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Monday, November 29, 2004

—

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Monday, November 29, 2004

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

• (1100)

[*English*]

FOOD AND DRUGS ACT

Mr. Colin Carrie (Oshawa, CPC) moved that Bill C-420, an act to amend the Food and Drugs Act, be read the second time and referred to a committee.

He said: Mr. Speaker, it is a pleasure today to reintroduce Bill C-420, an act to amend the Food and Drugs Act.

As we know, the bill was originally introduced by the member for Nanaimo—Alberni in the 37th session of Parliament. In the last Parliament, the bill passed second reading by a vote of 124 to 85, with support from all sides of the House. It was sent to the Standing Committee on Health where the bill was enthusiastically debated. It ultimately died when the House recessed for the last election.

Bill C-420 was a response from Canadians to Health Canada's attempt to regulate natural health products under a drug directorate. Approximately one million Canadians voiced their displeasure toward having natural health products being regulated as drugs. Health Canada has a long history of bias against natural health products. The response to natural health products has been called "bureaucratic obstructionism" by some.

• (1105)

In the 36th Parliament, the minister of the day called on the health committee to look into this. The committee tabled its report, "Natural Health Products: A new vision", in November 1998, now over six years ago. "A new vision" brought forth 53 recommendations, including:

19. Natural health products be allowed to make health claims, including structure-function claims, risk-reduction claims and treatment claims.

35. Health Canada immediately initiate a review of the diseases listed in Schedule A to ensure that only appropriate diseases are included and, where relevant, specific diseases be exempted by regulation from the broad terms found in Schedule A.

36. Health Canada, subsequently, conduct a study with the participation of representatives from consumer groups, the food, natural health products and pharmaceutical industries, and health practitioners to determine whether subsections

3(1) and (2) of the Food and Drugs Act or all of the diseases listed in Schedule A should be deleted.

In the opposition's minority report, drafted by Dr. Grant Hill, Reed Elley and the member for Saskatoon—Wanuskewin, it was stated that the committee's overall report recommends a continuation of the existing situation of a paternal federal government that must protect Canadians from the unknown evils of natural health products. This is inconsistent with Canadians' experience that shows overwhelmingly an incredibly safe historical pattern of use of natural health products.

Canadians universally recognize natural health products as basically foods, certainly not drugs, especially when consumed in the dosage and form recommended. The existing overemphasis on government control, licensing and regulation of mostly benign consumer products could be greatly simplified.

By regulating natural health products under the purview of Health Canada's Food Directorate, the opposition believed we could ensure that these substances are viewed within the culture most familiar to them and thereby never again fall victim to the intimidating practices and procedures of the Drugs Directorate.

The opposition still believes Canadians deserve and will continue to demand much more freedom of choice over natural health products. The opposition, the Reform Party at the time, "believes an informed Canadian consumer will always be a better judge of what is best for them and their loved ones than some distant bureaucrat in Ottawa".

The NDP minority report also expressed concerns about the reclassification of herbs as drugs, the inability of the Health Protection Branch to regulate in a fair and balanced way, and the need to respect the expressed wishes of Canadians for freedom of choice and access to natural health products.

Minister of health Allan Rock accepted the report's recommendations on March 26, 1999. The government then set up an office of natural health products transition team and accepted their clarification and expansion of the 53 recommendations of the health committee. In its final report, the transition team stated:

Sections 3(1) and 3(2) and Schedule A of the Food and Drugs Act are no longer relevant. They do not serve any purpose that cannot be accomplished adequately by other sections of the legislation or regulations.

More importantly, the schedule does not reflect contemporary scientific thought. The weight of modern scientific evidence confirms the mitigation and prevention of many diseases and disorders listed in Schedule A through the judicious use of natural health products. It is time that the legislation and regulations reflect the prevailing science.

Private Members' Business

Section 30(1)(m) of the Act grants the authority to add anything to, or delete anything from, the Schedule of Act.

• (1110)

The transition team recommended that subsection 30(1) of the Food and Drugs Act should be invoked to remove all diseases listed in schedule A, and that subsections 3(1) and 3(2) should be revoked through the legislative renewal initiative.

All Canadians are concerned with the safety of herbs, dietary supplements and other natural products, and all Canadians want to ensure that there is accountability in any health claims made by the sellers of natural health products. These safeguards already exist in the Food and Drugs Act:

4. No person shall sell an article of food that
 - (a) has in or on it any poisonous or harmful substance;
 - (b) is unfit for human consumption;
 - (c) consists in whole or in part of any filthy, putrid, disgusting, rotten, decomposed or diseased animal or vegetable substance;
 - (d) is adulterated; or
 - (e) was manufactured, prepared, preserved, packaged or stored under unsanitary conditions.
5. (1) No person shall label, package, treat, process, sell or advertise any food in a manner that is false, misleading or deceptive or is likely to create an erroneous impression regarding its character, value, quantity, composition, merit or safety.

Similar clauses exist for both food and drugs and devices.

By bringing herbs, dietary supplements and other natural health products under the umbrella of food by definition, consumers are protected from false or misleading claims, and product safety is ensured.

While the Department of Health stated that "the regulatory regime for drugs under the food and drugs regulation is viewed as far too rigorous for these products, given the history of safe use that most of these products have enjoyed", it still chose to regulate natural health products as a subset of drugs. This was contrary to the opposition's minority report and the wishes of many Canadians.

The bill is basically taken from the committee's recommendations and further work done subsequently. As I previously stated, the bill seeks to bring herbs, dietary supplements and other natural health products under the purview of Health Canada's Food Directorate by amending the definition of both food and drugs in the Food and Drugs Act and to implement the recommendations of the office of natural health products transition team by repealing subsections 3(1), 3(2) and schedule A of the Food and Drugs Act.

Section 3 and schedule A of the Food and Drugs Act were adopted in 1934 when there were no known treatments for many diseases. Things have changed a lot since 1934 and it is long overdue that these changes take place.

The diseases listed in schedule A include alcoholism, arthritis, asthma, cancer, depression, diabetes, diseases of the prostate, heart disease, liver disease, et cetera. This means that there is an outright ban on advertising, even if there is scientific evidence supporting the claim.

ASAsThe act unintentionally restricts the dissemination of information to the public. Is it beneficial to the consumer and in the interest of good health?

It is generally agreed that natural health products have minimum to no risk associated with them. In the absence of scientific evidence to the contrary, a long history of human usage is generally sufficient evidence to suggest a product's safety.

For example, most people consider aspirin to be safe. When it was first introduced to the public in the late 1800s, little was known about it and there was no standardized testing for safety. Still today every year patients die from taking aspirin, often in the correct doses for the correct ailment. In 1998, 45 people died from reactions to aspirin.

Does the House know that aspirin was originally manufactured from white willow bark, a natural health product commonly used by the country's aboriginal peoples? White willow bark is still a popular natural health product used today. Does it make sense to restrict information on a natural health product but not on the drug made from it when the natural health product is cheaper and safer?

In the standing committee's report of 1998 it was stated:

Although we feel that the government has a responsibility to protect public health and safety, this should not be applied in a way that unreasonably denies consumers access to products that they perceive to be necessary for their well-being.

Health Canada has a history of enforcing and regulating these harmless products as if they were strong and often dangerous drugs. There are already too many enforcement officers barging into health food stores, raiding shelves, escorted by the RCMP. Why do we need to spend so much time and so many of our resources taking harmless products, such as melatonin and stevia, off the shelves? Does the Government of Canada not have better uses for Canadian taxpayer money?

• (1115)

Let us take, for example, a product developed in Alberta: Empower Plus. This product has been helping patients with bipolar disease and manic depression. People with these problems are at a high risk of suicide and are sometimes not very productive in their lives. There are over 3,000 Canadians finding a benefit from this product.

The Province of Alberta initiated a scientific response to this product and the Alberta Science and Research Authority approved and funded a \$544,000 study. Preliminary results have already been published in at least four peer-reviewed psychiatric journals. Amazingly, Health Canada interpreted news of this success as a subsection 3(1) violation and shut down the study. Last July, Health Canada, while accompanied by the RCMP, raided the company's offices and began obstructing access to the product. This makes no sense at all.

Many of my colleagues here today are aware of Bill C-420, as it has had a great deal of discussion. I am specifically making reference to the 1998 report to the Standing Committee on Health.

Private Members' Business

Most Canadians recognize natural health products as low concentrations of foods and, recognizing this, Bill C-420 would regulate them as such. For example, garlic has been used for centuries not only to season foods but for its health properties. Garlic has a number of health promoting benefits, including being recognized for having well known antiviral properties. It would not be far off to say that most people would consider garlic a food.

Another example is the purple coneflower, more commonly known as echinacea. This readily available herb is vastly popular, especially during flu season. It is known to decrease the duration and severity of colds.

Last night I took a well known and researched sleep aid, melatonin. This product cannot be sold in Canada, but it is allowed into this country for personal use. It is ludicrous that this product can be imported for personal use but cannot be sold here.

Because of the way our present laws are written, we cannot advertise or label the effects of well known, researched products.

Bill C-420 is designed to rid us of antiquated laws that were made in the 1930s when little was known about natural health products. It is time that our laws reflect this new reality of the science we now have.

Bill C-420 was also designed to bring Canada into the 21st century. In my own career as a health care practitioner, I saw firsthand the benefit of natural health products.

John L., a patient who suffered from arthritis for years, relied on Aspirin to take away his pain. After years of taking Aspirin, his liver and kidneys were damaged and he developed an allergy to Aspirin. What could he take then? The answer for John was a common natural health product, glucosamine sulphate. This product worked well for John and helped him maintain a reasonable quality of life.

Another patient, Martin K., was told he would have to take cholesterol lowering drugs for the rest of his life. After reading about the serious side effects and the possibility of death, he decided to research an alternative. After several months on an exercise program and a vitamin and mineral regime, he was happy to report that he no longer required the commonly prescribed dangerous drug and his cholesterol levels were normal.

Patients like these deserve the right to have access to information and products to make educated decisions in regard to their own health. Canadians need to be able to make informed choices when it comes to their own health.

I encourage all members to support this bill because Canadians are demanding better access to natural health products in a number of ways. We want better access and more comprehensive information and labelling so that Canadians will know how these products can make them healthy and keep them healthy.

• (1120)

Mr. James Lunney (Nanaimo—Alberni, CPC): Mr. Speaker, I am very pleased to rise today to congratulate my colleague on presenting Bill C-420. It is a very important bill for Canadians.

In the 37th Parliament a similar bill made it to second reading with the help of members from all sides of the House. It was at committee

stage when the House folded for the election, but during that interval we have already had over 150,000 signatures on petitions in support of the bill. We are still receiving signatures in favour of the bill, which would change the way natural health products are regulated.

I think it is important for Canadians to understand that the bill would still allow for good manufacturing practices and for office and site inspections. We want to make sure that what is on the label is in the bottle and that the appropriate part of the product is still in the product, that is, the active ingredients and so on. That is part of the bill.

Because the member did not have time to bring it up in his speech, I want to draw attention to a study done by the Fraser Institute on this very thing. They discussed Canada's proposed regulatory framework on natural health products in light of international evidence. The study was called "A Cure Worse than the Illness".

The report talks about the safety of natural health products and points out, as the member has, that the risk factor is so low with natural health products. With the some 60,000 natural health products that Canadians consume, there are fewer serious adverse reactions than there are to Aspirin or Tylenol alone.

The member mentioned melatonin. I know that with his experience as a health care practitioner he would be aware of the benefits of chromium picolinate for diabetics and folic acid for cardiovascular disease. Would he care to comment on the safety of natural health products and some of the benefits that he has observed in his own practice as a health care practitioner?

Mr. Colin Carrie: Mr. Speaker, safety is of utmost importance to all Canadians. Many of these products have been researched to death.

For example, my colleague mentioned folic acid. Not only is it beneficial for heart disease, but for pregnant women it is very important in preventing neural tube defects. This is something that is commonly known and is spoken to among health professionals and patients; however, claims cannot be written as such because of the way the regulations are made.

We even have items like calcium, which we know is good for the bones. Why should these well known effects be regulated as such and why should they be so stringently regulated as if they were drugs? It does not make sense. These health products are inherently safe. When we look at all the different adverse reactions, they appear to be less than 1% of reported adverse reactions.

I mentioned Aspirin. In 1998, 48 people died from reactions to Aspirin. Every year, I believe, over 100,000 people in North America die from taking the right drug at the right dose at the right time.

Private Members' Business

With natural health products, these risks are almost negligible, so to regulate them as drugs makes no sense for the consumer, and it will unnecessarily shut down many quality corporations and companies that make these products.

In my own practice, I have had great results with natural health products, not only for the management of disease states but for maintaining a person's health, their optimal performance and health. Everyone from the elderly to bodybuilders have used these products and used them well.

If we can have Aspirin and Tylenol over the counter, which we know have inherent dangers and cause reactions and allergies, it makes sense to me that we give the same recommendations for natural health products.

Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.): Mr. Speaker, I am fully aware of the Empower Plus situation. I know of a number of people who have successfully controlled their afflictions with that product.

It bothers me, as it does the member, that there would be difficulty getting this to the market. I understood from the explanations I have heard that one of the elements would be the question of being able to patent it, as it is a natural compound; there is patenting intellectual property. I have a little discomfort with what he is saying in suggesting that, because there are larger risks, which I will deal with in my speech. But has the member considered going about other means so that products like Empower could get to the market without changing the whole system of the schedules, as he is proposing in his bill?

• (1125)

Mr. Colin Carrie: Mr. Speaker, I really do not know of other means to get this product out to the general public. The way the regulations are written now, because this is under the drug directorate, Health Canada has interpreted this to be a violation of subsection 3(1) and has actually shut down the company. In many cases people who are relying on this product and have had wonderful results are now worried about not getting it anymore.

There was even talk of making a third category. In other words, there would be food and drugs and then a third category for natural health products. This was not done. It was decided instead to make natural health products a subcategory of the drug category. This has had inherent problems as far as people actually having access to these products is concerned. Many times these products, which people have relied on, have enabled them to get off the drugs they were told they would be on for a long time, certain drugs that had horrible side effects.

I do not know of any other way of handling this, but I am happy to listen to the debate today and I look forward to the comments of my colleagues here in the house.

Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.): Mr. Speaker, I rise to address the House on the subject of this private member's bill, Bill C-420. The bill requests that the Food and Drugs Act be amended to classify dietary supplements, herbs and other natural health products as foods.

Furthermore, the bill seeks to revoke section 3 of the Food and Drugs Act, which prohibits the advertising to the general public of

any food, drug, cosmetic or device for the treatment, prevention or cure of any of the diseases listed in schedule A of the act.

The bill attempts to use a very simple approach in dealing with a very complex issue and does not consider all the ramifications which would result. This bill would not ensure the safety, quality and efficacy of natural health products to the same degree as the current regulations.

The current natural health product regulations came into force on January 1, 2004. These regulations were developed after extensive consultations with Canadians, consultations which demonstrate that Canadians want a regulatory framework that ensures an appropriate level of safety and provides accurate information upon which to make informed choices about products. The natural health products regulations meet these demands.

Furthermore, these regulations support consumer confidence in the natural health sector and provide an appropriate and safe regulatory framework for natural health products.

Furthermore, revoking section 3 in schedule A without completing a comprehensive review and analysis of its impact would not be consistent with this government's commitment to ensuring the health and safety of Canadians in a manner that respects their views and opinions.

[*Translation*]

If this bill is passed, the regulation of natural health products in this country will be worse than at present. At the moment, there are more than 50,000 natural health products on the Canadian market covered by regulations which make them easily accessible and safe, effective and of optimum quality while at the same time providing for freedom of choice and cultural diversity.

[*English*]

Bill C-420 would result in natural health products, which are now regulated as subsets of drugs, being regulated as foods. However, natural health products are taken for therapeutic reasons and not for purposes of caloric intake or hunger. For this reason, natural health products are more appropriately regulated as a subset of drugs, but with their own set of regulations appropriate for products of this class.

The reclassification of natural health products as foods would not ensure the appropriate regulation of these products. Treating natural health products as foods, as proposed by Bill C-420, would not address the true differences between therapeutic products and food products and would not ensure the safety of Canadians in the same manner as the natural health product regulations.

As members are aware, foods, with very exceptions, are not subject to pre-market review and food labels do not provide treatment, dosage or warning information. The natural health products regulations require products to receive pre-market review and market authorization for sale in Canada. They also require site licences and adherence to good manufacturing practices for the manufacturing, packaging, labelling and importation for sale of natural health products.

Equally important, the natural health product regulations contain provisions regarding clinical trials and adverse reaction reporting. Bill C-420 does not address these safety requirements.

• (1130)

[*Translation*]

The regulations as they stand guarantee that such products are manufactured in keeping with strict safety and quality standards. They also allow natural health products to make numerous health claims, provided these are substantiated.

Pre-sale assessment and good manufacturing processes are measures aimed at ensuring that pertinent information is included on the labelling as well as stipulating exactly what must be on the label. In short, the regulations ensured that natural health products are both safe and effective.

This bill will, for all intents and purposes, eliminate the natural health products regulations, as well as product licences already issued under those regulations, not to mention the ten thousand or so drug identification numbers attributed to products now to be classified as natural health products.

[*English*]

As written, Bill C-420 does not meet the needs of Canadians and would require the development of a new framework for natural health products as foods. This would come at considerable cost for government and industry alike. Indeed, as members have seen, this bill does not ensure the same degree of safety and access to product information as the current natural health products regulations.

The passage of this bill would also not fulfill the manner in which Canadians and the Standing Committee on Health have requested these products be regulated. The natural health products regulations were developed based upon the 1998 recommendations of the Standing Committee on Health that a new and appropriate regulatory framework be developed for natural health products.

Canadians have asked that natural health products be regulated in an appropriate manner that ensures the safety of these products. In developing this framework, extensive consultations were undertaken in order to ensure the regulations take into account the full range of input provided by consumers, industry, practitioners and stakeholder groups.

Just as the natural health products regulations were developed only after extensive review and consultation with stakeholders, any changes to section 3 in schedule A should only be undertaken after considering the views of Canadians.

Section 3 in schedule A was introduced into the act as a mechanism to prevent fraud in advertising and labelling, to prohibit the advertisement and sale of treatments for conditions where self-treatment was not considered safe, and to encourage Canadians to seek medical attention for serious conditions.

In this area science and medicine are evolving. While there is still no known cure for many of the diseases listed in schedule A, such as arthritis and diabetes, modern therapies allow these chronic conditions to be successfully managed.

Private Members' Business

[*Translation*]

For example, a product could reduce the discomfort resulting from a specific health problem or slow down the progression of a disease. It is possible as well that new products might successfully treat diseases against which today's medicines have not been effective, without in any way diminishing the importance of the role played by the diagnosis, treatment and medical management of serious illness.

In its 1998 report "Natural Health Products: A new vision", the Standing Committee on Health concluded that the present provisions of section 3 and Schedule A might unduly restrict health promotion advertising from which the consumer might benefit, and prevent self-medication where this might be justified.

[*English*]

However, the committee also found that many Canadians felt that section 3 in schedule A of the Food and Drugs Act still served a useful purpose, but needed to be modernized to reflect current concerns. Canadians continue to express these views.

Health Canada has undertaken significant efforts to review this issue in order to find solutions to ensure the health and safety of Canadians. In 2003 Health Canada initiated a review of section 3 in schedule A through an external working group consisting of representatives from academia, industry, media groups, government and consumer groups.

Consistent with the Standing Committee on Health recommendations, the working groups unanimously agreed that section 3 in schedule A needed to be amended to meet the needs of Canadian society. However, there were differences in opinion as to what would be the best manner to make such changes.

From the outset, the working group recognized that the issues before it were many faceted and would encourage much debate. Health Canada continues to move forward on this issue. The department is currently considering all proposals made by the external working group. For the reasons mentioned and many others, the Government of Canada cannot support Bill C-420 as proposed.

• (1135)

[*Translation*]

Ms. Nicole Demers (Laval, BQ): Mr. Speaker, I would like to thank the hon. member for Oshawa and my colleague on the Standing Committee on Health for having presented so much evidence to back up this new bill before us today.

As we very well know, many people would like to have natural products become more accessible. I am very keen on them myself. I am convinced that four years ago, when I found I had breast cancer, the use of natural health products helped me, not to cure the cancer, but to receive the treatments I needed to cure it. Therefore I think it is very important to see natural health products be made readily accessible to the general public.

Private Members' Business

I do think, however, that certain amendments should be made to this bill. We must be very careful and prudent. At present, natural products are classified as a sub-category of drugs, under the Food and Drugs Act. This classification causes certain problems for the natural products industry, because it is necessary to carry out obligatory and very complex clinical studies, just as for medicines. These clinical trials cost natural health product companies a fortune and thus cause increase the cost of these products.

Moreover, it should be noted that an average of 12 years may elapse between the first laboratory tests and the marketing of medicines. Thus it is clear that natural products must be tested to verify their harmlessness and their real beneficial effects on health.

Nevertheless, it would be a good thing to simplify the verification procedure, so as not to submit a product known to be harmless to a series of tests that would only delay its entry into the market.

I should also add that some experts have told us that the drug approval schedules of the drug regulations would exclude some natural health product already on the shelves.

