlantic Fisheries Organization, NAFO, held in Dartmouth, Nova Scotia, from September 15 to 19, was attended by 17 signatories. Canada had three key goals.

First, we wanted better compliance to make sure that the rules governing the fisheries are followed and that the countries that do not follow them suffer the consequences. Second, Canada must make sure that decisions are based on science, and third, we wanted to reaffirm our common commitment to make conservation a top priority with regard to the management of our fish stocks.

Conservation of fish stocks in the area under NAFO and compliance with the rules of this organization were among the main points on the agenda.

I am very happy to report that Canada made progress in those two areas.

However, I see that time is running out quickly and I will not have the opportunity to present all my arguments. I must say that the best way to act is for Canada to keep on working in close cooperation with its international partners to improve the situation.

This is why I cannot support the motion put forward by the member.

[English]

The Acting Speaker (Ms. Bakopanos): The time provided for the consideration of private members' business has now expired and the order is dropped to the bottom of the order of precedence on the Order Paper.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

• (1920)

[English]

NATIONAL DEFENCE

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Madam Speaker, it is entirely appropriate that I rise in the chamber today regarding the response to my question of June 12 regarding the lack of proper equipment for the men and women who serve in our armed forces. For the benefit of Canadians, I repeat what I said to the minister that day regarding Afghanistan: soldiers are dying in Afghanistan.

Afghanistan is a dangerous place. I warned the minister that it was his moral duty, his obligation to the soldiers and their families, to ensure that Canadian soldiers were equipped for that hostile environment. More important, on that day I asked for a promise from the Minister of National Defence that no Canadian soldier would die because the government was too cheap to provide the equipment the troops need.

Adjournment Debate

The Minister of National Defence was not in the House that day to make the promise then. However, he chose when he came to my riding of Renfrew—Nipissing—Pembroke when he was at Base Petawawa in July, to promise before family and friends of departing soldiers, as well as to the national media, to resign his post if any Canadian soldiers died in Afghanistan because of a lack of equipment.

I am now going to read into the record a letter which I believe sums up the feelings of a majority of Canadians:

Dear Member of Parliament,

I have just attended a funeral in CFB Petawawa today.

It was the second in two days, the one yesterday being for Sergeant Short and the one this afternoon for Corporal Beerenfenger.

As I watched the public grief of the families of these two fine soldiers, I was struck by the number of times that I have heard this week that they were deployed to Afghanistan accepting the risks and that their deaths could not have been avoided. While the former may be true, the latter is not and it outrages me that the Minister has avoided any responsibility in this matter.

The Minister of Defence claims it was the commanders on the ground who made the decisions about the vehicles that were used and that the force deployed properly equipped.

Several months ago I recall the Minister of Defence stating that he would offer his resignation if the Canadian contribution to ISAF was not properly equipped to fulfill its mission.

It is my opinion that these two soldiers died because they were not given the proper equipment to complete their mission.

They died as a result of a political expedient and as a consequence of decades of neglect of the Canadian Forces by the Liberal government.

The Defence Minister should have been at the funerals so that he could hear the sobs of these soldiers' widows, children and mothers that came from broken hearts.

The defence Minister should experience the dread that Canadian soldiers experience while patrolling terrain that has the potential to be hiding an old anti-tank mine, or a newly placed roadside bomb before uttering placating and condescending statements.

I believe very strongly that these two soldiers could be alive today had the Canadian Battle Group been properly equipped and I hold the Minister of Defence responsible for their deaths.

It chills me that the Defence Minister is even considering an extension of the ISAF mission for Canada.

I fear for the lives of Canadian servicemen and women.

It is time for the Minister of Defence to admit responsibility for the deaths of Sergeant Short and Corporal Beerenfenger and to resign.

That letter was received in my office shortly after the deaths of the two Canadian soldiers.

It is time for the truth before any more Canadians die needlessly.

We know today that not only was he aware of the Iltis jeep being a death trap for patrolling soldiers, but the Minister of National Defence knew also that his plan to eliminate the tank from the Canadian Forces' inventory would also cost more Canadian lives. In fact, his own department's internal—

The Acting Speaker (Ms. Bakopanos): The hon. Parliamentary Secretary to the Minister of Foreign Affairs.

Ms. Aileen Carroll (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Madam Speaker, I am appalled at the lengths to which the member will go for purposes of politicking and drama, especially to go to the lengths of using the tragedy that occurred in Afghanistan.

Adjournment Debate

May I assure the House, although I do not think it is necessary, that the minister is well aware of his duty and fulfills it to the absolute utmost and that no soldier died in Afghanistan because of inadequate equipment. As I say, I am appalled that any member, such as the member opposite, would make such allegations.

When preparing deployments for peace support missions abroad, the top priority of both the Canadian Forces and the government is always our soldiers' security. This was certainly the case when the time came to organize the Canadian Forces deployment to Afghanistan as part of Operation Athena, the Canadian contribution to the International Security Assistance Force.

Operation Athena is a crucial but dangerous mission. There are those who oppose the international community's efforts in Afghanistan and who will try to dissuade us from our mission. However, the Canadian Forces will neither retreat nor run away from this important task. They are fully committed to their mission in Afghanistan.

Before any unit is declared operationally ready, it is completely certified by the chain of command to be prepared to meet all missions and all tasks. This assessment includes examining equipment requirements, readiness and training. Based on numerous sources of information and intelligence, commanders in the field assess the security situation and based on that assessment, they decide which equipment will be used.

The situation on the ground and areas of responsibilities can change or evolve during a mission. At times the threat level may increase, while at other times it may decrease. Therefore, it is merely prudent military planning on the part of commanders to constantly reassess which equipment is required for the mission at any given time.

Rest assured that every effort was made in the planning of this mission to ensure its success and the safety of our troops. We took steps to provide our men and women in uniform with high quality, appropriate equipment which includes remotely piloted vehicles to survey Kabul from the air—

Mrs. Cheryl Gallant: It is just getting there now.

Ms. Aileen Carroll:—counter-bombardment radars to detect incoming projectiles—although I cannot think of anything that would protect me from such incoming projectiles from across the House—new night vision equipment, and artillery and light armoured vehicles.

Also Canadian Forces members deployed to Kabul received bullet protective plates to be added to their fragmentation protective vests as a safety measure. As a result of a request from the commanders on the ground, the Canadian Forces are in the process of sending additional light armoured vehicles and Bisons to Kabul. These armoured vehicles are expected to arrive in theatre by mid-November.

To conclude, I will simply say that we will spare neither money nor effort to ensure the safety of our troops and that every Canadian soldier who sets foot in Afghanistan as part of Operation Athena will have been trained and equipped for success. I have no doubt that

throughout this important mission, the Canadian Forces will continue to make us all extremely proud.

• (1925)

Mrs. Cheryl Gallant: Madam Speaker, the minister's own department's internal report labelled the minister's plan "morally wrong". These are not the words of the official opposition which the minister is so quick to dismiss. These are the words of his own department.

If the minister had taken the time to listen to the professionals, they would tell him that the tank operates as a defensive platform, particularly when it is used with the infantry. Only track vehicles have the off-road manoeuvrability as well as the capability to support the extra armour needed to protect soldiers in a landmine environment. I pointed this out to the Minister of National Defence's predecessor as I did to the minister in committee. Therefore, the minister cannot say that he was unaware of the equipment needs of the army.

I certainly agree with the minister that changes need to occur in the decision making process from the top down. Only now what has become apparent is that the change should be starting with a change in minister.

The ballistic plates to which the member opposite referred, if it were not for us, the soldiers would not have the ballistic plates for their protection vests even now.