What this bill proposes, classifying natural health products as foods, would not permit the monitoring of certain products with respect to good manufacturing practices, since the law governing foods does not require that good manufacturing practices be applied to ensure that the products actually contain what is indicated on the label. Thus, natural health products cannot be considered drugs, but we cannot and do not want to recognize them as foods.

Earlier, my hon. colleague said that we have to be careful with products like Aspirin and Tylenol, but there are warnings. Some natural products, such as essential oils can be very dangerous, if misused or used improperly. But there are more and more essential oils on the market. We really have to ensure that the legislation we pass will take these aspects into account. That is very important.

In fact, my hon. colleague from Rosemont—La Petite-Patrie has indicated that an amendment to that effect would be welcome. Such an amendment would create a third category exclusively for natural health products, as recommended in the report of the Standing Committee on Health in 1998. This third category for natural health products only would ensure that these products are controlled so that consumers can be sure that they are using safe and efficient products without their having to be subjected to screening that would deny the public access to them.

We are also in favour of keeping the current labelling regulations contained in the natural health product regulations. They allow consumers to know the product's name, the quantity, and the conditions of use and storage exactly. They ensure that consumers are informed about the product and its possible side effects, as well as the recommended dosage.

Clearly, Schedule A has to be reviewed, particularly subsections 3 (1) and 3(2), because it is obvious that, when a natural health product meets the scientific inspection requirements, one should be allowed to list on the label what conditions it is good for. In addition, given the current problems in our health system, the time has come to focus on prevention rather than remediation.

In fact, we know that, in China, family physicians are paid only as long as their patients remain healthy. This means that bad physicians do not have much of a clientele.

• (1140)

Given the prohibitive costs of health care, we should promote not only preventive measures that include healthy eating, exercise and recreational activities, but regulations that provide access to natural products of high quality.

Of course, we have to take care not to put up too many barriers to natural products, but at the same time, we should not overdo it. The current natural products regulations look like they were custom made to prevent some natural products from competing with pharmaceuticals. We cannot stop people from looking after their own health the way they want to and from buying natural products. What we can do however is ensure that the products are of high quality and meet the required standards.

We will be voting for this bill, but we do hope that our hon. colleague who introduced the bill will remember the tacit understanding concerning the amendments my colleague from Rosemont—La Petite-Patrie had brought forward to create a third category of natural products and ensure control over the manufacturing, scientific safety and labelling of the products, because we feel the labelling requirements found in the Natural Health Products Regulations are important and justified.

Creating a third category specifically for natural health products would dispel any doubt about the application of the regulations and assure consumers that good manufacturing practices were used to make the products they are buying.

[English]

Mr. Bill Siksay (Burnaby—Douglas, NDP): Mr. Speaker, I am pleased to rise today to participate in the debate on the private member's bill introduced by the member for Oshawa. I want to congratulate him on bringing it forward, following up on the work for the member for Nanaimo—Alberni.

The member for Oshawa and I graduated from the same high school. That is a matter of some pride for the former principal of that school who spoke with my parents not so long ago. It is something we have in common.

We also have in common a background in association with chiropractic. My father was a chiropractor who practised for many years in Ajax and Whitby. I know he would be pleased that I am speaking in the debate today.

I also have mentioned to both the members for Nanaimo—Alberni and Oshawa that if there are not three or four New Democrats on the health committee, I am happy there are three or four chiropractors on the committee. That brings a really important perspective to the work of the health committee and to the work of Parliament. I see that as a very positive development.

Private Members' Business

As I said, I grew up in a household where there was great respect for natural health products and alternative medicine. I bring that healthy respect to the debate today. In fact, this morning I am suffering from the effects of a cold. I think it is the effect of sharing lots of recycled air on airplanes back and forth across the country. It is ironic that the echinacea and vitamin C which I prefer to take are not as well known or as readily available as many of the over-the-counter medications in many pharmacies. There is an unfairness and a risk associated with that. I think that a lot of the over the counter medications, indeed, a lot of drugs, have more risks and a larger history of concern than many of the natural health products, which we are discussing today. I would welcome greater knowledge, availability and appreciation for natural health products.

Back in the 1997 election campaign, when I ran in the riding of Vancouver Centre as the NDP candidate, this was a major issue. I remember at many all candidates meetings the issue came up, and there was a lot of activity. I remember visiting many natural health food stores and meeting with practitioners of Chinese medicine. It was a huge issue for Canadians who knew the benefits of natural health products and wanted access to them. They wanted to ensure that the government recognized that need.

People appreciate the importance of alternative medicine and preventive medicine. I see natural health products as fitting very well into understandings of both of those categories of health care.

We have seen over the years many of the difficult and problematic effects of drugs on people, such as death, allergic reactions and side-effects. Yet we continue to use them and prescribe them in large numbers. We need to examine our reliance on those. They are very important in the treatment of many diseases, but there are other alternatives. I do not know if we as a society and as parliamentarians give appropriate attention to those.

The NDP welcomes this legislation. We want to see it get to the committee where we can have a very thorough discussion. We realize that has happened before, but clearly it needs to happen again because of the concerns which have been raised by the member for Oshawa and others. We want to see that it gets that full discussion at committee, and we will certainly support getting it there.

We want to ensure that there is access to natural health products, that they are safe and that appropriate product information is available for people who choose to use those. I know that the NDP health critic, the member for Elmwood—Transcona, will be anxious to follow up on all of those issues in committee.

Back in 1998, when this issue made it on to the parliamentary agenda, the then health critic for our party was the current member for Winnipeg North. She did a report at the time which was very supportive of the availability of natural health products. I want to quote from her report. One of her central statements was:

Canadians want access to natural health products at affordable prices. They want their government to play a pro-active role to ensure safety and quality and in advancing research and knowledge about natural health alternatives.

That was made very clear at the time, and it is being made clear again today. Canadians want that kind of access. They want safe access and they want to know about these products. Back in 1998, literally thousands of Canadians contacted members of Parliament saying that they wanted to ensure that this important route for

pursuing wellness, disease prevention and a holistic approach to health care was available to them. I know it is as true today as it was back in 1998.

● (1145)

That is why members of the NDP are committed to reasonable access to herbal products and natural health care alternatives. That is why we will continue to work to ensure that happens in Canada.

Back in 1998, our health critic raised a number of issues which were crucial in this discussion. She raised concerns about the Health Protection Branch and the amount of legislation which related to this area. She indicated that we needed to have confidence in the work of the Health Protection Branch. She was not convinced that Canadians had that confidence. She wanted to ensure it was there.

She was also concerned about a number of other things, including the loss of the national health products research laboratory, the elimination of the drug research bureau, attempts to gut the food research lab, threats and intimidation of scientists, cost recovery policies, the influence of the pharmaceutical industry, the double standard for drugs and natural health products and the general lack of openness, consistency and accountability. Those were all very serious concerns. Some might have been addressed in the meantime, but some continue.

We need to talk about the kind of framework that Canadians want when it comes to health products and herbal remedies. We want to ensure that the appropriate research and information is made available, and that safety standards are significant. We also want to ensure that Canadians have trust in the branch of government responsible for ensuring those things. That is a concern of ours, as we discuss the current bill. We want to ensure that a system is in place which will ensure confidence in the system so Canadians will know that the products they choose are helpful to their health.

The NDP also wants to ensure that what is on the label is actually what is in the bottle. Labelling is a crucial issue in this whole debate.

The health critic made some general suggestions in 1998 that were important to all of this. She suggested a national institute on alternative health care that would conduct in-depth research into the benefits of alternative health care and the integration of traditional and non-traditional approaches to wellness and disease prevention. We see this discussion in that context.

She also wanted to acknowledge the contribution and expertise of health care professionals, including homeopaths, naturopaths, herbalists, traditional Chinese and ayurvedic practitioners and aboriginal healers. She urged initiating discussions with the provinces and territories about professional recognition and educational possibilities. That is increasingly important in Canada, as more and more Canadians look to those professionals for care and for information about their ongoing health and well-being.

Private Members' Business

Our critic also asked that Canada show leadership internationally to ensure that the development and marketing of natural health products was based on the rights of indigenous people and environmental standards. That came out of concerns about how some of the natural health products were harvested and how they came to market. She wanted to ensure that was done in the context of respect for both the environment and for aboriginal peoples around the world.

The NDP is very supportive of getting the bill to committee where it can be discussed fully. As a consumer of natural health products and someone who was raised in a context of appreciation for alternative medicine and natural health products, I strongly support having that further and thorough discussion. I am pleased to have participated in the debate this morning.

• (1150)

Mr. James Lunney (Nanaimo—Alberni, CPC): Mr. Speaker, I congratulate the member for Burnaby—Douglas for his contribution to this debate, and the member from the Bloc for some valuable contribution, as well as my colleague from Oshawa who introduced the bill.

I have to take exception to some of the remarks made by the parliamentary secretary in his debate a few moments ago. He has mentioned that there are some 50,000, some would say 60,000, natural health products, that are used in Canada today, and that if we do not examine them all before we make them available, we will fail to protect Canadians.

In one issue that the Fraser Institute raised in its analysis, it called Canada's proposed regulatory framework for natural health products "a cure worse than the illness" in light of international evidence. The very fact is we have rules about when regulations should be necessary for government. There has to be a demonstrated need for these rules. There has to be some sort of cost benefit analysis. When the adverse effects of the natural health products, from which the minister would protect Canadians, are lower than Aspirin or Tylenol, I have to question why we need such a monstrous regulatory regime that would characterize natural health products as drugs when they are natural components.

He has mentioned that a committee is looking at what should be done with schedule A. I wonder if Canadians realize that when we are talking about this schedule of some 40 diseases, it goes back to, as far as we can determine, 1934. We have clauses 3(1) and 3(2) in the Food and Drugs Act that say, "they shall not label or advertise that a vitamin, mineral or herb or a natural product will influence anything on the schedule of diseases", schedule A. Schedule A concerns some diseases like cancer, diabetes, arthritis and heart disease. How is it that in 1934 Canada was so advanced in our science and research that we already knew that none of these products could possibly influence anything on this schedule? Why are we looking at this in a new century, in 2004, whether we should change some of these antiquated clauses that came into effect way back in the 1930s?

The explosion of scientific information on the benefits of natural health products is astronomical. For example, heart disease is on the list. The hon. colleague from Oshawa mentioned folic acid. There are a thousand articles in the last five years alone, in scientific

literature, on the benefits of folic acid, in particular with cardiovascular disease. That is our number one killer. We are concerned about the cost of health care, but Canadians are dying because of heart disease and stroke, and there is compelling scientific evidence that one of the best things they can do to lower the risk is take a simple folic acid supplement. I hope members in the House are listening today because we should all be taking folic acid. I took it this morning and I take it every day.

We now understand the biochemistry. It has more to do with heart disease than cholesterol for example. We are spending hundreds of millions on trying to diagnose cholesterol levels when we know now that there are people who genetically have very high levels of cholesterol all their lives and never develop serious heart disease. Then there are others who have very low levels of cholesterol, but who develop very serious heart disease. Therefore, there has to be another factor. Researchers at UBC were saying, at least six years ago, that we should test for homocysteine. We now understand this simple amino acid, which damages the lining of the vessels, allows cholesterol to be deposited. However, we are not supposed to tell Canadians that because of these stupid and antiquated clauses in the Food and Drugs Act.

Arthritis is on that list. This perverse regulation, which still exists and which Health Canada seems determined to maintain, has the effect in clauses 3(1) and 3(2) of having Health Canada prosecute some of our most effective natural health product companies in Canada. For example, Strauss Herb Company has 219 charges against it. It is based in British Columbia. Mr. Strauss, an old-fashioned European-style herbalist with very good quality products, has been charged with some 219 charges recently by Health Canada under this antiquated act, over a half million dollars in legal charges.

After harassing the company and pushing the legal process as far as it could, it dropped the charges. Guess what? They will not stand a constitutional challenge. Health Canada will not win this case in court, but it can try to kill the company with a half million dollars in legal fees. This is unacceptable. Now Health Canada has gone and used GST and decided natural health products should be charged GST. It has backdated this retroactively and has come up with another half million dollars to try to squeeze the company that way because it did not charge GST on the products that were sold.

There is another company on Vancouver Island called Biomedica. It produces an excellent product called Recovery Medicine. There are people on the Hill whom I know are taking Recovery Medicine. It really helps with arthritis. This product won international recognition for the benefits in the racehorse industry. Frankly people in that industry spend a lot of money on their charges. A valuable animal could earn a lot of money for the owner. Recovery Medicine, was rated number one in the world for the improvement in horses with ligament and tendon injuries. Some would say that those are horses and we are people. Guess what? Ligaments and tendons are made out of the same stuff in horses as they are in people.

Private Members' Business

•(1155)

This product was tested on dancers in Denmark and they had phenomenal recovery rates. Yet, Health Canada says this company is violating subsections 3(1) and 3(2) because in 1934 we were so advanced in Canada. We already knew that recovery medicine, a simple natural health product, would not help people with arthritic problems.

The parliamentary secretary mentioned that, after all these years of research into arthritis, we know there is no cure, but it can be managed with drugs. Frankly, with that type of attitude, it will be another 40 years and we will still be managing these things. It is time to let science back into the debate and look at all avenues of approach in solving some of these problems.

If they are low cost, non-threatening, and there is no risk to the patient, why is Health Canada worried about over-regulating them? I would encourage all members to look at this subject seriously. We had agreement to take it to second reading the last time. In the last Parliament it was in committee and evidence was being heard.

A couple of members mentioned Empower Plus. We had principally women come here who had been impacted by bipolar disease, as well as many men. An 11-year-old boy was here. He came with his mother from Nova Scotia. He had only been able to go to school for a year and a half because prior to that he was trying to hurt himself all the time. This product has had a phenomenal effect on people with bipolar disease in particular.

Why is it that Health Canada would send in the police to raid this little company, with no evidence of harming anybody and tremendous evidence of benefit, steal its computers, and contact 3,000 Canadians to tell them to get back on their psychiatric drugs and off this natural vitamin and mineral based compound?

We have tremendous health costs in this country. It is time to let science back in. Science is not threatened by looking at something from a different angle. Science itself would say, "It looks like there is a benefit here. Why don't we research it?" It is time to open that envelope and look at all avenues of approach. I believe Canadians would appreciate that. Those who use these natural products will appreciate the freedom of choice and being able to access the natural products that they know benefit them.

I hope all members will take this matter seriously, stand with us, and amend it if we need to. Let us find a way to get these natural health products out to people without an unnecessary bureaucratic obstruction that limits their freedom of choice and freedom of information in such an important area.

•(1200)

[*Translation*]

Hon. Marlene Jennings (Parliamentary Secretary to the Prime Minister (Canada—U.S.), Lib.): Mr. Speaker, I am very concerned about this bill.

[*English*]

I believe, having read Bill C-420, that it does not, as it is written, meet the needs of Canadians and would in fact require the development of a new framework for natural health products as

foods. This would come at a considerable cost for government and industry alike, but also for the consumers.

Indeed, as the parliamentary secretary who spoke before me mentioned, this bill does not ensure the same degree of safety and access to product information as the current natural health products regulations.

[*Translation*]

Passing this bill would go against the wishes of Canadians and the Standing Committee on Health, which, in 1998, held sessions on how to regulate such products.

The Natural Health Products Regulations, which came into force in January of this year, are the result of recommendations made in 1998 by the Standing Committee on Health which identified a need to draft a new regulatory framework just for natural health products.

Canadians have asked for suitable regulation of natural health products that are used for therapeutic purposes in order to ensure safety. Comprehensive public consultations were held in preparation of the current regulations, and more than 150 witnesses appeared before the Standing Committee on Health. Health Canada held its own consultations by handing out more than 21,000 workbooks, responding to 2,300 phone calls and visiting 11 towns from one end of the country to the other, giving some 2,100 participants the opportunity to express their opinion on this matter.

The current regulations reflect the opinions and concerns expressed by Canadians during this process, and these regulations take into account the various points of view expressed by consumers, industry representatives, doctors and specialists in the field and other stakeholders.

[*English*]

The regulation has only come into effect in January of this year. That regulation is the result of extensive consultations, both by the health committee in 1998 and by Health Canada. I would ask the members of the House not to support this private member's bill, and to allow the regulation the time to show its worth.

The Acting Speaker (Mr. Marcel Proulx): 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.

*Government Orders***GOVERNMENT ORDERS**

● (1205)

*[English]***FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT**

Hon. Raymond Chan (for the Minister of Finance) moved that Bill C-24, an act to amend the Federal-Provincial Fiscal Arrangements Act and to make consequential amendments to other Acts (fiscal equalization payments to the provinces and funding to the territories), be read the second time and referred to a committee.

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, my challenge this afternoon is to keep members awake while we talk about equalization. It is an arcane piece of legislation and an arcane concept which is watched by quite a small number of very interested people because it affects how budgeting takes place, both here at the federal level and at the sub-national levels.

This has nothing to do with the offshore accord. That is entirely a separate negotiation. Bill C-24 has to do with the direct results of the first ministers meeting that occurred in September between the Government of Canada and the provinces, where they announced fundamental changes to Canada's equalization program and the territorial formula financing arrangement.

The framework was announced in response to concerns raised by equalization receiving provinces about the funding of equalization and the planning difficulties they have experienced in recent years caused by the swings in equalization payments. A number of finance ministers made the point as we travelled across the country that it was very difficult to make up a budget on the basis of equalization payments if in fact it is not known what it will be year to year.

The government heard that concern and has tried to address that concern through this bill by effectively setting floors and ceilings and a predictable stream of money for each equalization receiving province. This new framework represents probably the most important change in the program in its history. The legislation before us today is integral to effecting that change.

The intent of the changes to the equalization program and the TFF, the territorial funding financing arrangements, is to bring stability, predictability and growth to the overall level of funding for these programs, and to have third party advice on the best way for the Government of Canada to allocate payments among the provinces and territories. As the Prime Minister and premiers negotiated this formulation, it in fact achieves that. I hope this bill will enjoy the support of all hon. members in the House.

Bill C-24 proposes to provide these issues of stability, predictability and growth. I will outline shortly the legislative proposals contained in Bill C-24. However, first, it is important to present some background to the equalization and TFF programs in order to provide some context so that we can say this is where we were yesterday, this is where we are today, and this is where we hope to be tomorrow.

The program was put into effect in 1957 and the territorial program was put in place in 1985. The equalization part of the

program has certainly been with us for quite a while and in part is how Canadians see themselves in terms of sharing the wealth of this great country. Both of these programs have been largely successful in providing support, while reducing regional disparities.

The intent of these programs is to ensure that all Canadians, no matter where they live, have access to reasonably comparable public services, that is the key phrase when we are looking at measuring the test of whether this program succeeds, without having to resort to economically damaging levels of taxation to fund the provision of these services. Those are the two ideas that we want to achieve here, having reasonably comparable public services without having resort to economically damaging levels of taxation.

The idea that Canadians should have access to the same high quality of health and social services regardless of where they live is fundamental to the fairness and integrity of the Canadian federation. This is so much so that it is protected by the Constitution in the form of equalization.

In short, the equalization program transfers money to the less prosperous provinces and territories in accordance with a formula based on the revenue raising capacity of each province. This means that as a province becomes more prosperous, its equalization entitlement declines. In effect, equalization is there to fill in the gap to ensure that all Canadians have access to high quality health and social services that they have come to expect and demand, regardless of where they live in Canada.

● (1210)

Moreover, it ensures that less prosperous provinces do not have to resort to economically damaging levels of taxation to fund the provision of these services.

Again, we are working on a balance here. In the less prosperous areas, they have limited ability to raise taxes, yet, simultaneously, Canadians, wherever they live, are entitled to a certain base of services. Hopefully that base will be achieved in part through the distribution of moneys under the equalization program.

I would like to return to the funding arrangements to the provinces and territories. The changes to these programs encompass three important elements: first, the new framework for equalization and territorial financing starting in the fiscal year 2005-06; second, an independent review of the programs by a panel of experts; and third, complete protection for provinces and territories against overall and individual declines in payments in 2004-05.

I would like to expand on each of these three elements: first, the new framework for equalization; second, the independent review; and third, the protection that is afforded in this fiscal year.

Government Orders

I will begin with the new framework for equalization and territorial financing. Starting in 2005, the government will establish a legislative financial framework for both equalization and territorial financing. The new framework will establish fixed payments levels, which will provide predictable and growing funding for provinces and territories. Funding levels for 2005-06 will be set at \$10.9 billion for equalization and \$2 billion for the territorial funding. These amounts thereafter will grow at a rate of 3.5%.

When we talk about the stability of predictability, there we have it. We know exactly the floor that we would be starting from. We know exactly the amount by which the program would increase.

The government is committed to reviewing the overall funding levels of equalization and TFF after five years. If appropriate, the government will make adjustments in 2010-11, taking into account evidence based measurements of the evolution of disparities and costs to the territories.

Let us hope, Mr. Speaker, that neither you nor I is talking about equalization in the fiscal year 2010-11.