Ms. Aileen Carroll: Madam Speaker, as the Minister of National Defence said today in question period, he listens and works very closely with the commanders and senior personnel of the armed forces. He makes all decisions in conjunction with the advice that they are given. The House can rest assured that he does not require the advice that is being proffered this evening by the member.

His job is very clear. His duties are very clear. The government and the Prime Minister have full confidence in both the abilities and judgment of the Minister of National Defence.

FOREIGN AFFAIRS

Mr. Inky Mark (Dauphin—Swan River, PC): Madam Speaker, I have the pleasure to stand in the House and raise the Maher Arar file. If this file is not cleaned up, it will certainly be a bleak mark on Canadian civil rights.

Maher Arar is a Canadian citizen who was born in Syria in 1970. He came to Canada in 1987. After earning bachelor's and master's degrees in computer engineering, Arar worked in Ottawa as a telecommunications engineer. His wife, Monia Mazigh, has a Ph.D. in mathematics and they have two young children.

I wish to praise at this time the Minister of Foreign Affairs for his personal interest and involvement with the Arar family.

As Canadians, we know that civil rights are the pillar of this democracy that we live in and believe in. We all know there are many bleak moments in Canadian history.

Adjournment Debate

Let me review a few of them: the internment of Japanese Canadians during the second world war and the internment of Ukrainian Canadians during the first world war. Between 1914 and 1920 over 5,000 Ukrainians were interned in 24 work camps across the country. There was also the Chinese Exclusion Act from 1923 to 1947. Hopefully, we can learn from history.

This week, I had the pleasure of meeting Jean-Louis Roy, the president of Rights and Democracy which is an arm's length organization created by Parliament in 1988. Rights and Democracy is an independent non-partisan organization that works with civil society organizations and governments in Canada and abroad for the benefit of developing nations. Its main focus is civil rights.

Here we are going around the world doing a great job, I must say, promoting civil rights and democracy, and at the same time we probably do not do all that we should do in this country.

That is why I believe this file is very important in the history of this country. There is no doubt that Mr. Arar was apprehended, not because he was a Canadian but because he was a Canadian of Arab descent. There is no doubt that racial profiling took place. The man was detained by U.S. immigration and naturalization officers at New York's Kennedy airport while returning alone to Montreal from a family vacation in Tunisia. He is a citizen of this country. If this can happen to Maher Arar, it can certainly happen to many other Canadians, whether they are Arab or of other ethnic descent.

I hope the government will pay attention and ensure that there is a transparent process to get to the bottom of this.

• (1930)

Mrs. Marlene Jennings (Parliamentary Secretary to the Solicitor General of Canada, Lib.): Madam Speaker, I rise today in response to the question and comments that have been put to the House by my hon. colleague, the member for Dauphin—Swan River.

I am pleased to see that the government's efforts and the efforts of Mr. Arar's wife have led to his safe return to Canada. I also want to inform the member for Dauphin—Swan River, the other members in the House and all Canadians who may be listening right now, that the government has in place a strong review mechanism for the RCMP.

Review of the conduct of the RCMP members is provided by the Commission for Public Complaints Against the RCMP.

On October 23, just seven days ago, Miss Shirley Heafey, the chair of the Commission for Public Complaints Against the RCMP, announced that she had initiated a complaint regarding the RCMP's conduct in the deportation of Mr. Arar to Syria.

Ms. Heafey has publicly indicated that the complaint requires the RCMP to report on the following matters: whether RCMP members improperly encouraged U.S. authorities to deport Mr. Arar from U.S. territory to Syria; whether the RCMP failed to discourage U.S. authorities from deporting Mr. Arar; whether they improperly divulged information or conveyed inaccurate or incomplete information about Mr. Arar to the United States and/or Syrian authorities; and finally, whether the RCMP improperly impeded the efforts of the Canadian government and others to seek the release of Mr. Arar.