The second point has to do with the expert review panel. The second element of the changes to the equalization is the establishment of an independent expert review panel. Our government recognizes that simply pumping more money into the system is not enough. We need to take a hard look at how the current level of equalization and territorial financing allocates moneys to the provinces and territories. That is why the new framework calls for a review to be conducted as to how the legislated equalization and territorial financing levels should be allocated for the provinces and territories in the fiscal year 2006-07 and beyond.

We start with a legislated amount of \$10 billion in 2004-05. Then we move that up to \$10.9 billion in the next fiscal year, and it is 3.5% thereafter. Hopefully the panel of experts will be able to tell us the best way in which to distribute that money among the provinces.

This review will, among other topics, look to the following priorities.

First, to evaluate the current methods for measuring fiscal disparities among the provinces and territories.

Second, to examine alternate ways to distribute equalization and territorial financing, including the possibility of bringing these allocations on economic indicators, such as GDP or disposable income, or based upon the expenditure needs of the province or territory.

Third, to review how fiscal disparities between various provinces developed over time, and to look at the costs associated with providing services in the territories.

Finally, to advise the government on whether it should set up a permanent independent body to advise the government on the allocation of the equalization and territorial financing payments.

I would like to stress that although the panel's role would be advisory in nature, our government is committed to listening to its recommendations and making decisions based upon that advice in consultation with the provinces and territories.

●(1215)

If this framework is adopted by Parliament, the panel would be asked to report back to the government by the end of 2005, which would be within a timeframe to have an effect on equalization and territorial financing allocations set for the fiscal year 2006-07.

This brings me to the third element if I may of the changes to the equalization and territorial formula financing arrangements providing fiscal protection for the provinces and territories. In order to provide greater stability to provinces and territories in 2004-05, the Government of Canada will ensure that equalization payments total a minimum of \$10 billion.

As I said, we set a floor of \$10 billion. Next year it is a ceiling of \$10.9 billion and each year thereafter it is \$10.9 billion multiplied by 3.5%. The territorial financing payments will have a minimum of \$1.9 billion in 2004-05 which will go up to \$2 billion in the years thereafter.

In addition, each province and territory will be guaranteed that its equalization or territorial financing payments for 2001-02 to 2004-05 will not be lower than was estimated in the February 2004 budget and included in the budget for those years.

With respect to the financial impact on the new framework, over the next 10 years, and subject to a review after the first five years, the new framework for these programs will be \$33.4 billion more in equalization and TFF payments to provinces and territories than the amounts in the 2004-05 estimated at the time of budget 2004, \$9.5 billion for equalization and \$1.8 billion for territorial financing.

That is \$33 billion over 10 years on top of what already exists. This is no small change. In fact these proposed changes to the equalization and territorial financing formula framework amount to about \$33 billion. This represents the most significant increase ever to these programs.

It is also important to point out that equalization and territorial finance payments are not the only sources of federal assistance for the provinces and territories. We have the Canada health transfer, the Canada social transfer, the equalization payments and then we have a number of other direct programs where the federal government provides assistance to the provinces in the delivery of services to all of our citizens. This money is in addition to that.

Indeed, hon. members will certainly recall that the Prime Minister and all the premiers recently signed the 10 year plan to strengthen health care, which will provide \$41.3 billion in new health care funding. Therefore, we have the \$33 billion in equalization and the \$41 billion in new health care money.

The health plan includes key elements of systemic reform and the best terms ever for reporting and accountability. By meeting and surpassing every financial standard identified in the landmark report, known as the Romanow report, it turns the corner on the annual intergovernmental feud about health funding.

Government Orders

The health accord puts everyone's focus where it should be: on shortening waiting times; getting more health professionals and better equipment; improving primary care, home care and drug coverage; better services in the north and for aboriginal people; more health research and innovation; and improved public health and wellness.

It is important to note that the \$41.3 billion health accord, when combined with the \$33 billion for equalization and territorial financing, will result in a cumulative amount of 74 billion additional dollars expected over the next 10 years. It is new money transferred from the federal government to the provinces over that period of time.

By any stretch of the imagination this is a huge sum of money and it illustrates our government's commitment to ensuring that Canadians are treated fairly and have access to reasonably comparable levels of service no matter where they live in the country.

Our government recognizes the need to ensure that all provinces and territories can offer the best possible services to their citizens. The equalization and territorial funding formula programs are clear evidence of our commitment in that area.

•(1220)

To sum up, under the bill, \$33 billion will be allocated for equalization payments over the next 10 years, \$41 billion to the Canada health transfer allocated over the next 10 years. We have a commitment to an expert review panel so that it will know whether there is a better way in which to provide the program.

We have put forward a program where we think we have met a number of the stability and predictability concerns raised by the premiers and finance ministers with respect to them trying to set their budgets. They now know that they have a fixed base and that their base will increase on a regular annual basis.

There is no doubt in my mind that the commitment of the government, in partnership with the provinces and territories, is to continue to work toward improving the standard of living of Canadians from coast to coast to coast.

As I mentioned earlier, the legislation I outlined today reflects the most significant investment ever in the equalization and territorial financing framework. The legislation is vital to ensuring that Canadians, no matter where they live, can count on comparable levels of health care and other essential services.

I encourage hon. members to support the legislation as it was negotiated by the Prime Minister and premiers. I hope all members of the House will find themselves supporting the legislation and the work of the Prime Minister and the premiers.

Mr. Paul Forsyth (New Westminster—Coquitlam, CPC): Mr. Speaker, the member has just announced another study. Well here we go again. He then talked about the parameters. The parameters of that study are already well-known.

I want him to say several things to the House. He knows what the issue is relating to misleading the House and he has to choose his words carefully. Could he state in the House that he knows for sure

that the technical decisions are based on a formula and that the formula will prevail and not politics in the end?

Second, will it be separate from natural resource revenue?

Third, will the formula, the data inputs and the process and product, as well as some analysis, be published on a website and be totally transparent so that a first year university student could go to that site and really understand what is happening? This is because in times past it has been almost incomprehensible?

Transparency has been claimed by the government and it has been repeated over and over again. I would ask the member, in the spirit of that theme, to respond to these three points. Does he know for sure about technical formula over politics in the end? Will it be separate from natural resource revenue, the big brouhaha in Newfoundland? Will it be fully published in a comprehensible form so that a first year university student could understand what is going on?

•(1225)

Hon. John McKay: Mr. Speaker, he really has three questions. The first is on the formula and whether it will be subject to politics. I would like to say that nothing is subject to politics around here, but we all know that is not true. I would draw the hon. member's attention to proposed section 4.1 of the bill, which pretty well circumscribes the ability of any level of government to play politics, so to speak, with this amount of money. On fiscal equalization payments, paragraph 4.1(1)(a) states:

—for the fiscal year beginning on April 1, 2005, shall equal \$10.9 billion;

That does not say “may be \$10.9 billion” or “if we feel like it, it is \$10.9 billion”. It is \$10.9 billion.

The next paragraph states:

—for the fiscal year beginning on April 1, 2006, shall equal the product attained by multiplying \$10.9 billion by 1.035;

For the hon. member and myself, let me say that this means a 3.5% increase. Again, I do not see where we could play politics with that amount of money.

Just to bring further clarity and further certainty to this, proposed subsection 2 actually sets out the specific amounts of money:

The fiscal equalization payment referred to in paragraph (1)(a) shall be allocated to the provinces as follows:

(a) to Quebec, \$4,798,070,000;

Plus another \$70 million is thrown in there. These are very large numbers and I am not used to reading numbers this size. For Nova Scotia, there \$1,343,527,000, for New Brunswick, \$1,347,993,000, and this subsection goes on and lists each of the equalization receiving provinces. For the hon. member opposite, who is from British Columbia, that number is \$589,698,000.

Thus, on his first question, I cannot see it, even if there were a desire to play politics with the amount of money. The floor is set, the ceiling is set, and we will take advice as to the distribution among the equalization receiving provinces.

Government Orders

As to the natural resources issue, as I said at the beginning of my speech and should have said at the end of the speech, that equalization has nothing to do with the current discussions with respect to the natural resource sector. That will be the subject of another debate.

As to our website transparency, et cetera, I am not familiar with the Department of Finance website, but I think it is fairly good from what I am told. The bill is presumably posted on the website and these calculations presumably exist on the website, so it would be fairly transparent and readily calculable for a province or an individual Canadian to calculate how much money would be received by a province in any given year.

I hope I have answered the hon. member's questions.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): Mr. Speaker, I direct a question specifically in relation to Saskatchewan. For a good number of years Saskatchewan has lost over \$1.08 in aid to equalization payments for every \$1 it got due to the sale of non-renewable resources. Will the formula ensure that Saskatchewan's non-renewable resources like oil and gas will not be taken into account in considering or determining the amount of equalization payments that may be made into the future?

I realize that Saskatchewan has the status of a have not province, but over the next number of years it may not. I know that in the past it has lost millions and millions of dollars with respect to the formula that then existed. I want to know if this formula has taken care of that problem.

• (1230)

Hon. John McKay: Mr. Speaker, the hon. member asks a specific and technical question and I want to caveat myself a little on the answer. The general parameters of the bill do not address the specific question that he has raised.

However, within the concerns at the back of the briefing notes, which I hope he has received, there is a special recognition of the adjustments that apply to Saskatchewan. I look at page 36 of the general briefing notes that have been received by all members. There is an individual protection of \$582 million that Saskatchewan is to receive in the fiscal year 2004-05. That is, I believe, designed to address the very concern the hon. member raises.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I was listening to my colleague, the Parliamentary Secretary to the Minister of Finance, talk about the agreement on equalization as though it were the deal of the century. According to him, it would create a harmonious agreement and help stop the unending squabbling between the provinces and the federal government.

I want to ask him the following question. Considering that the federal government has imposed an equalization formula, imposed its owned conditions and forced reluctant provinces to toe the line, does he call it a harmonious agreement between the federal government and the provinces?

[*English*]

Hon. John McKay: First of all, Mr. Speaker, equalization moneys are moneys that are obligated by the Government of Canada pursuant to the Constitution of Canada. It is, however, the obligation

of the Government of Canada to provide equalization moneys to the sub-national governments. In previous instances this has been subject to a fair bit of acrimonious negotiations; some might say imposed, some might say forced.

However, with the passage of this bill it seems to me that a lot of the points of conflict that have existed heretofore prior to the bill in fact would be mitigated, because we will now have a floor. We will now have a floor and a ceiling. We will now have a floor, a ceiling and a formula to determine the difference between the two. We will now have a situation that provides predictable and stable funding.

I do not know how negotiations with the premiers and the Prime Minister over the course of several days, which of course were led up to by a lot of intense negotiations by officials, are in any way forced or imposed on any level of government. These are the moneys that are available pursuant to equalization and they are negotiated amounts. They are now fixed, they are now predictable and they are now stable.

Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC): Mr. Speaker, as this House knows, the Conservative Party supports the equalization program as an important and necessary means of building our nation. It is responsible for creating, or at least attempting to create, the conditions for relatively equal social services for Canadians regardless of where they live.

We also support the intent of the equalization program to, in conjunction with other federal fiscal structures, help provinces create the conditions that can lead to stronger local and provincial economies.

Over time, the formula calculating the amount of equalization paid to each province has changed. For example, as I told the House earlier this month, when Alberta was a have not province from 1957 to 1965, the oil and gas revenues the province earned were not clawed back by Ottawa under the equalization program. This allowed Alberta to build its oil and gas industry by using the profits to reinvest in the industry.

As we all know, that arrangement does not exist today for provinces like Newfoundland and Labrador, Nova Scotia and Saskatchewan, nor does it exist for the territories. I will talk quite a bit about the treatment of non-renewable natural resource revenues within the equalization formula today, because I think it is an issue that must be examined as we move forward with the renewal of the program.

Over the past several years, Conservatives have argued in favour of moving from the five province standard to a 10 province standard and for the removal of non-renewable natural resource revenues from the formula. We also believe that it is essential to provide for a phase-in period if any such changes are made to the existing formula to ensure that no province is hurt in the transition period.

We are disappointed that the government is not dealing with these issues head-on when there is such a wide consensus among territories and provinces on the changes necessary, but we support the review process that is under way and look forward to hearing from the panel on these very important issues.

Government Orders

The bill makes basic changes to the act, which were necessary to ensure certainty within the equalization program and to allocate the necessary payments over the next year. For that reason, we support it.

The bill sets a minimum funding floor of \$10 billion for equalization and \$1.9 billion for territorial formula financing for 2004-05. This is something that provinces and territories have called for as a means of protecting provinces against overall and individual declines in payments in 2004-05.

It also ensures that no province or territory receives less than the levels forecasted in the 2004 budget, thereby setting \$10.9 billion for equalization and a total level of \$2 billion for territorial formula financing in 2005-06.

In the middle of all this, a 3.5% per year escalator has been created for equalization and territorial formula financing, going through until 2009-10.

Finally, the bill offers a breakdown of provincial equalization allocation for 2005-06 and a breakdown of territorial financing allocation for 2005-06.

Very clearly, the bill recognizes, finally, what the provinces, territories and the Conservative Party have called for, that is, greater certainty for payments. However, there are many outstanding issues that need to be addressed and are not reflected in the bill.

The bill does not specify how the equalization in territorial formula financing levels will be allocated among the provinces and territories from 2006-07 forward. The federal government has launched a review by an independent panel of experts, on which the provinces and territories have been provided with two seats. However, we remain concerned that the federal government has retained final decision making authority as to how future levels should be allocated.

Most important, the bill does not remotely address the long-outstanding concerns the Conservative Party and the provinces and territories have had with respect to the inclusion of non-renewable resource revenue in the current equalization formula. Under the current formula, provinces that benefit from non-renewable resource revenues are subject to a clawback that results in lower equalization payments.

The bill also does not deal with non-renewable resource revenue-sharing outside of equalization, which means that the bill does nothing to solve the Prime Minister's ongoing broken promise to Newfoundland and Labrador and Nova Scotia.

Equally as important, the bill does not deal with non-renewable resource revenue sharing outside the territorial financing formula. The territorial financing formula is an important and necessary grant mechanism to address the present needs of the territories. The Conservative Party supports it, but we also believe it is imperative that the federal government take steps to develop a resource revenue sharing agreement with the territories to facilitate their desire for control over their own economy and movement toward economic self-sufficiency.

Non-renewable natural resources and how they are dealt with under the current equalization formula has become a major concern,

an economic inhibitor for provinces and territories that wish to have full access to these revenues to develop their resource sectors further and to have control over their economic future. Equalization can and should be restructured to deal with non-renewable natural resources like oil and gas in Newfoundland and Labrador, Nova Scotia, Saskatchewan and the territories.

• (1235)

Newfoundland and Labrador presents a timely and interesting case study for this policy. We and many Canadians watched the equalization meeting in October very closely, and were disappointed at the Prime Minister's refusal to honour the promise he made during the election to both the Premier of Newfoundland and Labrador and the Premier of Nova Scotia. The Prime Minister attempted to use the equalization program as leverage to water down the commitment he made to these premiers during the election. The premier of Newfoundland and Labrador was not going to let that happen, and he rightly walked away from the equalization talks.

As I have told the House before, our party supports Newfoundland and Labrador's position with regard to its offshore resources. We will continue to advocate for the Prime Minister to keep his word to Newfoundland and Labrador. Put simply, the Conservative Party supports the efforts of Newfoundland and Labrador and Nova Scotia to receive 100% of their offshore oil revenues outside of the current equalization formula, with no cap and no restrictions.

I have raised this issue because, again, the manner in which the formula accounts for non-renewable natural resource revenues is one of the main points of contention regarding equalization in Canada. While this party believes that it is ultimately good that the government bring more certainty regarding aggregate amounts to the equalization program, we remain clear that we support the demands of the provinces and territories to see changes in the way that non-renewable resource revenues are accounted for within the formula.

I have also raised this because it highlights the neglect of the government on this issue. This is an issue that has been ongoing and needs to be dealt with immediately. Because the government has not addressed this issue, it has become a crisis in places like Newfoundland and Labrador. Other provinces and territories are watching closely to see what kind of deal the Atlantic provinces may receive.

If Newfoundland and Labrador is successful in achieving a deal, then other provinces and territories will ask to receive a similar deal, and for good reason. They are experiencing similar economic clawback due to their resource sector revenues. Of course, changes to the formula of this nature would mean less money in the federal coffers and more money in provinces. Therefore, provinces would have a better chance of providing social services and creating conditions for economic development on their own without the interference of the federal government.

Government Orders

This is a political non-starter for the government, which has for the past 11 years used the fiscal imbalance and the relative poverty of provinces and territories compared to the federal government to push its own agenda in areas of provincial and territorial jurisdiction. If the government were to amend the formula to remove revenues and royalties from non-renewable natural resources, the provinces in question would have the opportunity to use those revenues to further build their industry and infrastructure. The province would take income from taxes paid by companies and employees, which would be accounted for in the equalization program.

The federal government would still benefit from the personal income taxes that workers pay to provinces and to the government. The federal government would also benefit from corporate income taxes paid to the provinces and the government. Under the sort of change about which I am talking, it is not just the local province that benefits; all of Canada benefits.

When we consider economic development, then we start looking down the road, we can open the door to working with provinces to develop economic potential in those provinces and can realize that everyone benefits from a strong and economically vibrant and diverse Canada. By looking at provinces as places of potential, we have the opportunity to see what we can do through economic development to increase quality of life, social services and economic opportunity for young people in every region of our country and help provinces and territories realize their goal of becoming economically self-sufficient.

When we talk about equalization, equity remains the main perspective, but I would argue it is only part of the picture. Talking about equity, especially within the context of the equalization program, has taken on a form of a static conversation. Conversants assume that provinces will remain relatively the same in relation to one another. Ontario and Alberta are the have provinces, Saskatchewan and B.C. flirt between have and have not status and Manitoba, Quebec, and the Maritimes are the less well off provinces.

Taking this arrangement as a perennial constant, those who talk only from an equalizing perspective need to assume that this ranking of provinces in these groups will remain constant, which on the flip side assumes no changes in economic performance. We know this to be untrue. We know that every province works toward developing its economy and we know that all provinces and territories are making successful gains in economic diversification and the raising of quality of life within provinces.

This being the case, equalization program reforms need to be done with an eye toward economic development as a means of raising the quality of life of all Canadians. After all, the end goal of every province is twofold: first, to be able to provide increased and efficient services so that citizens have a better quality of life; and, second, to do it themselves, that is to become so successful that the province in question will not need a federal equalization payment.

It is within the context of an equalization formula, which is cognizant of economic development, that I raise concerns over the place of non-renewable natural resource revenues in any reformed formula. We are not there yet and it will take a Conservative government to get us there.

● (1240)

We also need to have a better sense of how non-renewable resources are accounted for with regard to Canada's territories as well. Bill C-24 does not address the outstanding concern that the Conservative Party and territories have in the need to develop resource revenue sharing agreements between the territories and the federal government. The territorial formula financing is an important and necessary grant mechanism to address the present needs of the territories.

We support the territorial formula financing, but also believe it is imperative that the federal government take steps to develop a resource revenue sharing agreement with the territories to facilitate the desire for control over their own economy and move to economic independence. Yukon has a devolution agreement with the federal government which would make it more independent and give the territory greater freedom in the management of its own affairs. The Northwest Territories is working toward a devolution agreement, and Nunavut is doing what it can to bring the federal government to the table with regard to a devolution agreement as well.

Part and parcel of devolution is greater control over natural resources found on territorial lands. Agreements such as these are important for practical reasons. If we talk to representatives from northern Canada, they will say that most of the money that goes north is actually spent in the south. For example, consider health care. As of now, if a major surgery is required, the northern government will pay for the patient to fly south, receive treatment, stay overnight, perhaps in a hotel, purchase food and then fly back. While a northern government foots the bill, it is the provincial economy in the south that benefits.

A different side of the same problem exists when it comes to resource extraction. Companies are often based out of a centre in the south. Workers often come from the south. These companies pay taxes in the south, as do the workers who do not claim official residence in the north. Likely, many of the workers are supporting families that live in cities like Edmonton, Ottawa or Quebec City, among others. They fly north, work as long as their rotation is in and likely fly home to be with their families or send cheques home regularly. The money is not spent in the north. The taxes are not paid in the north.

It is thus very important for northerners to have a greater say over their resource sector so the government can retain more money and so more year round northerners are working in the sector, thereby giving the government a stronger tax base. With that tax base, northern governments could attack their key priorities: economic development, stronger northern health care, a better education system and affordable housing. This is where they need to go and to get there they need certain adequate territorial financing, as well as an agreement regarding natural resource revenue sharing.

Government Orders

It is disconcerting for me when the Prime Minister goes overseas and muses about territories becoming provinces, when he is not engaging in the proper steps necessary to help territories with their most pressing concerns. That is to secure a resource sharing agreement to create the conditions they need so they can build a strong economy which will create more jobs in the north for both indigenous northerners and southerners and lead to greater self-reliance for northern governments.

One of the other concerns I have with the bill is around the new equalization floor. The bill introduces a new equalization floor which provides certainty for have not provinces that are attempting to create budgets and would like to know in advance roughly the amount of money they will receive from the equalization program. In terms of creating certainty, this is important. A floor protecting have not provinces from drastic changes in the economy already exist. However, while introducing a new equalization floor that better shields have not provinces from potential downturns in the economy, it provides less protection for have provinces and the federal government.

For example, situations may arise where the minimum equalization payments agreed by the federal government are higher than the payments dictated by the formula. In this instance, have not provinces may actually be equalized to a greater fiscal capacity than the national average. This belies the equality that stems from the equalization formula. Further, the equalization floor created in the agreement is based upon the largest federal payout in the past decade and then is escalated.

Looking at this from purely an economic perspective, we know that Ontario accounts for 50% of the economic activity measured by the equalization formula and a significant portion of federal revenues. As the province with the most exposure to the U.S. economy, Ontario faces economic risks created by increased U.S. deficits, risks created by the amount of U.S. debt held by China and Japan and economic shocks created by global uncertainty. These risk factors could conceivably add up to slow Ontario's economic growth to a point where the equalization formula would dictate that payments should be lower than the floor agreed to by the federal government. At the same time economic trouble in the Ontario economy would have a drastic impact on federal revenues.

● (1245)

In this scenario the federal government would have to make up the difference between the formula payment and the floor payment out of shrinking general revenue. By building in such a generous floor, the federal government effectively detaches have not provinces from potentially adverse economic realities.

Placing a fiscally imprudent floor in equalization payments, coupled with other significant fiscal commitments in health care, raises the risks associated with economic downturns. Certainly, these commitments limit the ability of the federal government to respond to a fiscal slowdown with measures such as tax cuts or targeted investments. Governments cannot rely on blind economic optimism when creating fiscal policy, especially in the face of current global volatility.

I want to return to another aspect of our policy, which is that no provinces should receive less money simply because the formula has

changed. This is an important point. Provinces that need equalization need it to provide important social services to its citizens. A simple change in a formula does not change the overall economic picture of a province, but it could change the amount a province receives.

The shock of receiving less money is usually followed by the result of providing less services. Therefore, when the government makes these changes, it ought to be careful that provinces are treated fairly and do not end up with the short end of the stick. This side of the House will be watching very carefully to ensure that this problem does not exist and if it does, we will work to correct it.

However, we know the numbers involved are more certain and we look forward to the ideas that will be put on the table in the course of the review process. It is our hope that the end results of these ideas will ensure an equalization system that both fairly and adequately provides funds to provinces and at the same time does not hinder economic development as the current formula does.

We will have to wait for the panel of experts to present its recommendations before we say conclusively whether we fully support the process which the bill sets into motion. However, we agree there needs to be a step toward a system that is predictable. At least in perception, the bill is a good beginning.

As I noted earlier, we would have liked to have seen greater provincial involvement. Given the importance of the equalization program for the efficient functioning of provincial governments and the certainty of provincial economies, their voice would have been welcomed. I am sure they would have welcomed greater opportunities to express their views.

While the government did bow to pressure from the provinces for greater provincial involvement, in my mind it was not enough. If there is a chance that we could see greater involvement from provincial governments, we believe that would be appropriate and we would support such a move.

One thing missing in the reforms, which were implemented in the 2004 budget, is a reform that would have allowed provinces that which were overpaid a longer period to pay back their overpayment. These provinces, which are struggling to provide social services and infrastructure needs to their citizens, should not be forced to redesign their entire budget because the federal government has made an accounting error.

As for predictability, we also would like to see a moving three year average used to calculate payments. This would help to smooth out situations where provinces are over or underpaid and at the same time it would provide greater predictability to the provinces.

Finally, we are glad to see the government is now committed to a five year renewal schedule. Remaining committed to the five year renewal, again provides provinces with greater predictability and certainty and also gives the federal government the opportunity to utilize medium term economic forecasts when considering changes.

Government Orders

By moving to a 10 year plan or commitment, we see greater risk within the program's payment schedule and we are also concerned that the government's flexibility in administering the program is negatively affective.

In the end, our party will support the bill because it is the beginning of much needed changes to the equalization formula. It is an admission by the Liberal government regarding the problems that have plagued equalization in the past and it is a step in the right direction toward making the equalization program a better program. In this light, we anxiously await the report of the expert panel, and hope to see our recommended changes included.

• (1250)

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Madam Speaker, I thank the hon. member for her support for the legislation. With the exception of a few pointed jabs at this side of the House, I thought her speech was quite good.

I want to direct her attention to two or three points, the first point with respect to the expert panel. She raised an issue with respect to natural resources. If she directs her attention to page 30 of the briefing book, she will see that the expert panel will be asked to examine and provide advice to the Government of Canada on the allocation among the provinces of the annual equalization allotment, et cetera, and the treatment of various provincial and local revenue sources, such as natural resources, property taxes and user fees. Each province has a different gripe about what should be in the formula and how the formula should be weighted.

I suggest that the terms of reference deal with the very issue that she raised as to whether natural resources will in fact be counted and how they would be counted. I look forward to her comment on this.

The second issue she raised dealt with the possibility of no agreement. I direct her attention to subclause 4.1(3) which states:

3) The fiscal equalization payments referred to in paragraphs (1)(b) and (c) shall be allocated to each province in the same proportion as the fiscal equalization payment referred to in paragraph (1)(a) is allocated under subsection (2).

In other words, it is kind of a stop loss provision. If the expert panel does not report for whatever reason, or if Parliament dissolves for whatever reason, the provinces will know that the next fiscal year, following the fiscal year upcoming, they will have a steady stream of money. Does she think that is an appropriate way to go in anticipation that things occasionally go off the rails?

The third thing she mentioned had to do with the Ontario economy. I agree with her that the Government of Canada has bought down the risk for the provinces. Ontario is the greatest source of revenue for the federal government and if it were to tank, or if the economy were to tank, then the equalization receiving provinces would be cushioned from that economic downturn. It has been a significant concession on the part of the federal government to buy a cushion so that the equalization receiving provinces are in some measure protected.

I would be interested in her comments on those three points, but generally speaking I think her speech was quite supportive.

• (1255)

Ms. Rona Ambrose: Madam Speaker, with regard to the expert panel, as I suggested in my speech, the Conservative Party is

supportive of the striking of this panel and the review process underway to look at some of these really important issues. However, specifically on the issue of non-renewable resource revenues within the equalization formula, I agree with this and am glad to see that the expert panel will be addressing it.

One of the things the hon. member across the way might like to acknowledge as well is the wide consensus among the provinces and territories for quite some time that non-renewable resource revenues are a major issue in the current formula. This has been a long outstanding issue that not only the Conservative Party has raised but also the provinces and territories.

I would much rather have seen the finance minister and the government deal with these issues head on as opposed to advocating them to an expert panel that, as the hon. member rightly pointed out, may not actually come back with an answer in the next year. The provinces and territories want an answer on this immediately.

With regard to the member's second question with regard to certainty, I understand that reference has been made in the bill about dealing with this issue if the House perhaps dissolves. This does not provide the certainty for which the territories and the provinces have been asking for at least the last five years in dealing with this issue specifically.

As I mentioned in my speech, we have what I would consider to be a crisis situation in Newfoundland and Labrador, and many of the other provinces are just as worried about this situation. They want to have some control over their own economies, particularly on this issue.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Madam Speaker, earlier, I was listening to the Liberal member, the parliamentary secretary to the Minister of Finance, who talked about an almost historic agreement on equalization, about rediscovered harmony between the provinces and the federal government, and about how this would help avoid the numerous disputes that arise every year between the provinces, the Quebec government and the federal government as regards equalization payments and the formula itself.

It takes some nerve to present that agreement as a harmonious accord between the provinces and the federal government. Indeed, the Liberal member forgot to mention that this is not an harmonious agreement. It is an agreement that was shoved down the throats of the provinces and Quebec. The federal government told the Quebec government "Now that we have starved your province for the past ten years or so, have made cuts to the Canada social transfer for health, education and income support, have dipped into the employment insurance fund, have questioned consensus achieved in Quebec on many occasions on social and economic policies that could enable the province to move forward, improve the plight of the poor and create an environment that fosters investments and economic growth, you will take what we will give you. You will shut up. It is a take it or leave it deal".

Government Orders

That is exactly what happened this past October 26. That was when the first meeting of the premiers on the subject of health was held here in Ottawa. The federal government's offer on equalization was tabled there for the first time and rejected unanimously by all provinces and most particularly by the Government of Quebec. A few weeks later, the government came back with exactly the same lousy agreement. This time they forced the Government of Quebec to accept, telling it "take it or leave it". The sizable figures may seem all well and good when presented as one overall sum, but they do not match the total that would have been forthcoming to the Government of Quebec and the provinces of Canada if the equalization formula had been thoroughly reworked.

Making in-depth changes to this formula does not require a whole series of conferences to go over it with a fine toothed comb. We have been introducing the same arguments in favour of improvements for ten years now, such as making calculations based on all ten provinces and not five as at present. Why, in a system that is representative of the fiscal potential of the provinces, would only five of them be used to calculate an average, with all provinces under that average entitled to equalization payments and those above not entitled? According to the basic rules of mathematics, if comparisons are to be made, an average is calculated from the whole set.

It would have been easy for property taxes, too. It would have been very easy. All we have been asking for all these years is that Quebec's true property wealth be taken into account, and not estimates by economists and experts, using what they call proxies, which never succeed in adequately reflecting the property tax potential of Quebec, or the rest of Canada, either. These changes could have been made with just a little goodwill. But no, just as in all federal-provincial negotiations, the government is arrogant and imposes its will. Imagine that Ottawa believes it knows the provinces' needs better than the provinces themselves. Ottawa believes it knows health, education and income support better than the provinces, who were clearly given those powers in the Constitution.

Moreover, the Auditor General has just given us a good example of the federal government's good management of veterans' and first nations' hospitals. It is a fiasco. It is a catastrophe. If responsibility for the health and education systems were given to the federal government, there would be a disastrous situation in all provinces; but Ottawa knows best, as they say. And they dare to call this a "cooperative agreement". People can only be laughed at for so long: there is a limit.

There is also a big problem with this agreement, and it is all the individual agreements. It has been arranged so that Saskatchewan and British Columbia come out ahead after this conference. Apparently, in order to avoid the shock of disparities between the equalization payments that are now planned and those foreseen in the 2004 budget, there would be a kind of formula, a special agreement with the provinces. Unfortunately, the base line is the 2004 budget.

• (1300)

Saskatchewan received that bad news that, for the period from 2001 to 2004, it was overpaid \$590 million. To cushion the shock, in a side deal, on October 26, it was forecast that Saskatchewan might

receive equalization. But in early October, it was told that it might lose.

Given that, in the last budget, Saskatchewan was told it might receive equalization, to cushion the shock, the federal government decided to let it keep the \$590 million it should normally have had to pay back.

Unfortunately, in the case of Quebec, the bad news came before budget 2004. Quebec was told it owed \$1.2 billion, if I remember correctly. Quebec will have to repay, because the federal government forecast that, in 2004-05, it would be paying a tad more than previously agreed to.

Quebec is forced to pay back this \$1.2 billion. But just months later, to cushion the shock caused by the budget and the latest review, in early October—and because the budget is the basis for assessing transitional payments—Saskatchewan was told, "While we originally said, in budget 2004, that you could expect a fair amount in equalization, a review in early October showed that you were overpaid \$590 million by the federal government, but because we do not want to cause a shock, you can keep the money". This is a double standard.

Saskatchewan will not have to pay a \$590 million debt back to the federal government. It will be paid the additional amount of \$590 million for 2004-05, as planned. But it does not matter if Quebec's \$1.2 billion overpayment causes an economic shock. It will have to pay it back over the next 10 years.

We know that equalization is established on a per capita basis. Given that the population of Saskatchewan is 1 million, this means that the side deal made with Saskatchewan, which Quebec cannot take advantage of, is providing on average \$590 per person in Saskatchewan.

If we apply this \$590 per person to the seven million Quebecers, it follows that this adjustment could have been worth about \$4.5 billion to Quebec. This is not peanuts. This amount is obtained by taking into consideration the per capita amount given to Saskatchewan, and the fact that we will continue to pay \$1.2 billion over the next 10 years to repay last year's overpayments.

It is always sad to see that, whenever a federal-provincial conference ends, there are always people in Quebec who are entirely or partly unsatisfied. This time, the federal government starved the Quebec government so much over the past seven years by cutting payments to it, that the latter has no choice but to accept what is on the table. The Quebec government is very upset, but it will accept the proposed amounts.

It is always the same thing. There is not one federal-provincial conference on specific agreements at the end of which Quebec is not frustrated. Every consensus reached in Quebec is ignored whenever we ask the federal government to participate and to do so in a fair and equitable fashion.

Take the example of day care. Everyone in Canada and here in this Parliament agrees that the Quebec model is the example to follow. People like Quebec and they think it has a good program. It is well structured. day care spaces at \$5 and then at \$7 per day have been in place for five years in Quebec.

Government Orders

Because parents pay \$5 and \$7 per day, this government pocketed the federal tax credits or tax deductions that these parents used to get in the past, when they were paying \$30 or \$35 per day to put their children in a day care. No agreement could be reached, even though the Quebec day care program was presented as a great example. It is a progressive measure that is mentioned everywhere and that gets rave reviews here. It is nice to get praised and to be congratulated for our good initiatives, but in the meantime the federal government is not doing its share.

Last year alone, Quebec parents lost \$250 million in federal tax deductions, precisely because there is in Quebec a progressive system that is the envy of everyone, a system that the rest of Canada wants to copy down to the fine details.

• (1305)

In the past five years Quebec families have saved the federal government \$1 billion in tax credits and tax deductions, because it has not had to pay them out.

The same goes for parental leave. We have been pleading for it for years, while there is consensus in Quebec. The Employment Insurance Act allows for the transfer of roughly \$600 million or \$700 million to fund parental leave programs. The Government of Quebec parental leave policy is much more generous and consensual than the federal government policy, which can be extremely complicated. When a person becomes a parent they get a two-week penalty under the employment insurance system. You are so proud to be a parent and the federal government penalizes you.

If Quebec were sovereign we would have had a parental leave system a long time ago. We would have used our tax resources—the more than \$40 billion in tax we have been paying to Ottawa all these years—a long time ago for our child care program, to increase the number of spaces in child care, rather than come here to beg for our share of the taxes we pay to the federal government to solidify the consensus in Quebec. It makes no sense.

It is the same thing in the agriculture sector. Do you think that if Quebec were sovereign, and \$40 billion were paid to Quebec City in taxes, that we would let our farmers suffer as they are right now? Do they think we would not have come up with a way to help them? They are receiving roughly 20% of what they were getting for cull. They are also victims of U.S. subsidies on grain crops. When it comes to mad cow the federal government says it has tried and that it is still trying, but nothing works. We would have taken measures a long time ago to help farmers in Quebec.

Over the weekend, I read that Air Canada Jazz is moving out of Quebec City. Everybody was surprised and wondering why. Do you think that a sovereign Quebec would have let Air Canada Jazz leave? No, because the national capital of a sovereign Quebec would have been Quebec City. And unlike the federal government, a sovereign Quebec would not see Quebec City, its national capital, as just any other region of the country. Therefore, we would have ensured that the airport facilities in Quebec City were worthy of a national capital. I think Quebecers are realizing that it does not make any sense for a people with such national pride to see the federal government use our tax money to stick it to us and frustrate us every time we negotiate agreements concerning the allocation of our own tax money.

To my fellow countrymen, I say that we have to realize it no longer makes any sense to live in such a system. Even at the international level, we are considered a nation and referred to as the Quebec state. We have a national assembly. We are being robbed by agreements like the one on equalization and the long-delayed parental leave accord. We have a highly praised day care system, but for the past five years, as Quebecers, we have been working on a fund to develop a day care network outside Quebec.

According to the federal government, the first year of operation of this Canada-wide day care network would cost \$1 billion. And guess what, these last five years, it has saved money from the tax credits and tax deductions it would give parents in Quebec, which is the money we, in Quebec, are investing in day care. What this means is that Quebecers will be footing the \$1 billion bill for the first year of operation of this Canadian child care network in Ontario, Prince Edward Island, New Brunswick, Saskatchewan, Alberta, etc.

So, we are being used as an example, but the federal government never offers any funding or truly harmonious arrangement. It always tries to impose things. It always makes us fight right to the bitter end to get the least cent, while we hand over \$40 billion to the federal government in taxes every year without protest.

With the war on poverty, it is the same thing. How many years have we been demanding a real social housing policy? Despite the fact that the Government of Quebec has been struggling with public finances, falling behind, and will have problems in coming years because the federal government has cut its funding, the fact is that the Government of Quebec is the one investing heavily in social housing.

Government Orders

•(1310)

If we had the share that we send to Ottawa for it to waste and spend on their cronies—because with the sponsorship program there was real, systematic corruption—if we had all these resources, we would be able to build more social housing units. However, we must go begging to the federal government and buy into the policy of subjugation, because the federal government imposes its point of view and because it is not the federal government's priority. The same is true even if it is a priority for Quebec, even though parental leave is one of Quebec's priorities and responsibilities. There is an incredible consensus in everything to do with the work-family balance as it is called. Even in agriculture—we would give aid tomorrow morning if we could, in Quebec—we must always wait. Even when we ask the Minister of Agriculture and Agri-Food to set a floor price everywhere for cull cattle—it costs him nothing—he hesitates, he consults, he does not know if Alberta will agree, does not know if it is a good plan for all of Canada.

As for the mad cow in Alberta, the source of the problem, at one point the federal Minister of Agriculture and Agri-food was asked whether there was not some way to divide the country into specific regions as they do for trade disputes, so that Quebec, with its tracking and inspection systems, which are superior to those in all the rest of North America, might be considered a region, and the western and maritime provinces as two other regions. But no, the Minister of Agriculture and Agri-Food stood up and said “No, from east to west, we are all Canadians”. So the mad cow became the symbol of Canadian unity. It makes no sense to do things that way, particularly when we know that they are doing this with our money.

If Quebec acquires its status as a sovereign state, that will put an end to the squabbling, and to the bogus negotiations that end with Ottawa imposing its opinions on us regardless of the priorities and consensus we have defined for ourselves.

How long has fiscal imbalance been a topic? The Séguin report dates back three or three and a half years, if I remember correctly. Everything is totally clear. There is too much money in Ottawa for the federal government's mandate as set out in the Constitution and for the other mandates it has given itself in recent decades. There is, on the other hand, not enough in Quebec and in the provinces to fund such basic things as health and education, income support, highway construction, regional development and so on.

As far as fiscal imbalance is concerned, even if the government has agreed that there may be certain fiscal pressures, this is scarcely remedied at all by the equalization agreement. If we go by the revised calculations the Séguin Commission came up with three years ago, there would appear to still be a shortfall of close to \$2.4 billion annually in the payments to Quebec that would be required to remedy the imbalance. This is even taking the agreement on health and equalization payments into consideration, the figure is \$2.4 billion. The Government of Quebec may make it through this year all right, but next year there is nothing preventing it from ending up with a deficit.

There are huge surpluses at the federal level, and apparently in some provinces as well. The federal finance minister himself commissioned a study from the Conference Board a few months ago, to review the federal and provincial governments' financial situation

for the next 10 years. He was surprised to learn that, over the next 10 years, a surplus of \$160 billion would pile up in the federal government's coffers, while the provinces would run deficits of more than \$60 billion. That makes no sense for the few, like the Minister of Finance and the Prime Minister, who believe in federalism. That is not how a federal system works, with some provinces lagging behind and running deficits, while the federal government has loads of money and invests in every area of provincial jurisdiction, not even bothering to respect the Constitution anymore.

That having been said, we have to say that this is not just a bad agreement, it is a very bad one. But to Quebec and the provinces in the rest of Canada, it is worth a few million dollars they desperately need because the federal government has starved them. It has cut transfers and forced the provinces into situations where the fiscal imbalance is creating an incredible number of victims. We saw what happened in Ontario this year. The same could happen in Quebec within a few years. Only Alberta, really, can manage pretty well thanks to its petroleum.

But where the others are concerned, we absolutely have to use this example as the basis for a serious debate on fiscal imbalance, so that it can be resolved once and for all. I hope that the subcommittee to be struck at the Standing Committee on Finance to address this issue of fiscal imbalance will produce a report that will effectively eliminate this imbalance for good and ensure that the members opposite stop saying that there is a harmonious agreement, when in fact agreements that the provinces do not want are forced down their throats.

•(1315)

Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.): Mr. Speaker, I was listening to the hon. member and the issue of sovereignty kept coming up. According to him, sovereignty would make everything alright. Mad cows would be healthy, smiling and walking around. Everything would be alright and there would be lots of money. That is fine and dandy, but we have to be realistic.

Money paid in taxes by Quebecers and all other Canadians is used for services for Quebecers and all other Canadians. This includes the surpluses that have been used to pay the debt for the services that were provided to them in years past when we ran deficits.

Now we are looking after the economy. We have surpluses. We can repay those old debts. In other words, we can provide even more services to Canadians from all the provinces, because we are no longer making payments on debts to other countries.

Let us take a look at these revenue sources. The hon. member talked about imbalance, about starving Quebec, but I remember that, not too long ago, some federal transfers to the Province of Quebec were put in reserve funds for future referendums, instead of being used to provide medical services and equipment.