For those who do not know, the commission was established by this Parliament in 1988. Its primary role is to receive and review public complaints about the conduct of RCMP members. I would like to emphasize that the commission is an independent body. It is not part of the RCMP. Ms. Heafey herself has noted that this independence is essential to ensure that the public complaint process is conducted with impartiality and fairness.

As required by the RCMP Act, the chair has referred her complaint to the RCMP for investigation. Now let us allow this process to unfold in the appropriate manner.

Once the RCMP investigation is complete, the RCMP commissioner has to report the results to the commission, including a summary of any action that will be taken by the force.

The chair of the Commission for Public Complaints Against the RCMP may then take further action deemed appropriate by her. There are several options available to her, including a review of the complaint based upon relevant materials provided by the RCMP, a request that the RCMP investigate further and/or provide additional information, and the chair also has the authority to further investigate or to conduct the holding of a public hearing.

The commission has indicated its commitment to make its conclusions publicly available once the process is completed.

Given the sensitive nature of police work, information provided by the RCMP to the commission for the purpose of this process must be properly held. I will conclude by saying that prior to—

The Acting Speaker (Ms. Bakopanos): The hon. member for Dauphin—Swan River.

• (1935)

Mr. Inky Mark: Madam Speaker, I too want to congratulate the commission chair, Shirley Heafey, for starting the application of complaint.

The Arar family and friends have been demanding a full public inquiry into this case. The RCMP complaints commission has no power to impose discipline or to order compensation payment to the victims.

I read from the same page that the parliamentary secretary received from the Internet. It states that the commission chair can initiate a complaint, and the complaint has been referred to the RCMP for investigation. In other words, members of the RCMP are investigating themselves. That is kind of ludicrous.

How do we get transparency out of this process? That is why there needs to be a full public inquiry into this matter.

Mrs. Marlene Jennings: Madam Speaker, the answer is simple. The answer is to let the commission, an independent body, do its job. The commission has the authority to review the investigation of the RCMP of this complaint and then the commission has the authority to conduct its own public inquiry into the complaint if it is not satisfied with the investigation conducted by the RCMP. That is the first thing.

Adjournment Debate

Second, one only has to look at what happened after the APEC summit where there were allegations that pepper spray was used by members of the RCMP and that there was an abuse of authority enforced by members of the RCMP. It was that very commission that conducted a public inquiry. When its report came out there was no one, not the media nor opposition members, who did not applaud the report of the commission and say that it was a fair, transparent and credible report—

The Acting Speaker (Ms. Bakopanos): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 7:39 p.m.)

CONTENTS

Thursday, October 30, 2003

ROUTINE PROCEEDINGS

Ways and Means

Notice of Motion

Mr. Boudria 8931

Canada's Performance-2003

Ms. Robillard 8931

Immigration

Mr. Coderre 8931

Canada Customs and Revenue Agency Report

Ms. Caplan 8931

Order in Council Appointments

Mr. Regan 8931

Government Response to Petitions

Mr. Regan 8931

Committees of the House

Procedure and House Affairs

Mr. Adams 8931

Mr. Epp 8932

Justice and Human Rights

Mr. Scott 8932

Public Accounts

Mr. Williams 8932

Petitions

Families

Mr. Spencer 8932

Marriage

Mr. Penson 8932

Mr. Szabo 8932

Mr. Marceau 8932

Child Pornography

Mr. Epp 8933

Parks Canada

Mr. Mark 8933

Firearms Registry

Mr. Mark 8933

Marriage

Mr. Mark 8933

National Defence

Ms. McDonough 8933

Questions On the Order Paper

Mr. Regan 8933

GOVERNMENT ORDERS

Federal-Provincial Fiscal Arrangements Act

Mr. Drouin (for the Minister of Finance) 8933

Bill C-54, Second reading 8933

Mr. Wilfert 8933

Ms. Picard 8936

Ms. McDonough 8936

Mr. Solberg 8937

Mr. Epp 8939

Ms. Picard 8940

Mr. Epp 8942

Mr. Crête 8943

Mr. Gagnon (Champlain) 8943

Mr. Mark 8943

Mr. Loubier 8945

Mr. Crête 8946

Mr. Paquette 8946

Mr. Paquette 8947

Mr. Epp 8950

Mr. Gagnon (Champlain) 8951

Mr. Crête 8951

Mr. Paquette 8954

Mr. Gagnon (Champlain) 8954

Ms. McDonough 8955

Mr. Wilfert 8957

Mrs. Ablonczy 8958

Mr. Paquette 8959

Mr. Gagnon (Champlain) 8959

Mr. Paquette 8960

Mr. Loubier 8960

Mr. Plamondon 8961

STATEMENTS BY MEMBERS

National Poppy Campaign

Mr. Binet 8962

Hockey

Mr. Fitzpatrick 8962

SHARE Agricultural Foundation

Mr. Calder 8962

Toronto Humane Society

Ms. Sgro 8962

Autism

Mr. Lastewka 8963

National Defence

Miss Grey 8963

Federal-Municipal Relations

Mr. Maloney 8963

Middle East

Ms. Gagnon (Québec) 8963

Canadian Forces

Mr. Price 8964

Edmonton Public Library

Mr. Goldring 8964

Task Force on Seasonal Work

Mr. St. Denis 8964

Government of Canada	
Mr. Barnes (Gander—Grand Falls)	8964
City of Drummondville	
Ms. Picard	8965
Food For All Walk	
Ms. Carroll	8965
Paul Moist	
Mr. Martin (Winnipeg Centre)	8965
The Environment	
Mr. Reed	8965
Okanagan—Coquihalla	
Mr. Day	8965

ORAL QUESTION PERIOD

National Defence	
Mr. Harper	8966
Mr. Chrétien	8966
Mr. Harper	8966
Mr. Chrétien	8966
Mr. Harper	8966
Mr. Chrétien	8966
The Economy	
Mr. Hearn	8966
Mr. Chrétien	8966
Mr. Hearn	8966
Mr. Chrétien	8967
1995 Referendum	
Mr. Duceppe	8967
Mr. Dion	8967
Mr. Duceppe	8967
Mr. Dion	8967
Mr. Loubier	8967
Mr. Dion	8967
Mr. Loubier	8967
Mr. Dion	8967
Member for LaSalle—Émard	
Mr. Solberg	8967
Mr. Chrétien	8967
Mr. Solberg	8968
Mr. Chrétien	8968
Transport	
Mr. Blaikie	8968
Mr. Chrétien	8968
Trade	
Mr. Blaikie	8968
Mr. Pettigrew	8968
Transport	
Mr. Barnes (Gander—Grand Falls)	8968
Mr. Proulx	8968
Mr. Barnes (Gander—Grand Falls)	8968
Mr. Proulx	8968
Quebec	
Mr. Rocheleau	8969

Mr. Dion	8969
Mr. Rocheleau	8969
Mr. Chrétien	8969
National Defence	
Mr. Anders	8969
Mr. McCallum (Markham)	8969
Mr. Anders	8969
Mr. McCallum (Markham)	8969
The Economy	
Mr. Crête	8969
Mr. Chrétien	8969
Mr. Crête	8970
Mr. Chrétien	8970
Atlantic Canada Opportunities Agency	
Mr. Fitzpatrick	8970
Mr. Byrne (Humber—St. Barbe—Baie Verte)	8970
Mr. Fitzpatrick	8970
Mr. Byrne (Humber—St. Barbe—Baie Verte)	8970
Environment	
Mr. Eyking	8970
Mr. Anderson (Victoria)	8970
Agriculture	
Mr. Hearn	8970
Mr. Duplain	8970
Mr. Doyle	8970
Mr. Duplain	8971
Transport	
Mrs. Desjarlais	8971
Mr. Proulx	8971
Employment Insurance	
Mr. Godin	8971
Mrs. Stewart	8971
Elk Industry	
Mr. Ritz	8971
Mr. Pettigrew	8971
Mr. Ritz	8971
Mr. Pettigrew	8971
Agriculture	
Mr. Plamondon	8972
Mr. Duplain	8972
Mr. Plamondon	8972
Mr. Duplain	8972
Elk Industry	
Mr. Penson	8972
Mr. Pettigrew	8972
Mr. Penson	8972
Mr. Pettigrew	8972
Research and Development	
Mr. Lastewka	8972
Mr. Pagtakhan	8972
Disaster Assistance	
Mrs. Hinton	8972
Mr. McCallum (Markham)	8973