Government Orders

If we look at the provinces' revenue sources, we can see that they, like the federal government, have the personal income tax. The provinces have the same capabilities as the federal government. They also have the revenues from corporate profits, sales taxes and employers' taxes. Only the provinces can tax resources: the federal government cannot do so. The provinces can impose a tax on games and alcohol, and they can collect property taxes. The federal government can only impose a tax on non-residents and for customs and excise purposes.

We can make a comparison between Canada and other jurisdictions to see who decides where the money is collected and spent. In Canada, the provinces, as is the case for the states in the United States, make absolutely all these decisions. Not long ago, Belgium was used as an example. There, only 8% of the decisions are made by the provinces, whereas in Germany it is only 0% or 2%, because everything is decided at the federal level.

The hon. member again talked about the imbalance, but let us not forget that the federal government must be able to make its payments, its equalization transfers, and it must also increase funds for health. We help the provinces a lot. We redistribute the money when we are able to do so. I think the system works very well.

• (1320)

Mr. Yvan Loubier: Mr. Speaker, my colleague is very kind, and we thank him for all his generosity, but it is absolutely abhorrent to hear such a speech, particularly his comparisons of how things are in other places in the world, how we have a decent share of the decisions that have to be made. What we want is not a share, but 100% of decision-making, shaped by the needs of Quebecers and not by the needs of Toronto and the rest of Canada. We will not have anything to do with that. That is what sovereignty is all about.

How is it that Canadian sovereignty is so important, yet when we raise the issue of Quebec sovereignty, we hear “You know, there are arrangements”. That is not true. Any time a consensus was reached in Quebec, it has been a real grind to obtain anything. Things never change.

We do not want just part of the decision; we want to make the entire decision. Take the example of our faculty of veterinary medicine. How is it that all four other faculties of veterinary medicine in Canada are fully accredited, and the only one with just partial accreditation is the one in Saint-Hyacinthe. The only francophone veterinary medicine faculty in North America is in Quebec, in Saint-Hyacinthe, and the Liberal government is still thinking about whether or not to give it the \$25 million it needs to get full accreditation back.

And what about parental leave, how long has that been under discussion? How long have the discussions been going on with the federal government to find arrangements that are not hard to find, because the Employment Insurance Act allows us, for comparable programs such as parental leave, to transfer some hundreds of millions of dollars to Quebec to allow it to develop its own parental leave program?

Yet it was simple enough to invest \$500 million into the Ontario automotive industry. They did not even have to make demands or to negotiate. In the full flush of the election campaign, the Ontario automotive industry gets given \$500 million. We ask for similar

treatment for the aerospace industry, concentrated mainly in Quebec. But no. We get peanuts. We get equalization payments.

All the structural spending goes to Ontario, while Quebec gets equalization payments. What a shameful thing to say. We have heard it from the lips of the Liberal MPs from Quebec, “You have equalization and Ontario has investments and jobs”. That is the current reality.

If Quebec had that \$40 billion in taxes, we would use it to create more wealth, more wealth for Quebec and the regions of Quebec. I never said it would be the best country in the world. We are not making that claim. It is shameful, in fact, that successive prime ministers here, in Canada, could tell the world to its face that Canada was the best country in the world. That is an incredible diplomatic insult. We have never made such a claim.

Still, making 100% of the decisions on 100% of our matters of consensus; choosing what we think is good for us, ourselves; and not being dictated to by Ottawa about what would be good for all of Quebec—that is sovereignty. If it is important for Canada, it is important for Quebec, too.

I am convinced that, next time, Quebecers will decide to leave this system, because we have things to build. It is not because we want to be acrimonious. We have things to build in Quebec. For some time now, we have been putting all the pieces of the puzzle together to build Quebec: regional Quebec, agricultural Quebec, industrial Quebec—

An hon. member: Cultural Quebec.

Mr. Yvan Loubier: Yes, cultural Quebec, and rich Quebec—not a poor province getting equalization. That is not what we want.

There is an economic principle which says that a dollar invested in one sector is not the same as a dollar invested in a different sector. A dollar invested in the industrial sector has a multiplier effect. That is what has been happening in Ontario for many years. Ontario has the multiplier dollar; we have equalization and we are expected to shut up when they tell us, “You are doing fine; you get back most of the taxes you pay to Ottawa”.

That is a colonialist position. It lacks common sense and it is what we want to change.

• (1325)

[*English*]

Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.): Mr. Speaker, that was a really disappointing discourse. It is really sad for this House of Commons when a person elected to assist Canadians throws disparity on Canadians and other parts of Canada. He is supposed to be helping Canadians all over Canada, including those living in Quebec. All he does is try to divide by throwing disparity on other Canadians. He brings up the weaknesses in Quebec instead of building up their strengths.

He keeps saying it has equal powers in comparison to other provinces and equal taxation powers in all sorts of areas but it cannot survive. It is really disappointing that his party constantly takes that attack of division. He is a very intelligent member of Parliament, so I know he would want to be fair.

Government Orders

I would like to ask him to list not only the parts of Canada that, for strategic reasons, can be helped out—and I am sure he would want them to be helped out—that received certain funding, but to provide us with a list, just to be fair and balanced, of instances where Quebec has received more funds from the federal government for certain strategic projects than other provinces or territories.

[*Translation*]

Mr. Yvan Loubier: Mr. Speaker, it is not a question of a list, and I was not speaking against Canadians. I have friends throughout Canada. I have friends here in this House.

An hon. member: Name them.

Mr. Yvan Loubier: The hon. member wants names. I have friends throughout Canada. It is not a fight between one nation and another. It is not a fight between the Quebec nation and the Canadian nation. It is a very constructive and very positive plan whereby Quebec could stand on its own two feet. Quebec would have enough resources and would decide for itself what is best, like the rest of Canada does.

A Canada without Quebec could make decisions much more easily than it can now. Look at the endless federal-provincial conferences. Quebec always stands out as a distinct society—as a distinct people to us, but a distinct society at the very least.

We always talk about asymmetry and special agreements. If I were a Canadian living outside Quebec I would have been saying, “If you want to leave, then go” for a long time now. Canadians would be just as happy as we would. Considering all the disputes we have with the federal government and all the obstacles that prevent us from reaching our full potential, I think it would be in the best interest of Canadians and Quebecers alike for Quebec to become sovereign.

[*English*]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I am very pleased today to have an opportunity to participate in the debate on Bill C-24, an act to amend the Federal-Provincial Fiscal Arrangements Act and to make consequential amendments to other acts that are impacted by the changes in the fiscal arrangements act.

All members of the House are aware that this is a bill that received first reading in late November. It essentially reflects the new equalization and territorial funding formula framework that was agreed to by the first ministers in late October.

I have been listening to the debate so far and there is no question that there is a certain amount of acrimony and a certain amount of frustration being expressed on behalf of a great many Canadians, not because of the provisions of the bill before the House but because of the context in which this bill is being introduced.

A tremendously acrimonious environment has been created by the tremendous hardship that was imposed by the massive unilateral measures, the massive cuts that were introduced by the Martin budgets of 1996 as well as those that followed.

Everyone knows it was a big job to get us back on a more constructive course. It is important, as we get into this debate, that we remind ourselves that equalization payments are not a handout from one province to another. Often that is the sense that is created. There is a sense that it is the wealthy provinces that give money to

the have not provinces, either cheerfully or reluctantly and sometimes it is expressed as reluctant.

That is not what is meant by equalization payments. It is important for us to remind ourselves of that. Equalization payments are from taxes that are paid by people in all parts of Canada, not a payment from richer to poorer provinces. We are committed to the important concept that we should have equality of access to the important programs and services that make up the quality of life. It is to ensure that we have a floor below which Canadians cannot fall, given the immense resources of this nation as a whole. It is important that we think of it in those terms.

It is truly what creates a situation in this country where we do not have, or we have no excuse for having, the kind of growing gaps between haves and have nots that we have seen in recent years as a result of the massive unilateral cuts that were imposed in transfer payments and then the arbitrary cap that was set on equalization payments.

I had the privilege in the early nineties of being at the Constitution table. Some would say it was a questionable privilege because it was a very dragged out process, to say the least. However, at that table, one of the things that was established was that the equalization formula should in fact become part of our constitutional framework. It is extremely important that it now exists.

It would be easy to spend the short time available to go on at great length about the immense damage done as a result of the massive unilateral cuts at the federal level, the damage done to our health care system and education system. The cost of that is being borne more and more and being heaped onto the shoulders of our post-secondary education students.

It would be easy to dwell on what a setback this was for environmental remediation and environmental protection measures for public transit, in particular, the advancement of the cities agenda. The federal government turned its back on promising a national child care program and then said that it could not be afforded for now, even though Canada reached a level of 3% growth within a couple of years of the Liberal government taking office and it could indeed have been afforded.

● (1330)

I want to take a few minutes this afternoon to focus on a couple of positive developments that I see across the country and in particular in my own riding, which I think is typical of many of the areas that have been so hard hit by the federal arbitrariness in the cuts and constraints applied to our equalization payments and transfer payments.

I speak directly about a community consultation this weekend. Basically a chamber of commerce exercise has been conducted over the last couple of years addressing the whole question of the economic potential, in this case focused on what is called HRM. I have to say honestly, I am delighted to be the member of Parliament for Halifax, but to live in a city which now calls itself HRM and not Halifax I think raises the question of how a city called HRM can actually have a soul, because it is just such a nebulous, meaningless notion.

Government Orders

Looking at the greater Halifax-Dartmouth area and all that includes, there has been a wide consultation process conducted to look at the future potential for growth and, one hopes, meaningful development and genuine economic progress. It is not just growth for growth's sake, because growth can be positive or negative depending on how the benefits of that growth are redistributed and how the growth is achieved. On another day we will have more opportunities to talk about that.

The engagement in the community and the leadership shown by the chamber of commerce in bringing many different elements of the community together around these issues helps to focus on not just how much damage has been done as a result of the massive unilateral cuts of the federal government starting in the mid-1990s, but also to focus now on some of the solutions.

It is extremely instructive and I welcome this. We needed to turn the corner on this. I welcome the recognition that some of the greatest impediments to genuine economic progress in many parts of the country and in this instance on my community of Halifax have been the major erosion of funding to things as critically important as education.

It was highlighted over the weekend that we need to be very careful not to lose sight of the fact that the tremendous burden of debt heaped on our post-secondary education students sadly has also been mirrored and paralleled by a serious erosion, at least in the Nova Scotia context, of the quality of our public education system from primary through to grade 12. We have a repair job to do here. We know how incredibly important education is to the future economic growth of our communities and the future genuine progress of our communities.

In supporting the bill that is before the House, we acknowledge that this is a step forward from what we have experienced, the harsh effects of the inadequacy of the formulas. It is not perfect, but it is an improvement. It has been arrived at through the agreement reached with all provincial premiers.

What is now important is that we make sure the lessons of the past are acted upon, with the government turning the corner on its treatment of equalization and transfer payments. We need to make sure that we repair the damage done to the education and health care systems.

• (1335)

We are getting there. Important steps have been taken in that direction. The same kind of pan-Canadian context provided by the Canada Health Act is what is needed with respect to education as well, something that has standards and enforceability mechanisms. That work remains to be done. The bill before us with respect to fiscal arrangements does not get us to where we need to be in that regard.

It was very encouraging over the weekend at the economic potential consultation wrap-up held in Halifax when it was acknowledged that there is a critical central role for arts and culture. There is an economic impact of arts and culture on community. We must recognize that it is the kind of creativity which is stimulated by having a very solid commitment to funding of arts and culture that will allow us to make the kind of judgments that are needed and

come up with creative solutions that are desperately needed in this very complex challenging world in which we live.

There are similar considerations with respect to the erosion of our public transportation system, and that applies especially to public transit in the urban context, but also more regionally. Tremendous damage has been done by the massive cuts and frankly, in many cases the blind embracing of purely market driven solutions with respect to an area such as transportation. It clearly does not work for the less prosperous areas and the less populous areas in the country. That certainly is the case for the Atlantic region in general and certainly for my own province of Nova Scotia.

It is important for us to recognize that a lot of damage has been done. Even in instances where it was clear that the government's cutting and slashing was going to heap burdens on the most vulnerable citizens, the government was not prepared to back off, even after it began to introduce surplus after surplus. After seven straight years of surplus budgets the government continued to resist repairing the damage and making the changes needed in the fiscal framework that would enable us to get on to a path of rebuilding.

One cannot speak about this subject without recognizing the massive gutting of employment insurance benefits to create a false impression about the size of the surplus. This has yet to be repaired. It seems so easy for the Liberal members to beat on their chests and talk about the great job they have done in generating this surplus. They conveniently ignore the fact that the surpluses have been achieved by heaping the burden on those who should least likely have been asked to bear the costs of the mismanagement of the Liberal government over the last decade.

The government has conveniently ignored the fact that a big chunk of that surplus has actually been generated by taking money directly out of—and I am going to say—the mouths of children in a lot of cases. This has happened in families where members of the workforce have found themselves without employment through no fault of their own. They have contributed in good faith to the employment insurance fund over the years and have built up that surplus. Then they have found that such restrictive eligibility measures have been introduced that they simply have never been able to draw from the employment insurance fund.

An hon. member: No one qualifies anymore.

Ms. Alexa McDonough: Mr. Speaker, qualifications, as my colleague has reminded us, have been made so restrictive that it is not rocket science to figure out why in 2004 we actually have to take note of an increase in child poverty in this country today.

It may seem like a big step from the discussion about the fiscal arrangements act to the increase in child poverty, for which we now suffer the embarrassment and low income families suffer the burden, but there is a connection. It has to do with the misplaced priorities. It has to do with the fact that the policies that have been consistently pursued by the Liberal government have enriched the wealthiest corporations and those in the higher income categories at the expense of those who most need to know that the community and their governments are there for them.

Government Orders

● (1340)

We hope this is the beginning of a repair job. It does not address at all the unfulfilled promise made by the Prime Minister during the last election. We have not yet seen any signs of the promise being honoured by the Prime Minister to Nova Scotia and Newfoundland and Labrador with respect to the share that is owing to our provinces which needs to be invested in the future economic prosperity of our provinces from our natural resources.

It is important on this occasion to recognize that further legislation will be needed. We are not talking about an amendment to the bill before us. We are talking about a companion piece of legislation that would honour the commitment made, but not yet kept, by the Prime Minister to ensure that we become the beneficiaries of the offshore resources that currently overwhelmingly are going to the federal government.

That is not only the fair thing to do, but it is also the only honest course of action that can be pursued by the government. The Prime Minister so transparently came to Atlantic Canada desperate for votes. The Liberals were so desperate to hang on to those Liberal seats and to take the seats out from under the NDP everywhere they could possibly do so. A commitment was therefore made to allow us to invest the benefits from our offshore resources in order to build our own more solid, sustainable economic base for the future.

Let us not lose sight of the fact that needs to be done. This legislation does not address it. However, it is no less urgent than the changes that are proposed here in the fiscal arrangements which now ensure that Canadians can expect there will be some kind of floor below which nobody in this country should sink, starting with the over one million children who remain in poverty. Sadly, in the last set of statistics available from the previous year, that number looks as if it is on rise, not on the decline in the direction of the eradication of poverty as promised by this Parliament in an all party resolution a full 15 years ago.

● (1345)

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I am working on the assumption that the member and her party will be supporting Bill C-24, so I am somewhat hesitant to be critical of her somewhat wandering ways on a variety of issues.

As I said earlier, this has nothing to do with the offshore accords. The offshore accords are altogether separate and, as the member rightly points out, will require separate legislation.

The other point is that for this fiscal year, Nova Scotia will receive an additional \$151 million to do with as it sees fit, in that we are bringing the threshold for this fiscal year up to \$10 billion and Nova Scotia's share is an additional \$151 million. That will translate into about \$1,250 per person. Thereafter, Nova Scotia's share under the bill will be \$1.343527 billion. That is something that the premier and the finance minister of Nova Scotia have spoken to us directly about. I assume the hon. member supports the representations made by her premier and finance minister.

I wonder if the hon. member would mind commenting on the fact that the Government of Canada has essentially bought down the risk of the equalization receiving provinces by implementing a formula

that is \$10.9 billion in the next fiscal year and a 3.5% escalator thereafter, which is a guaranteed floor to the equalization receiving provinces. Effectively, that means that if Ontario, which is the largest contributor to the federal revenues, were to have a bad year then the federal government would be forced to find revenues somewhere else while guaranteeing the equalization receiving provinces from the economic shocks of Ontario.

I wonder whether the hon. member in general thinks that is a good idea, or should some other way be introduced that would in effect be the current situation, which is that the equalization formula goes up and the equalization formula goes down largely in accordance with Ontario's economy. Which does she prefer, the guaranteed floor or the equalization variables that currently exist?

● (1350)

Ms. Alexa McDonough: Mr. Speaker, it is a strange ritual that goes on with questions and answers when the parliamentary secretary spends the first half of his time seeking clarification as to whether we are supporting Bill C-24. As I said in my speech, yes, we are.

Secondly, he wanted to know whether we favoured the new formula that is contained within the bill. Yes, we do, which is why we are supporting it. However we can turn around a lot of figures, and to every single household, especially low and modest income households, it sounds like a pile of money to say that as a result of this new formula that Nova Scotia will get \$151 million extra dollars. That is a large amount of money but it absolutely pales in comparison to the massive blows, and we are not just talking cutting and slashing, but almost death blows that have been dealt to a good many basic services that had to be cut back or eliminated in Nova Scotia over the last number of years.

I will cite one example. While I was in my riding on Friday, I met with a tremendous young woman who heads up an organization that works on behalf of persons living with disabilities. It is devastating what has happened to persons living with disabilities on their own and to the families working to support family members living with disabilities as a result of the combined impact of the cuts to education funding, the cuts to health care funding and the cuts to public transit. For persons living with disabilities to get to a doctor's appointment with three weeks' notice on accessible transportation is challenge enough, never mind the persons living with disabilities who are ready, willing, able and qualified to fill jobs in the community but cannot fill those jobs because they have no way to get to work.

If that does not demonstrate how pathetically short-sighted, never mind mean-spirited, the hacking and slashing has been over the last eight years, I do not know what else does. Yes, \$151 million more into Nova Scotia's coffers will be welcomed, but they will not come close to repairing the damage.

I could cite a lot of other statistics about the size of the student debt load. The average debt load for a student graduating in Nova Scotia the year before last was \$25,000, and we know that has been growing significantly. It is a disaster at the undergraduate level and an even bigger disaster at the graduate level.

Government Orders

I had representations over the last while from people in the health care field who said that high tuitions have made it virtually impossible for young people from low and modest income families to seek professional training and then to go back to the communities where they are desperately needed, communities ethnically and geographically, returning to rural areas where there is severe underrepresentation of trained health care personnel. The reason for that is that graduating students with debt loads are compelled to go to the bigger and more prosperous centres to try to get that debt load off their back but they end up not returning.

The tuition for students going into medicine rose 16.7% last year and for law it rose 19.4%, which is on top of previous massive increases. This simply means that we will not have representation on our health care professional teams from those lower income areas, from ethnic minority communities and from rural communities, because they simply cannot leap that gap. Nothing in the short term, even with the \$151 million extra that would go to Nova Scotia under this new equalization formula, will begin to clear away those obstacles to accessibility that had been erected by the government's reckless short-sighted decisions over the last eight years.

●(1355)

Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.): Mr. Speaker, the member said that there were no funds available to help train people in different groups to become part of the health care system or other professions. She should realize that the new health care deal struck with the provinces included \$100 million for human resource strategy for aboriginal people.

In a copy of the New Democratic Party policy, which I was given at the beginning of the election, it states that it would eliminate the millennium scholarships which help a number of students get into professions. Could the member comment on what she might replace the biggest scholarship program in Canadian history and a major aid toward helping students in Canada?

Ms. Alexa McDonough: Mr. Speaker, I am delighted to answer that question because it illustrates the point I have been trying to make.

The millennium scholarship fund stands as one of the best examples of the most misguided policies the government has ever introduced on behalf of post-secondary education students today and tomorrow. Let us use Nova Scotia as an example. It is literally true that there was no net benefit to Nova Scotia from the millennium scholarship funds. With every dollar of millennium scholarship funds put forward, it was clawed back by the province, which brings me to the second point.

I am glad the parliamentary secretary brought this up, perhaps inadvertently, but if it was wilful I thank him for his sense of fairness and even-handedness. I made a note when the parliamentary secretary of finance said earlier that I would be delighted that an extra \$151 million would be going to Nova Scotia for it to spend as it saw fit.

What is a serious problem is that when the government introduced the millennium scholarship fund it did nothing to protect the funds against a provincial government clawing them back. Clawbacks are happening with the child tax credit where dollars are needed by the most needy families. Clawbacks are happening with respect to education funds. Clawbacks are happening with respect to housing funds.

The government eliminated the best social housing program in the world. Canada was seen as an example of what a national housing strategy should look like. The budget of 1996 eliminated the national housing program. Canada is the only industrial nation in the world that I know of that does not have a national housing strategy to this day.

No, I do not agree that \$151 million going to the provincial government, to use in whatever way it sees fit, is the way to go. We need national standards such as those that supposedly exist in the Canada Health Act, only the government will not actually implement the Canada Health Act by taking any measures when provincial governments violate it.

S. O. 31

We need a pan-Canadian post-secondary education act that would establish standards and principles on which students could depend, wherever they happen to live in the country, so they will have access to post-secondary education. We need to do the same with respect to the other critically important elements of modern living that one should be able to depend upon wherever they happen to live in the country.

STATEMENTS BY MEMBERS

• (1400)

[*English*]

KIDS FOR A CURE

Mr. Navdeep Bains (Mississauga—Brampton South, Lib.): Mr. Speaker, last week I met with two children from my riding. Both are living with juvenile type 1 diabetes. They were here with approximately 38 other children visiting various MPs to help promote Kids for a Cure—Mission Possible.

The mission of Kids for a Cure was to raise awareness among federal decision makers of the difference between type 1 and type 2 diabetes, share personal experiences and ask the federal government to commit to more research funding for juvenile type 1 diabetes.

Approximately 200,000 Canadians have juvenile type 1 diabetes. Diabetes kills more people than AIDS and breast cancer combined. It is the number one cause of death in Canada.

We all know that Canada was the nation that discovered insulin. Now we have the potential of being the nation that will help discard insulin for life. Cure therapies for juvenile type 1 diabetes are within reach. Let us act now, accept this mission and help find a cure.

* * *

CROHN'S AND COLITIS

Mr. Loyola Hearn (St. John's South—Mount Pearl, CPC): Mr. Speaker, November is Crohn's and Colitis Month in Canada. November is now coming to an end, but unfortunately Crohn's and colitis are not.

These chronic intestinal disorders can strike anyone at any time. They cause a variety of symptoms, from mild to extremely severe, and flare-ups that can occur without warning, sometimes resulting in hospitalization and surgery.

There is currently no known cause or cure, a cure which 170,000 Canadian men, women and children await.

We in the House cannot find that cure, but we can make sure that the best hope, medical research, is well funded. This, along with the support of thousands of volunteers across Canada working constantly, will get us closer to our goal each day.

Hopefully in the not too distant future, not only will November come to an end—

The Acting Speaker (Mr. Marcel Proulx): The hon. member for Ottawa South.

BIOTECHNOLOGY

Mr. David McGuinty (Ottawa South, Lib.): Mr. Speaker, I am pleased to announce that today is the opening day in Ottawa of the 11th annual BioNorth, Canada's international biotechnology and life sciences conference and exhibition. This year's theme is "Commercializing the Success Gene—The Business of Science and the Science of Business".

The Ottawa life sciences sector is ranked third in employment in Canada, behind only Toronto and Montreal. The Montreal, Ottawa and Toronto biotechnology corridor is second in the world only to California's cluster.

By organizing BioNorth, the Ottawa Life Sciences Council showcases Ottawa and Canada's opportunities on the global stage and, through partnerships and investment, stimulates economic growth.

The Ottawa Life Sciences Council would like to acknowledge the Prime Minister's Office and the Canadian Biotechnology Secretariat as well as other Government of Canada departments for collaborating on BioNorth this year to deliver a biotechnology policy forum on Wednesday, December 1, forecasting opportunities in biotechnology while promoting understanding of the issues surrounding biotechnology and the growth of this sector in Ottawa and Canada.

I would encourage all members of the House and their staff to take part in BioNorth 2004.

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[*Translation*]

LAVAL UNIVERSITY ROUGE ET OR

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, by winning 7 to 1 against the Huskies of the University of Saskatchewan in Hamilton, Laval University's Rouge et Or won the Vanier Cup for the second year in a row and the third time in its short history.

As the member for Québec and chair of the Bloc Québécois caucus for the Quebec City area, I add my voice to that of the entire population in extending my most sincere congratulations to the Canadian university football champions.

The members of the Bloc Québécois from the Quebec City area want to pay tribute to the entire team of players, coaches and owners who, through hard work, talent and perseverance, have built a winning team, as well as the thousands of supporters regularly attending the team's local games, who also contribute to its success.

Passion for this strategy and contact sport brings them together; the hope of winning this coveted trophy is their motivation for wanting to excel and to do their best. Now they have their reward. Once again, congratulations.

•(1405)
[English]

JUSTICE

Mr. Tom Wappel (Scarborough Southwest, Lib.): Mr. Speaker, in this statement, the third in my series examining whether the courts are protecting our children, I want to bring another case to the attention of the House.

Timothy Foley, a 43 year old teacher from North Vancouver, was recently convicted of the sexual exploitation of a 15 year old female student in one of his classes. The exploitation began with oral sex, intercourse and introduction to a lesbian sex act and then progressed to sadistic sex.

What did Judge Judith Gedye do? She gave Foley no jail time. She sentenced him to 12 months' house arrest, allowing him to work and also run errands four hours a day. In addition, he is required to complete 25 hours of community service, speaking to teachers about the dangers of crossing the line with students.

Instead of serving justified jail time, Foley is left to teach other teachers how not to follow his example. How does such a sentence protect our children and others from sex predators? It does not.

* * *

TECK COMINCO

Mr. Jim Gouk (British Columbia Southern Interior, CPC): Mr. Speaker, Teck Cominco operates a lead-zinc smelter that has been located at Trail, B.C. since 1896. It now finds itself a target of a U.S. government agency's lawsuit seeking to force it to comply with U.S. environmental law without any of the protections provided to U.S. companies.

If the U.S. action is successful, it will have serious ramifications on any Canadian company or community that discharges into a body of water that flows into the United States. Canadian environmental laws will become meaningless and all those companies and communities will be powerless to defend themselves.

Cominco sought to have the lawsuit dismissed and was denied. However, it has applied to appeal the decision.

To help ensure that the petition for appeal is accepted, it is essential that an amicus brief be filed by the Government of Canada. Canada is on record as supporting a bilaterally negotiated settlement of the problem and this position is supported in writing by the U.S. Ambassador to Canada.

Canada's sovereignty and the security of Canadian companies and communities are at stake. The Government of Canada must act quickly to protect both. Time is running out and it has not acted yet.

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FORT FRANCES CITIZEN OF THE YEAR

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Mr. Speaker, I am proud to rise today to congratulate Joyce Gosselin on being named Citizen of the Year of Fort Frances, Ontario.

Ms. Gosselin is truly deserving of this recognition. She was a participant in the 2004 Special Olympics Canada Winter Games and

S. O. 31

was chosen as a snowshoeing competitor for the World Games in Nagano, Japan, this coming winter. In October, she was declared Female Athlete of the Year by Special Olympics Ontario.

However, her athletic prowess is not the sole reason she deserves special mention. This lady is a tower of strength when it comes to supporting her community through volunteer efforts.

She has raised thousands of dollars for various charities and is a regular participant in events for the Heart and Stroke Foundation and the Canadian Cancer Society, as well as the Terry Fox Run and the OPP Special Olympics. In her spare time, she helps the Salvation Army, works at the Christmas Dinner and coaches children's basketball.

Our whole community sends her best wishes as our ambassador to the Olympics in Japan.

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[Translation]

GÉMEAUX AWARDS

Mr. Maka Kotto (Saint-Lambert, BQ): Mr. Speaker, last weekend, for the 19th year, Quebec's academy of cinema and television handed out its Gémeaux awards to television artists and craftspeople.

There are so many recipients that it would be presumptuous of me to try and name them all in the time allotted to me. I do, however, to that join with my colleagues from the Bloc Québécois in congratulating them.

As we know, the Québécois culture is alive and well. But, as a female sportscaster so aptly put it at one of the two galas, it is not just a matter of helping our publicly owned televisions survive, but rather of ensuring they are fully alive.

Artists and craftspeople need recognition. The cultural community relies on us, in this place, to have decent means of expression and development.

We can never overemphasize this point: culture is the soul, the psyche of nations. Without culture, our individuality, our distinctive collective identities are doomed to decay.

* * *

MARC-OLIVIER BISSON

Mr. David Smith (Pontiac, Lib.): Mr. Speaker, today, I am proud to tell the House about the great generosity of a very young man, Marc-Olivier Bisson, who is attending Saint-Jean-de-Brébeuf school in Masson-Angers.

After seeing the terrible situation in Haiti, this young pupil decided to organize a fundraising event for the people of that country.

"We are not alone on this planet, and this is why we must help others," said Marc-Olivier. His attitude was enough to convince two teachers to organize the fundraising event and to participate in it. Seven other pupils also got involved. The outcome of this initiative was a great achievement and a real success.

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Congratulations to the teachers of Saint-Jean-de-Brébeuf school, in Masson-Angers, for encouraging this humanitarian initiative. Above all, congratulations to the pupils who proved that it is not necessary to be a big person to achieve big things.

* * *

● (1410)

[English]

NATIONAL ARTS CENTRE ORCHESTRA

Mr. Mark Warawa (Langley, CPC): Mr. Speaker, I rise today to congratulate and recognize the National Arts Centre Orchestra, led by Pinchas Zukerman, on its return from its triumphant tour of beautiful British Columbia. The two week tour consisted of four concerts, student matinees and over 80 educational events involving teaching of children and first nations communities across British Columbia.

Pinchas Zukerman is world renowned for his dedication to teaching and to the musical development of the next generation of young artists. He passionately believes that every child should have access to a musical education.

Bravo to the National Arts Centre Orchestra for taking its talent on the road and delighting audiences on the west coast. I also express thanks to the corporate sponsors that made the tour possible.

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DYSTONIA

Ms. Yasmin Ratansi (Don Valley East, Lib.): Mr. Speaker, dystonia is a neurological movement disorder that causes muscles in the body to pull or spasm.

Although it is the third most common movement disorder after Parkinson's disease and tremor, very few Canadians are familiar with the condition despite the fact that nearly 300,000 people in North America suffer from dystonia.

Dystonia is often misdiagnosed as another ailment like arthritis or stress. To date there is no known cause or cure, but efforts are being made to change that.

The Dystonia Medical Research Foundation offers support to sufferers through patient advocacy, public awareness, professional education and fundraising for research.

I invite my colleagues to join with me and the many volunteers of the Dystonia Medical Research Foundation to help search for a cure for this debilitating disease.

* * *

CLARENCE WILLIAMS

Mr. Joe Comartin (Windsor—Tecumseh, NDP): Mr. Speaker, I rise today with a degree of sadness at the loss of a great social activist by the name of Clarence Williams.

Clarence was born 93 years ago in Saskatchewan and survived the dust bowls and abject poverty. That and the leadership of Tommy Douglas formed him for the rest of his life as a social activist. I can think of no one who was more dedicated either to the labour movement or to social activism in this country. Equally, he was

dedicated to his family and in particular to his wife Esther, who passed away about nine years ago.

In order to understand Clarence we have to understand that at every possible opportunity he stood up with signs that he made himself to show where his position was on any given issue. And we really were not candidates for our party unless we had a sign that showed he was in favour of us.

We are extending our condolences today—

The Speaker: The hon. member for Newton—North Delta.

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FISHERIES

Mr. Gurmant Grewal (Newton—North Delta, CPC): Mr. Speaker, Fraser River sockeye salmon are in danger of being mismanaged into extinction. Fisheries department numbers show that less than 10% of sockeye reached their spawning grounds this year, likely resulting in no commercial sockeye fishery in 2008.

The department knew by early July that high water temperatures and low water levels could be lethal, but allowed the fisheries to open. It has done little to stop illegal net fisheries on the river, even returning confiscated nets to their owners.

It is time to question how the Department of Fisheries and Oceans manages this vital public resource. The fisheries committee is travelling to B.C. to deal with the issue and the minister is setting up a committee to look at policy decisions, but these are only interim measures.

My constituents want to avoid the disaster they saw in Atlantic Canada. They want solid and truthful information. They demand a full judicial inquiry into this mismanagement of the fishery by this weak Liberal government.

* * *

[Translation]

MICHEL BOURDON

Ms. Francine Lalonde (La Pointe-de-l'Île, BQ): Mr. Speaker, Michel Bourdon died today of multiple sclerosis. He leaves behind his daughter, Catherine Harel-Bourdon, her spouse, and their children, who made him so happy at the end of his life, Louise Harel, his former spouse, his brothers and sisters, and many friends and admirers, particularly in the riding of Pointe-aux-Trembles, which he represented as an MNA, from 1989 to 1996.

Michel Bourdon is no longer with us. His distinctive voice, his provocative remarks, his pugnacity as he tried to help ordinary people and defend their rights, his keen intelligence and his courage in ridding the construction industry of the illegal practices that prevailed made him a prominent figure in both the labour and political communities.

This straight shooter made some enemies as a journalist, union leader and politician, but he will be remembered as someone who was close to people, who was always willing to fight for a good cause, and who was a staunch promoter of Quebec's sovereignty.

Oral Questions

Michel Bourdon, my friend, the Bloc Québécois pays tribute to you and offers its condolences to your family and friends. You will not be forgotten.

* * *

•(1415)

[English]

CANADA-U.S. RELATIONS

Mr. Greg Thompson (New Brunswick Southwest, CPC): Mr. Speaker, we are old and proud neighbours, and that view is confirmed by a survey just released on the eve of U.S. President George W. Bush's first state visit to Canada. Seventy-one per cent of all Canadians consider the United States our closest friend despite lingering trade disputes.

The presidential visit is a great opportunity to reaffirm that relationship and focus on the challenges facing the world's largest trading partners. For that relationship to thrive and grow, we need open borders and a commitment from the U.S. President that open borders will prevail.

This partnership in trade has been the single largest contributor to the relative wealth and prosperity that both nations enjoy. Let that prosperity continue.

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HAMILTON GALLERY OF DISTINCTION

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, on November 10, six outstanding citizens of Hamilton were recognized at the annual Hamilton Gallery of Distinction awards banquet. These citizens have positively affected the lives of others through their volunteering, business and philanthropic activities and have made Hamilton a better place to live.

The 2004 inductees into the Hamilton Gallery of Distinction are: Ron Foxcroft, inventor and entrepreneur; Peter George, president and vice-chancellor of McMaster University; Ray Johnson, dedicated volunteer and member of various community boards and organizations; Ron Joyce, entrepreneur and youth advocate; Jill Rumble, former CEO of the Hamilton YWCA and the first female president of the Hamilton Rotary Club; and Arthur Weisz, businessman and community volunteer.

I ask members to please join me in congratulating the inductees.

* * *

[Translation]

TIBET

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, on December 2, the suspension of the death sentence against Tenzin Delek Rinpoché, a Tibetan Buddhist lama who is well known and highly respected in his region, will come to an end and he will be in danger of execution by the Chinese authorities.

Accused of "causing explosions and inciting separatism", he has never been found guilty in a fair trial. He has been imprisoned for two years and there are reports that he has been tortured.

This situation is unacceptable and highly reprehensible as far as human rights and the cause of the people of Tibet are concerned. We demand that the Government of Canada take action. It is imperative that the People's Republic of China review its position on Tibetan political prisoners and respect the rights and religious freedoms of this people.

We in turn must stop subordinating human rights to economic and trade imperatives. We therefore wish to see the Government of Canada bring pressure to bear on the Chinese authorities to stay the execution of Tenzin Delek Rinpoché and see that he is entitled to a new trial, this time a fair trial in compliance with international legal standards.

ORAL QUESTION PERIOD

[English]

NATURAL RESOURCES

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, I feel I should begin by welcoming the Prime Minister on one of his rare state visits to Canada.

I know, as part of his trip, the Prime Minister will be going to Halifax on Wednesday. When he is in Nova Scotia, will the Prime Minister finally be able to announce to the Government of Nova Scotia and all Nova Scotians that he will finally fulfill his promise to give them 100% of the offshore without a time limit?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, I am looking forward to going to Halifax where the President will be able to thank and express his gratitude to all Atlantic Canadians and all Canadians from one ocean to the other for opening their hearts to the United States.

At the same time, when I am in Nova Scotia, I could point out how much better our offer to Nova Scotia is than the cut in equalization that the hon. Leader of the Opposition put forth during the election campaign.

* * *

CITIZENSHIP AND IMMIGRATION

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, there is another reach. I remind the Prime Minister of this. While Nova Scotians are waiting to hear from the President, they are waiting to hear from the Prime Minister as well on his election promise.

I want to ask about the immigration mess, while the Prime Minister has been gone, and his loyalty to the immigration minister. In today's paper is a letter about a doctor who has been refused entry into Canada. According to immigration officials, she would not "create or maintain significant employment benefits or opportunities for Canadians".

When strippers are jumping the queue and doctors cannot get in, how does the Prime Minister explain to Canadians and to hundreds of thousands in the immigration line that the system is fair and is protecting their interests?

Oral Questions

• (1420)

Hon. Hedy Fry (Parliamentary Secretary to the Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the system is based on a process. It is a clear process and it follows clear rules and guidelines. All hon. members in the House know exactly what the rules and guidelines are.

There is no program at Citizenship and Immigration Canada for exotic dancers. However, there is a process, where there is a shortage of workers in the country, that temporary visas are given to workers, like farm workers and others, to meet the needs on a temporary basis.

Hon. Stephen Harper (Leader of the Opposition, CPC): Mr. Speaker, I remind the Prime Minister, he has some serious answering to do to Canadians and to hundreds of thousands of immigrants for the functioning of the system.

[Translation]

When the Minister of Citizenship and Immigration was asked whether Canada needed an immigration program for exotic dancers, she replied that we need qualified dancers.

Will the Prime Minister at last put an end to the program, and to the minister's mandate?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, as was said last week, there is a program, and there are soundings taken of industry to see if there is a need for workers. In the meantime, the program to which the leader of the opposition is referring is under examination; this is an exemption the department does not intend to continue.

[English]

Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC): Mr. Speaker, on Friday, the Minister of Citizenship and Immigration tried to paint herself in a more positive light by calling herself the minister of hopes and dreams. In reality, the message she is sending hard-working immigrants and refugees is, “keep dreaming because I am busy rewarding campaign workers”. The minister of immigration seems to think she is exempt from ministerial accountability.

Why is the Prime Minister refusing to hold the immigration minister to the same ethical standards as other ministers?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, one of the important changes that we brought to the House was the creation of an independent Ethics Commissioner. We did this so questions like this could be dealt with objectively and not in a partisan way.

The questions is really this. The minister herself referred this matter to the Ethics Commissioner. Why will the hon. member opposite not let the Ethics Commissioner do his job?

Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC): Mr. Speaker, even staff in her own bureaucracy recognize that their minister's conduct is unethical. This morning the national president of the citizenship and immigration union is quoted as saying that immigration officers would risk being fired if they conducted immigration affairs the way the minister and her political staff are alleged to have done.

If it will not fly in the bureaucracy, it should not be acceptable at the cabinet table. Is it not time that the Prime Minister fired the minister?

Hon. Hedy Fry (Parliamentary Secretary to the Minister of Citizenship and Immigration, Lib.): Mr. Speaker, as hon. members of the House know, there is a process in Citizenship and Immigration Canada for bringing in citizens, immigrants or temporary workers. There is a process by which ministers grant humanitarian and compassionate grounds on a case by case basis and based on merit. Nothing has been done against that usual process.

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[Translation]

NATIONAL DEFENCE

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, by agreeing not to discuss the missile defence shield issue with George Bush, the Prime Minister has been derelict in his duty, because the majority of Quebecers and Canadians oppose Canada's participation in such a project.

Will the Prime Minister break the pact of silence he and George Bush have and tell the U.S. president that the people do not want his missile shield?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, the leader of the Bloc Québécois knows very well that this government is 100% against the weaponization of space.

As for the rest, it would be premature, because no decision has been made. We are in the process of discussing options. When the government is in a position to raise the question, we said there would be and there will be a debate here, in this place.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the day before the amendment to NORAD was announced, the Prime Minister personally assured me that there was no connection between that and possible participation in the missile defence shield project. On November 14, however, the Prime Minister said that, on the issue of the proposed shield, the amendment to NORAD was, and I quote, “a crucial decision for Canada”.

How could he say it was a “crucial decision for Canada” in order to participate in the shield project when, the day before taking that decision, he had told me it had nothing to do with it? Which of the two versions is the right one?

• (1425)

Hon. Pierre Pettigrew (Minister of Foreign Affairs, Lib.): Mr. Speaker, the Prime Minister made it very clear. In August, we made a decision on the amendment to NORAD, a defence system that has been serving the interests of Canadians very well for nearly 50 years, that is, since it was established.

Naturally, this amendment to NORAD now gives this organization room to move and enables it to receive information which will surely be very useful for the defence of our continent in the future.

*Oral Questions***SOFTWOOD LUMBER**

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, in the softwood lumber issue, the Americans have decided to launch an extraordinary challenge before NAFTA to try to justify once more the tariffs imposed on Canadian softwood lumber despite the fact that their challenges have been dismissed several times since the beginning of the crisis.

Does the Prime Minister intend to ask President Bush during his visit to have the extraordinary challenge dropped because the softwood lumber industry has been suffering for far too long and it would be perfectly reasonable, in this case, for the Americans to show a bit of good faith?

Right Hon. Paul Martin (Prime Minister, Lib.): Yes, Mr. Speaker, that is exactly my intention.

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I will take this a little further. In light of the softwood lumber crisis, we must admit that the NAFTA and WTO dispute settlement mechanisms do not prevent disputes from multiplying and dragging out.