Mr. Abbott	8973
Mr. McCallum (Markham)	8973
Highway Infrastructure	
Ms. Girard-Bujold	8973
Mr. Proulx	8973
Taxation	
Mr. Bailey	8973
Ms. Caplan	8973
Veterans	
Mr. Bachand (Saint-Jean)	8973
Mr. Pagtakhan	8973
Justice	
Mr. Spencer	8974
Mr. Cauchon	8974
Presence in Gallery	
The Speaker	8974
Business of the House	
Mr. Johnston	8974
Mr. Boudria	8974

GOVERNMENT ORDERS

Criminal Code	
Bill C-32. Third reading	8974
Ms. Girard-Bujold	8974
Mr. Paquette	8974
Mr. Sauvageau	8975
Ms. Girard-Bujold	8977
Mr. Comartin	8978
Ms. Girard-Bujold	8979
Mr. Laframboise	8981
Ms. Guay	8981
(Motion agreed to, bill read the third time and passed) ..	8982
Federal-Provincial Fiscal Arrangements Act	
Bill C-54. Second reading	8982
Mr. Laframboise	8982
Ms. Girard-Bujold	8983

Mr. Wilfert	8984
Ms. Guay	8984
Mr. Wilfert	8986
Mr. Laframboise	8986
Ms. Lalonde	8987
Mr. Wilfert	8988
Mr. Perron	8989
Ms. Guay	8989
Ms. Girard-Bujold	8989

PRIVATE MEMBERS' BUSINESS

Criminal Code	
Bill C-338. Second reading	8991
Mrs. Yelich	8991
Ms. Girard-Bujold	8992
Mr. Barnes (Gander—Grand Falls)	8993
Mr. Epp	8994
Mr. McNally	8995
Mr. Cadman	8996
Division on motion deferred	8997

Fisheries

Mr. Hearn	8997
Motion	8997
Mr. Lunney	8999
Mr. Farrah	8999
Mr. Burton	9000
Mr. Roy	9002
Mrs. Jennings	9002
Mr. Barnes (Gander—Grand Falls)	9003
Mr. Proulx	9004

ADJOURNMENT PROCEEDINGS

National Defence	
Mrs. Gallant	9005
Ms. Carroll	9005
Foreign Affairs	
Mr. Mark	9006
Mrs. Jennings	9007

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:
Publishing and Depository Services
PWGSC, Ottawa, ON K1A 0S5
Internet: <http://publications.gc.ca>
1-800-635-7943 or Local 613-941-5995

*En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :*
Les Éditions et Services de dépôt
TPSGC, Ottawa (Ontario) K1A 0S5
Internet: <http://publications.gc.ca>
1-800-635-7943 ou appel local (613) 941-5995

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

Also available on the Parliamentary Internet Parlementaire at the following address:

**Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Additional copies may be obtained from Publishing and Depository Services, PWGSC, Ottawa, ON K1A 0S5

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.

On peut obtenir des copies supplémentaires en écrivant à : Les Éditions et Services de dépôt, TPSGC, Ottawa (Ontario) K1A 0S5

**On peut obtenir la version française de cette publication en écrivant à : Les Éditions et Services de dépôt
TPSGC, Ottawa (Ontario) K1A 0S5**