Does the Prime Minister intend to address this issue with President Bush and add his voice to the voices of President Fox and Jean Charest, who find that these mechanisms need to be reviewed and made much more effective?

Hon. Jim Peterson (Minister of International Trade, Lib.): Mr. Speaker, obviously we have already entered into discussions with the Americans and Mexicans regarding the operation of NAFTA, and especially the chapter the hon. member mentioned.

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[English]

NATIONAL DEFENCE

Mr. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, my question is for the Prime Minister. For almost two years the Prime Minister has suggested that he favours missile defence, but on the other hand, he is opposed to weapons in space. This is despite all the factual evidence regarding the linkage of these two. It is a kind of voluntary ignorance that we are dealing with here.

Will the Prime Minister take the occasion of his meetings with the President to ask why the U.S. missile defence agency has put in its budget request the request for weaponization of space?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, given that the preamble of the hon. member's question is without factual substance, it is rather hard to answer the question. Although as has just been said, what is new?

We are opposed to the weaponization of space. There are obviously discussions in terms of research and development and in terms of various other options. As those are continued, the government will monitor the situation.

Mr. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, discussing the defence shield at the same time as opposing weapons in space is a little like considering eating a Big Mac and suggesting that a person is a vegetarian. It is just simply not possible.

[Translation]

There are other reasons to say no to the missile defence shield. This project is anything but a multilateral initiative. It is the starting

signal for the next arms race. People do not want to be part of George Bush's arsenal.

Tomorrow, will he simply say no to George Bush regarding the missile defence shield?

Hon. Pierre Pettigrew (Minister of Foreign Affairs, Lib.): Mr. Speaker, the Prime Minister was very clear. We are well aware that we have a defence system with NORAD. Canada has always done its part, has always been responsible and shared responsibility for the defence of the North American continent.

As regards the missile defence shield, we are having discussions with the United States. We have established a number of criteria, including the non-weaponization of space, Canada's sovereignty, and the integrity of our territory. Discussions will also take place here, and a vote will even be held in Parliament. Hon. members will then have the opportunity to express their views.

However, there is no pressure on the part of the White House at this point. We will take—

• (1430)

The Speaker: The hon. member for Fleetwood—Port Kells.

* * *

[English]

CITIZENSHIP AND IMMIGRATION

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Mr. Speaker, by giving out political favours to strippers and campaign workers the immigration minister is undermining the immigration system. It is an affront to the more than 700,000 legitimate immigrants waiting for the processing of their applications. The wait for family class immigrants is 53 months and growing.

Would the immigration minister tell us what we should tell legitimate immigrants when they come crying to MPs' offices?

Hon. Hedy Fry (Parliamentary Secretary to the Minister of Citizenship and Immigration, Lib.): Mr. Speaker, there is a temporary worker program that is put in place when there is a need for workers. We do it for farm workers and this is done every year.

We cannot mix that up with the immigration process or the refugee process. There are clear processes. The minister has followed the process and there is absolutely nothing wrong. She has referred it to the Ethics Commissioner. Let him do his job.

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Mr. Speaker, as an immigrant to this country, I know first-hand how difficult and trying it can be. The fact that the minister of immigration is handing out free passes for working on her campaign is outrageous. Imagine how people would feel if individuals jumped ahead of them in the queue because they stuffed envelopes for a couple of afternoons in the minister's campaign office.

On behalf of the 700,000 people waiting patiently in line and as an immigrant myself, will the Prime Minister do the honourable thing and ask the minister to resign immediately?

Oral Questions

Hon. Hedy Fry (Parliamentary Secretary to the Minister of Citizenship and Immigration, Lib.): Mr. Speaker, all members in this House know that there is a process. Many members in this House have applied to the minister on humanitarian and compassionate grounds. Some of them have been given it and others have not. It is done on merit on a case by case basis. The minister has referred this particular case to the Ethics Commissioner. I do not understand why we will not let him do his job.

Ms. Bev Oda (Durham, CPC): Mr. Speaker, the immigration minister's actions are hypocritical. She says she's against importing women into Canada to work demeaning jobs, but then says it is okay. She says she is the minister of hope and dreams, but is allowing 700,000 immigrants to languish in the queue while she rewards her campaign workers.

Will the Prime Minister admit she has failed as an immigration minister and fire her?

Hon. Hedy Fry (Parliamentary Secretary to the Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I rather feel like a cracked record, but I will repeat again.

There is a process. The minister followed the process. Any of these cases are done on merit on a case by case basis. The minister gave the details of this case and she has referred this particular problem to the Ethics Commissioner. Let him do his job.

Ms. Bev Oda (Durham, CPC): Mr. Speaker, letter after letter to newspapers over the weekend voice the outrage Canadians feel over this government's unfair immigration policies. Liberal promotion of favouritism and queue jumping has angered immigrants and their families. The Prime Minister must know that all the actions of his immigration minister have upset all Canadians and not just recent immigrants.

Will the Prime Minister do the right thing, restore integrity and fairness to the immigration system, and fire the minister?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, the immigration minister has worked very hard on behalf of immigrants. She has worked very hard on behalf of refugees and she has worked very hard to build up the substantive structure of the immigration department so that it can welcome people to this country.

The reason we have an Ethics Commissioner is to deal with these questions. It was the immigration minister herself who took the responsibility of referring this to the Ethics Commissioner. That is how she should have acted. I would suggest to the hon. member opposite that she should act the way that an hon. member ought to and allow the Ethics Commissioner to do his job.

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[Translation]

AGRICULTURE AND AGRI-FOOD

Ms. Denise Poirier-Rivard (Châteauguay—Saint-Constant, BQ): Mr. Speaker, the mad cow crisis is hurting Quebec farmers. After 18 months of the U.S. ban on our cattle, it is high time this matter was resolved.

Does the Prime Minister intend to take the opportunity of President Bush's visit to Canada to tell him that we consider it

completely unwarranted to close the border to all cattle because of one cow in Alberta 18 months ago?

• (1435)

[English]

Hon. Andy Mitchell (Minister of Agriculture and Agri-Food, Lib.): Clearly, Mr. Speaker, we have been making the point to the Americans on an ongoing basis that we believe we should have access to the U.S. market. In fact, we have had almost 160 separate interventions. We were very pleased last week when President Bush informed the Prime Minister that the rule change had moved out of the USDA and into the OMB with a specific timeline attached to that process.

[Translation]

Ms. Denise Poirier-Rivard (Châteauguay—Saint-Constant, BQ): Mr. Speaker, the Minister for International Trade has confirmed that the American President may announce the end of the American embargo on Canadian beef within a six month period. Announcing a timeline is all very well, but the farmers have to live in the meantime.

In addition to this timeline, will the Prime Minister be announcing temporary aid measures to help farmers get through this crisis?

[English]

Hon. Andy Mitchell (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, as I have said in the House in answering questions from the Bloc in the last couple of weeks, we provided over \$366 million through business risk management to producers in Quebec.

As the hon. member has pointed out to me and others, there is a very specific problem in terms of the cull cows. We are working with the province of Quebec, and producers in Quebec and elsewhere to address that. The long term solution, of course, is to build increased slaughter capacity and we announced funds for that initiative on September 10.

[Translation]

Mr. Roger Gaudet (Montcalm, BQ): Mr. Speaker, on October 15 the Government of the United States decided to impose countervailing duties of up to 15% on imports of live hogs from Canada.

Does the Prime Minister intend to explain to President Bush that these duties are unjustified and that Canada does not want another interminable conflict like the softwood lumber issue?

[English]

Hon. Andy Mitchell (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the hon. member may know that when the Americans brought an action against the Canadian government in terms of a countervail, a ruling clearly indicated that was not the case. The decision found in favour of Canada and no countervail was put in place.

In terms of the anti-dumping, we have been working with the industry, and in particular through our embassy in the United States, to indicate clearly that such an action is not only not in the best interests of Canadian producers, it is in fact not in the interests of American producers as well. We have been making that case to the Americans on an ongoing basis.

*Oral Questions**[Translation]*

Mr. Roger Gaudet (Montcalm, BQ): Mr. Speaker, John Block, former U.S. secretary of agriculture, has called these duties totally unjustified and said that Canadian exports do not harm American production.

Does the Prime Minister intend to tell President Bush that these duties harm not only Canadian farmers but American farmers as well, because a number of them buy their feedlot stock from Canada?

[English]

Hon. Andy Mitchell (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, that is what I just said. I absolutely agree with the member. We will continue to make that point to the Americans.

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*[Translation]***CITIZENSHIP AND IMMIGRATION**

Mr. Jason Kenney (Calgary Southeast, CPC): Mr. Speaker, the Liberals no longer know which end is up. On the one hand we have the minister defending her program for attracting exotic dancers to an industry she claims to want to encourage, and on the other hand we have her shedding crocodile tears on the degradation of sex trade workers.

Can the Prime Minister get his act together and tell us whether he will be putting an immediate end to all programs that are degrading to Canada's image and to the women of Canada?

[English]

Hon. Hedy Fry (Parliamentary Secretary to the Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I reiterate that CIC does not have a program to facilitate the entrance of exotic dancers. In this particular instance, the minister followed the rules for temporary visas on a case by case basis.

It is interesting that with so many issues in a minority government for the official opposition to work with in the House, issues of policy that are of real concern to Canadians, I wonder why it is not interested in those issues that are of interest to Canadians.

Mr. Jason Kenney (Calgary Southeast, CPC): Mr. Speaker, she says that there is no such program. Five minutes ago the Prime Minister said the program was under review. Which is it? Then she says that it is not important. There is nothing more important than fairness and integrity in government, and that is seriously in question because of the minister's action.

I ask the Prime Minister, why will he not at least suspend his minister for having favoured a campaign worker, a minister whose chief of staff has tried to fast track strippers into the country? Rather than defending the indefensible, why will he not fire the minister?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, first of all, the department does soundings. There is no official program. It does soundings of areas where people are needed. It is no longer doing those soundings. It is over. That was a decision that has been taken.

As far as the minister is concerned, she has worked very hard for immigrants. She has worked very hard for refugees and immigrant

settlement. This matter is with the Ethics Commissioner. That is why we have an independent Ethics Commissioner. Why will the hon. member opposite not accept the fact that these things—

● (1440)

The Speaker: The hon. member for Newmarket—Aurora.

* * *

AGRICULTURE

Ms. Belinda Stronach (Newmarket—Aurora, CPC): Mr. Speaker, yesterday the Minister of Foreign Affairs promised Canadians on national television to expect a happy surprise tomorrow when the President of the United States will announce a fixed date for reopening the border to Canadian cattle. Yet at the same time, officials from his own government were downplaying expectations. Canadian ranchers, feedlot operators, dairy producers, truckers and their families will not appreciate game playing from this government.

If there is no announcement of a fixed date for the opening of the border, will the minister himself apologize to Canadians for irresponsible management of the Canada-U.S. relations file?

Hon. Andy Mitchell (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, as I indicated in the answer to an earlier question, what in fact took place last week was an announcement by the President informing the Prime Minister that the rule that is necessary to be put in place to make a change was passed from the USDA to the Office of Management and Budget. That process has a set time period to it, 90 days, and that clock has begun to run. Once that is completed, there are 60 days in which it can be implemented.

Ms. Belinda Stronach (Newmarket—Aurora, CPC): Mr. Speaker, my question is for the Prime Minister. We will hear many fancy words tomorrow from the Prime Minister and his ministers, but the reality is that the U.S. President is making his first visit to Canada, its largest trading partner, at the end of his term. There is no better proof of Liberal failure to build this critical relationship.

Will the Prime Minister apologize to Canadian livestock producers, dairy farmers, their families and communities for taking 18 months of their suffering to get the President's attention to BSE?

Hon. Andy Mitchell (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, that certainly is not the case. We have been actively engaged with the Americans since May 2003 to open the border. In fact, we saw after 100 days the opening of the border to certain muscle cuts that could go to the United States. That was very helpful to the industry. Through that period of time we have had four separate programs to assist our producers in dealing with the BSE issue and we continue to work with the Americans. Last week's announcement in terms of the rule change is evidence of that.

Oral Questions

[Translation]

INTERPROVINCIAL BRIDGES

Ms. Françoise Boivin (Gatineau, Lib.): Mr. Speaker, on July 30, 2004, NCC president Marcel Beaudry wrote to the Minister of Canadian Heritage concerning the need for new interprovincial bridges in the national capital region.

This has been a topic of discussion by federal, provincial and municipal authorities for years now. A preliminary study as far back as 1995 confirmed the need for additional interprovincial transportation infrastructures by 2010.

A detailed environmental assessment should make it possible to confirm the definitive locations of these interprovincial bridges.

Can the Minister of Canadian Heritage tell us whether the federal government has confirmed, or will confirm shortly, its—

The Speaker: The hon. Parliamentary Secretary to the Minister of Canadian Heritage.

[English]

Hon. Sarmite Bulte (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.): Mr. Speaker, several planning studies in the past have identified that there will soon be a lack of sufficient peak interprovincial crossing capacity in the national capital region. Consequently, a number of possible corridors for new interprovincial crossings have been identified and appropriate environmental assessments will take place. I can assure the House that the Government of Canada is committed to working with other levels of government to enhance interprovincial transportation capacity.

* * *

SOFTWOOD LUMBER

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Mr. Speaker, Canada and the U.S. have been without an agreement on softwood lumber for almost four years. NAFTA panels have told the U.S. to halt its duties three times. The minister called the WTO's March 2004 decision on softwood a major victory. I am having trouble finding the major victory on softwood. The duties are still being paid and the workers are not.

Can the minister tell us why the free trading Liberals and the free trading White House cannot get any trade on Canadian softwood?

Hon. Jim Peterson (Minister of International Trade, Lib.): Mr. Speaker, we have incredible trade in softwood, over \$7 billion a year going to the United States.

The problem is that we have a trade dispute going on with the United States right now. As we have said many times, we keep winning at the WTO, we keep winning at the NAFTA, and the United States keeps coming back with new measures against us. We are going to continue to fight these measures. We are going to continue to win. We will also continue to be ready to negotiate a settlement that could lead us to free trade.

● (1445)

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Mr. Speaker, the minister should take that victory to the workers in our communities who are still not working.

As members know, President Bush will be in Ottawa tomorrow. Last week the WTO condemned the Byrd amendment and opened the door for Canada to retaliate if the U.S. government gives one cent of softwood duties paid by our industry to U.S. forestry companies.

When he meets with the President, will the minister call for the President to dump the Byrd amendment, immediately remove the illegal duties, and cut a cheque dated Wednesday morning payable to the Canadian softwood industry for \$3.7 billion?

Hon. Jim Peterson (Minister of International Trade, Lib.): Mr. Speaker, I agree completely with the hon. member that we have to fight the Byrd amendment. We have made this very clear to the United States. That is why we have announced retaliatory measures which could total up to \$5 billion.

* * *

JUSTICE

Mrs. Joy Smith (Kildonan—St. Paul, CPC): Mr. Speaker, the Ontario Provincial Police along with Canadian and American border officials spent a year tracking Canadian produced marijuana. They determined that because of lax Canadian drug sentences, marijuana is being produced here in copious amounts and being traded across the border for cocaine which is flooding Canadian streets.

In the wake of this new evidence, does the government still intend to further ease restrictions on marijuana with the understanding that cocaine will come with it?

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, as I have said before, our approach with regard to marijuana reform is that marijuana is illegal and will remain illegal. The reference to decriminalization of small amounts of marijuana for personal use will bring about better and more effective law enforcement, will discourage the use of marijuana, and there will be less cross-border concerns in that regard.

Mr. Jeff Watson (Essex, CPC): Mr. Speaker, with 25,000 Ontario grow houses currently flooding the U.S. with marijuana, the U.S. ambassador has expressed that the Liberal government's relaxing of drug laws could make Canada-U.S. border problems even worse. While Liberals play to marijuana growers, \$1 million per minute of cross-border trade is at stake.

Why is the government jeopardizing Canadian exports to the U.S. and Canadian jobs with its reckless drug policy?

Oral Questions

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I am delighted that the hon. member put that question because I met recently with Ambassador Cellucci who said that the cross-border relationship and cooperation with respect to law enforcement is a model not only for our two countries, but internationally.

* * *

CHILD PORNOGRAPHY

Hon. Rob Nicholson (Niagara Falls, CPC): Mr. Speaker, my question is for the Minister of Justice.

For years we have been telling the Liberals that Canadians want minimum sentences for people who deal in child pornography. Up until now the minister and his party have been attacking us and thwarting the will of Canadians. Now we see in today's paper that the minister is willing to consider minimum sentences.

What brought about this conversion? What minimum sentence is the minister proposing?

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, if the hon. member would read the transcripts of *Hansard* and not just read newspaper reports, he would appreciate that I answered a question as to whether I would be open if the parliamentary committee came to a recommendation regarding minimum sentencing. I said that in the spirit of democratic renewal I would be open to considering recommendations.

Hon. Rob Nicholson (Niagara Falls, CPC): Mr. Speaker, sentencing is not the only thing wrong with that legislation. The minister knows that the artistic merit defence has a loophole that lawyers could drive a truck through.

Now that the minister is beginning to admit he was wrong on sentencing, will he do the right thing and drop the undue risk of harm defence and really start protecting Canadian children?

Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, we did not get it wrong on sentencing, nor did we get it wrong on artistic defence. We are following the principles set down by the Supreme Court of Canada.

Unlike the hon. member, I have a responsibility to protect against child pornography and certify that the legislation is in compliance with the charter. That is what I have done.

* * *

[*Translation*]

MIRABEL AIRPORT

Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ): Mr. Speaker, last week the Minister of Transport said that the return of 11,000 acres of land in Mirabel was threatening Bombardier's future development. The company has enough space for its future plans since it is using only a third of the 104 acres it is currently leasing at Mirabel, not to mention the several hundred acres available for possible expansion.

In this context, how can the Minister of Transport use the excuse of Bombardier's future development to refuse to return the 11,000 acres of land at Mirabel?

• (1450)

Hon. Jean Lapierre (Minister of Transport, Lib.): Mr. Speaker, the hon. member should know that the Bombardier plan for construction of its C series is one of the many plans under consideration for the future development of Mirabel. We have confidence in Mirabel's future, in industry or in cargo and we do not want to limit the future.

This is why the lease signed by the Conservatives was for 60 years. We are going to respect this signature and do everything possible to promote the development of Mirabel, whether in terms of industry or of cargo or of any other project. Four proposals are currently under consideration at ADM for the future development of Mirabel—

The Speaker: I am sorry to interrupt the hon. Minister of Transport. The hon. member for Longueuil—Pierre-Boucher.

Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ): Mr. Speaker, it is all well and good for the Minister of Transport to persist, but what does he have to say when James Cherry, CEO of ADM, says:

Bombardier already has an option to expand its plant and use more space around Mirabel, but this property is not in the 11,000 acres.

In light of this statement, does the minister still take the same position?

Hon. Jean Lapierre (Minister of Transport, Lib.): Mr. Speaker, I have always known that the plans for the Bombardier plant did not necessarily involve farmland. In fact, that is why the farmers were offered the use of this land until 2023. I did not think this land would be taken away from them before then.

We have offered the current farmers—139 of them—use of this land until 2023. However, we want to protect the future, because we believe in the future of Mirabel and of Bombardier. That is what we are focussing on, not on trying to shrink Mirabel or destroy future plans.

* * *

[*English*]

UKRAINE

Mr. Garry Breitkreuz (Yorkton—Melville, CPC): Mr. Speaker, while world opinion has been unanimous in calling for free and fair elections in Ukraine, Russia's President Vladimir Putin, who made campaign-style appearances with Prime Minister Yanukovich only days before the Ukrainian election, has said that he considers the flawed results favouring his candidate to be final.

Will the government call in the Russian ambassador for consultations and urge Russia not to interfere in Ukraine's democratic process?

Hon. Pierre Pettigrew (Minister of Foreign Affairs, Lib.): Mr. Speaker, let me reiterate the Canadian position, which has been quite clear. We have had many conversations with the European Union, with Javier Solana who is in Kiev right now. I have had conversations with Joschka Fischer, the German foreign minister. We have rejected the results of this election. I have now asked my officials at the embassy in Kiev to attend the supreme court proceedings in that country.

Oral Questions

We commend the Ukrainian people for maintaining their protest peacefully. We hope that there will be a resolution in that direction and that Russia will respect that process as well.

Mr. Ted Menzies (Macleod, CPC): Mr. Speaker, the government has invested over \$10 million in governance projects providing Russian decision makers with Canadian expertise and experience. I hope the government will ensure that all advice given focuses on encouraging Russia to respect Ukraine's sovereignty. Meanwhile, Canada should be using its aid dollars to support the democratic process in Ukraine.

Will the ministers of foreign affairs and CIDA commit to a lead role for Canada to offer aid, resources and observers necessary for Ukraine to hold a free and fair repeat election?

Right Hon. Paul Martin (Prime Minister, Lib.): Mr. Speaker, Canada is prepared to do whatever it can, whenever it can to ensure that elections in Ukraine are fair, open and transparent. One cannot have democracy unless there are fair and open elections.

Let me also state that this election should not be about the east, or the west, or the north, or the south. It should be about the democratic right of the people of Ukraine. There must be no interference by any outside government, including Russia.

* * *

[Translation]

LA FRANCOPHONIE

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, my question is for the minister responsible for la Francophonie.

The Francophone Summit that just concluded in Ouagadougou, Burkina Faso, saw the international Francophonie make a resolutely political shift.

Could the minister tell this House how this political shift will facilitate the implementation of efficient solutions to the problems faced in the Ivory Coast, Haiti and the Congo, among others?

• (1455)

Hon. Jacques Saada (Minister of the Economic Development Agency of Canada for the Regions of Quebec and Minister responsible for the Francophonie, Lib.): Mr. Speaker, at the Francophone summit, more than 60 countries approved the principle of the responsibility to protect, a principle that the Prime Minister of Canada is putting forward at the UN, to transform it and make it more humanistic.

At this summit, a resolution was passed concerning the Ivory Coast, to confirm the UN resolution, particularly with respect to the arms embargo. We know how important this issue is in the Ivory Coast.

In Haiti, we have approved a text providing for an agreement between the European Union, the Organization of the Francophonie and Canada to resolve the problems—

The Speaker: The hon. member for Perth—Wellington.

[English]

HOUSING

Mr. Gary Schellenberger (Perth—Wellington, CPC): Mr. Speaker, there is a real need for more affordable housing in Perth—Wellington. Unfortunately, organizations in my riding did not benefit from the Canada-Ontario affordable housing program because the funding formula was too restrictive and they could not build units with the funding allotment and the strings attached.

Why has the government failed to revise the funding formula so communities in my riding could benefit from the federal-provincial program to build much needed affordable housing?

Hon. Joe Fontana (Minister of Labour and Housing, Lib.): Mr. Speaker, I thank the hon. member for his letter with regard to his constituents.

Let me just indicate to the member that this government is serious in terms of providing affordable housing for people in Ontario and throughout the country, as well as for our seniors. In fact I am happy to report, based on the question the hon. member just asked, that I and my counterparts are meeting today and tomorrow for the purposes of making sure that the \$400 million that has been earmarked for Ontario can start to roll, with the flexibilities that the province and the federal government are working on. I hope to be able to deliver on those promises which this government has committed to for affordable housing.

* * *

PORT OF PRINCE RUPERT

Mr. Jay Hill (Prince George—Peace River, CPC): Mr. Speaker, last week mayors from British Columbia and Ontario came to Ottawa to demonstrate their support for new development plans at the port of Prince Rupert.

Expansion of the port and its container facilities, when combined with improvements to the rail system that services it, would ensure that critical trade opportunities are not lost due to transportation backlogs and border delays.

Conservative MPs recognize the tremendous economic potential of a new and improved port of Prince Rupert, but time is short. Is the Minister of Transport prepared to come on board with this proposal?

Hon. Jean Lapierre (Minister of Transport, Lib.): Mr. Speaker, I was in Prince Rupert two weeks ago. I was very impressed by the proposal and the number of partners that came to the table ready to contribute. That is why I had a long discussion with my B.C. colleagues at caucus. Everybody is in support of this project. We just have to find the ways and means to support it financially.

Obviously it is a great project. It has the greatest potential because of the new trade with China. We are very interested in that project.

[Translation]

HOUSING

Mr. Christian Simard (Beauport—Limoilou, BQ): Mr. Speaker, the federal-provincial conference of housing ministers opens today in Gatineau. As we know, CMHC has a surplus of \$2.4 billion. With that surplus, the government could respond positively to requests from various groups to invest \$2 billion per year in the construction of social and affordable housing.

Does the minister responsible for housing intend to use this meeting to take a firm position on the use of the CMHC surplus to restart social housing construction?

[English]

Hon. Joe Fontana (Minister of Labour and Housing, Lib.): Mr. Speaker, I indeed look forward to meeting with my counterparts over the next two days to talk about flexible rules, innovative and creative ideas as to how we would, in partnership with the communities and stakeholders, be able to deliver on the affordable housing.

This government has committed over \$1 billion so far in terms of affordable housing. We are determined to look at all creative solutions, including looking at CMHC's retained earnings, as a way and means of being able to provide further social and affordable housing.

* * *

FISHERIES AND OCEANS

Mr. Bill Matthews (Random—Burin—St. George's, Lib.): Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

Last week Fishery Products International announced the closure of its groundfish processing plant at Harbour Breton. The plant employs some 350 people.

Fishery Products International is allocated fish resources by the minister, a common property resource owned by the people of Canada. The future of Harbour Breton is dependent upon fish quota allocations. The minister has full authority over fish quota allocations. Would the minister consider allocating to the community the quota traditionally processed at the Harbour Breton facility?

• (1500)

Hon. Geoff Regan (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, when I met with my hon. colleague last week he raised that issue with me. I recognize the importance of this issue to him and the people of Harbour Breton. I will continue to work with him on this important issue.

* * *

CITIZENSHIP AND IMMIGRATION

Mrs. Carolyn Parrish (Mississauga—Erindale, Ind.): Mr. Speaker, all members of Parliament have constituents suffering under a wide variety of devastating humanitarian circumstances that require minister's permits. I currently have at least a dozen heart-wrenching cases that have been refused by the minister.

For transparency and clarification, will the minister agree to lay on the table in the next sitting day the total number of permits issued during the last 12 months, the distribution of those permits over 308

Oral Questions

ridings and the number of permits granted through immigration lawyers and consultants who charge fees for these services?

Hon. Hedy Fry (Parliamentary Secretary to the Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the hon. member is asking for a great deal of information, some of which may not actually be in keeping with the Privacy Act.

I will have to take that back to the department and to the minister to look at the issue.

* * *

FOREIGN AFFAIRS

Mr. Bill Siksay (Burnaby—Douglas, NDP): Mr. Speaker, today is the International Day of Solidarity with the Palestinian people, but today stateless Palestinian refugee claimants are facing deportation from Canada. Their deportations will ultimately lead to their return to poverty, violence and severely limited human rights in refugee camps where many have lived their entire lives before escaping to Canada.

Could the Prime Minister assure us that Canada will live up to its obligations under the UN Convention on the Reduction of Statelessness and, given his personal commitment to the protection of Palestinians, will he ensure that stateless Palestinian refugees are not deported from Canada?

Hon. Pierre Pettigrew (Minister of Foreign Affairs, Lib.): Mr. Speaker, this is a day that we have been honouring at the United Nations for 27 years. Our solidarity with the Palestinian people is very important.

Canada will continue to promote the security and safety of the Palestinian refugees and to find a solution in the Middle East. Members can count on our country to put forward its very best efforts at this time.

I am very pleased that the member has given me the opportunity to celebrate this 27th anniversary of solidarity with the Palestinian people

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[Translation]

ARMY CADETS

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): Mr. Speaker, for years now, the town of Cap-Chat has been the site of the cadet summer training centre. There are persistent rumours that the Minister of National Defence is planning to close this camp and transfer it to the Valcartier base, to save money.

Can the Minister of National Defence confirm or deny this rumour that he intends to combine the Cap-Chat cadet camp with that of Valcartier and thus terminate 70 jobs and an exceptional 32 year history?

Routine Proceedings

Hon. Bill Graham (Minister of National Defence, Lib.): Mr. Speaker, decisions about cadet matters are made by the military authorities in each province. I know that the military authorities in Quebec are looking at the best way to guarantee Quebec cadets access to these services. We are absolutely committed to the cadet program. I am certain that our military leadership will examine this issue and find a solution that guarantees the young men and women of Quebec access to a good training system for cadets, in Quebec.

The Speaker: I would like to point out that we had three additional questions and answers today.

[English]

It can be attributed to the relative quiet in the Chamber for which I thank all hon. members.

ROUTINE PROCEEDINGS

• (1505)

[English]

CERTIFICATES OF NOMINATION

Hon. Raymond Simard (Parliamentary Secretary to the Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Minister responsible for Democratic Reform, Lib.): Mr. Speaker, pursuant to Standing Order 110(2), I am tabling a certificate of nomination with respect to Telefilm Canada. This certificate stands referred to the Standing Committee on Canadian Heritage.

Pursuant to Standing Order 110(2), I am tabling a certificate of nomination with respect to Canada Lands Company Limited. This certificate stands referred to the Standing Committee on Environment and Sustainable Development.

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[Translation]

GOVERNMENT RESPONSE TO PETITIONS

Hon. Raymond Simard (Parliamentary Secretary to the Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Minister responsible for Democratic Reform, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to one petition.

* * *

[English]

FOOD AND DRUGS ACT

Hon. Ujjal Dosanjh (Minister of Health, Lib.) moved for leave to introduce Bill C-28, an act to amend the Food and Drugs Act.

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

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS

Mr. John Williams (Edmonton—St. Albert, CPC): Mr. Speaker, I have the honour to present the fifth report of the Standing Committee on Public Accounts concerning the supplementary estimates (A), vote 20(a) under finance, referred to the committee on Thursday, November 4.

GOVERNMENT OPERATIONS AND ESTIMATES

Mr. Leon Benoit (Vegreville—Wainwright, CPC): Mr. Speaker, I have the honour to present, in both official languages, the first report of the Standing Committee on Government Operations and Estimates.

The committee studied the main estimates for the fiscal year ending March 31, 2005, and has agreed to report them with amendments.

PROCEDURE AND HOUSE AFFAIRS

Hon. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, I have the honour to present the 17th report of the Standing Committee on Procedure and House Affairs regarding the membership of certain committees.

If the House gives its consent, I intend to move concurrence in the 17th report later this day.

* * *

[Translation]

OLD AGE SECURITY ACT

Mr. Marcel Gagnon (Saint-Maurice—Champlain, BQ) moved for leave to introduce Bill C-301, an act to amend the Old Age Security Act (monthly guaranteed income supplement).

He said: Mr. Speaker, this enactment amends the Old Age Security Act to allow eligible pensioners to receive a monthly guaranteed income supplement without having to make an application. It also repeals the restrictions respecting retroactivity. This will entitle eligible pensioners to full retroactivity for the monthly guaranteed income supplement and for allowances.

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

* * *

[English]

ELECTORAL BOUNDARIES READJUSTMENT ACT

Mr. Lynn Myers (Kitchener—Wilmot—Wellesley—Woolwich, Lib.) moved for leave to introduce Bill C-302, an act to change the name of the electoral district of Kitchener—Wilmot—Wellesley—Woolwich.

He said: Mr. Speaker, the enactment changes the name to Kitchener—Conestoga and I believe it is self-explanatory.

Routine Proceedings

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

* * *

●(1510)

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Hon. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, if the House gives its consent, I move that the 17th report of the Standing Committee on Procedure and House Affairs, presented to the House earlier this day, be concurred in.

(Motion agreed to)

* * *

[Translation]

PETITIONS

MISSILE DEFENCE

Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ): Mr. Speaker, it is my pleasure to submit a petition signed by citizens from Saint-Férréol-les-Neiges and from Sainte-Anne-de-Beaupré, in the riding of Montmorency—Charlevoix—Haute-Côte-Nord.

These petitioners believe that Canada's participation in all or part of the U.S. missile defence program would be contrary to their interests and values. They ask that taxes be applied as a matter of priority to meeting urgent and important needs of the public, particularly in health.

[English]

AGE OF CONSENT

Mr. Jim Gouk (British Columbia Southern Interior, CPC): Mr. Speaker, your petitioners draw to the attention of the House that our children need protection from sexual exploitation and therefore call upon Parliament to protect our children by taking all necessary steps to raise the age of consent from 14 to 18.

CANADIAN FORCES HOUSING AGENCY

Mr. Jay Hill (Prince George—Peace River, CPC): Mr. Speaker, it is a pleasure for me to present yet another petition, this one on behalf of the citizens of Niagara Falls, London and St. Catharines.

The petitioners wish to draw to the attention of the House that the Canadian Forces Housing Agency provides housing for some of our military families on base but that many of these homes are substandard to acceptable living conditions and that they are seeing increased rents every year.

Therefore the petitioners call upon Parliament to immediately suspend any future rent increases for accommodation provided by the Canadian Forces Housing Agency until such time as the Government of Canada makes substantive improvements to the living conditions of housing that is provided for our military families.

FISHERIES

Mr. John Cummins (Delta—Richmond East, CPC): Mr. Speaker, my petition today is from residents of Richmond, Delta,

Vancouver, Port Coquitlam and throughout the lower mainland of British Columbia.

The petitioners are concerned about the disappearance of two million sockeye fish from the Fraser River this year. They call upon Parliament to establish a judicial inquiry to investigate the management of the fishery. They would hope that would happen soon.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Mr. Speaker, today I have the pleasure of presenting a petition, which comes from right across my riding of Skeena—Bulkley Valley, that is opposed to the open net caged salmon farming industry.

The petitioners are calling upon the government to seek conditions in legislation that forces salmon farmers to use closed net systems.

This is something that is in concurrence with their recent petition just handed in that our wild salmon industry is in a great deal of danger because of threats such as open net, caged salmon farming.

LNG TERMINALS

Mr. Greg Thompson (New Brunswick Southwest, CPC): Mr. Speaker, I have in my hand a petition signed by the residents of Deer Island, New Brunswick.

The petitioners are calling upon Parliament to protect the waters of Passamaquoddy Bay and the citizens of the area by saying no to the construction of an LNG terminal in Eastport, Maine, U.S.A.

The way in which we can say no is simply by not allowing the passage of those tankers through Canadian waters. We cannot control what happens in the United States but if those tankers do not go through Canadian waters, through a very dangerous passage called head harbour passage, that project will die a natural death.

The petitioners do not support the construction of that terminal and therefore are asking Parliament to say no to the transport of LNG tankers through head harbour passage.

The citizens of Campobello and Deer Island, New Brunswick would urge that we do that in a timely fashion.

* * *

●(1515)

[Translation]

QUESTIONS ON THE ORDER PAPER

Hon. Raymond Simard (Parliamentary Secretary to the Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Minister responsible for Democratic Reform, Lib.): Mr. Speaker, the following questions will be answered today: Nos. 17 and 18.

[Text]

Question No. 17—**Mr. Garry Breitkreuz:**

What are the current status, current cost and projected cost of the Canada Firearms Program's Alternative Service Delivery Program and what are the current status and costs of all contracts with Team Centra, GCI Group, BDP Business Data Services and EDS Canada?

Routine Proceedings

Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, in respect of the Canada Firearms Centre, CAFC, the contract for the development of the alternative service delivery solution, ASD, is made up of: (a) the development, solution realization phase, of the Canadian firearms information system, CFIS II, required to implement administrative and technical changes in Bill C-10A, An Act to amend the Criminal Code (firearms) and the Firearms Act including its Regulations; (b) the ongoing administrative operations, primarily at the central processing site; and (c) the anticipated solution enhancement requirements over the contract duration for the ongoing operations.

A contract was awarded to Team Centra, a partnership between CGI Group Inc. and BDP Business Data Services, now known as Resolve Corporation, for the solutions realization phase of the ASD. This contract is in the amount of \$46,886,908, including GST, and a total of \$9,665,665 has been paid to date to CGI.

Bill C-10A received royal assent in May 2003. Consultations in the fall of 2003 on the bill's associated regulations resulted in changes from the original requirements. As of March 31, 2004 the regulations had not been made, which has resulted in deferring the implementation date of CFIS II. Reviews have been conducted on the initiative. Resulting options and a proposed course of action are under consideration.

A contract with EDS is currently ongoing until March 31, 2005 for the maintenance of the current Canadian firearms information system, CFIS I. This contract can be extended up to September 30, 2005. The contracts awarded to EDS, over a seven year period, relating to CFIS amount to \$169,059,349, including GST, and payments of \$165,926,243 including GST, have been issued to date, covering the seven year period from November 28, 1997 to September 15, 2004.

The delivery of IT services, systems and infrastructure for the firearms program are under active examination in the context of the government's current review of expenditures.

Question No. 18—Mr. Garry Breitkreuz:

Having regard to statements made by the Minister of Public Safety and Emergency Preparedness on May 20, 2004, that funding for the Firearms Registry component of the Program will be capped at \$25 million per year, starting next fiscal year: (a) what has been the total cost of the firearms program for each year since 1995; (b) how much was spent on the firearms owner licencing component of the program for each year since 1995; (c) how much was spent on the registration component of the program for each year since 1995; (d) how much will it cost to implement fully all components of the firearms program; (e) when will the firearms program be fully implemented; and (f) how much will it cost to maintain the firearms program each year after it is fully implemented?

Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, Lib.): Mr. Speaker, in response to (a), the total cost of the firearms program for each year since 1995 is:

	CAFC Costs	Indirect Costs	Total Costs
1995-96	\$ 12.8 million		\$ 12.8 million
1996-97	\$ 26.1 million		\$ 26.1 million
1997-98	\$ 50.3 million		\$ 50.3 million
1998-99	\$130.8 million		\$130.8 million
1999-2000	\$131.2 million		\$131.2 million

2000-01	\$200.3 million		\$200.3 million
2001-02	\$136.6 million	\$ 33.6 million*	\$170.2 million
2002-03	\$ 78.2 million	\$ 13.6 million	\$ 91.8 million
2003-04	\$101.6 million	\$ 19.0 million	\$120.6 million

* Includes indirect costs for the period of 1995-96 to 2001-02. Indirect costs are program costs incurred by other government departments that are not reimbursed by CAFC.

In response to (b), the cost for the licensing component of the program since 1995 is:

	CAFC Costs	Indirect Costs	Total Costs
1995-96 to 2001-02*	\$392.9 million	\$ 3.1 million	\$396.0 million
2002-03	\$ 40.2 million	\$ 0.0 million	\$ 40.2 million
2003-04	\$ 59.6 million	\$ 0.0 million	\$ 59.6 million

* Costs of licensing component by fiscal year not available for the period of 1995-96 to 2001-02.

In response to (c), the cost for the registration component of the program since 1995-96 is:

	CAFC Costs	Indirect Costs	Total Costs
1995-96 to 2000-01*	\$121.7 million	\$ 0.7 million	\$122.4 million
2001-02	\$ 47.6 million	\$ 2.5 million	\$ 50.1 million
2002-03	\$ 21.7 million	\$ 0.9 million	\$ 22.6 million
2003-04	\$ 32.6 million	\$ 0.7 million	\$ 33.3 million

* Costs of Registration component by fiscal year not available for the period of 1995-96 to 2000-01.

Note: Past calculations for (b) and (c) were based on management estimates of activity and attribution of indirect costs to various program elements. CAFC is currently developing a detailed costing methodology to support a voted appropriation specifically for firearms registration activities that will be introduced in 2005-06. This methodology will be adopted for all future reporting.

In response to (d), it is expected to implement all components of the firearms program within the proposed \$85 million annual funding level beginning in 2005-06.

In response to (e), Bill C-10A passed in May 2003. Proposed regulatory changes to implement the new legislation and to make the amendments to the regulations to support public safety and effective program administration were tabled in June 2003. Stakeholders and the public were consulted in the fall of 2003 and during the ministerial review of the program in early 2004. Parliamentary committees considered the proposals in the fall of 2003. Final changes to the regulations are to be made, including: import/export regulations; public agent regulations; firearms marking regulations; and changes to other regulations, e.g., licensing, gun shows.

It is anticipated that all components of the firearms program now planned or under development will be fully implemented by December 31, 2007.

In response to (f), as per the May 20, 2004 announcement by the government, funding for the Canada Firearms Centre will decline to \$85 million in 2005-06 and beyond. This amount does not include indirect costs incurred by other federal departments. It does not include revenues from firearms licensing and other fees that are collected over the course of the fiscal year.

* * *

[Translation]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Hon. Raymond Simard (Parliamentary Secretary to the Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages and Minister responsible for Democratic Reform, Lib.): If questions Nos. 15, 16 and 19 could be made orders for return, the return would be tabled immediately.

[English]

The Speaker: Is that agreed?

Some hon. members: Agreed.

[Text]

Question No. 15—**Mr. David Chatters:**

Since January 1, 1997, have any past Members of Parliament been hired or appointed in any capacity by the government and, if so: (a) who was the Member; (b) what was their salary at the time of hiring and any subsequent increases; (c) what have the job descriptions been; (d) what advertisements were used to solicit applications for these positions; (e) how was the interview process conducted for all positions; (f) who approved the hiring; (g) how many applicants were interviewed; (h) when was each position created; and (i) what were the annual expenses of each individual?

(Return tabled)

Question No. 16—**Mr. Garry Breitkreuz:**

How much has it cost so far to transfer the Canadian Firearms Centre from the Department of Justice to the Department of the Solicitor General (now the Department of Public Safety and Emergency Preparedness) and how much has it cost so far to transfer the National Weapons Enforcement Support Team from the Department of Justice to the RCMP?

(Return tabled)

Question No. 19—**Mr. Garry Breitkreuz:**

Since 1995, what have been the actual public safety improvements achieved as a direct result of the Canadian Firearms Program and Firearms Registry including: (a) the number of violent crimes solved; (b) the number and type of violent and non-violent charges laid; (c) the number and type of convictions obtained; (d) the number and type of firearms seized from criminals; (e) the reduction in the total number of homicides; (f) the reduction in the total number of domestic homicides; (g) the reduction in the total number of suicides; (h) the number of lives saved; (i) the respective reduction in violent crime; and (j) the number of firearms returned to their rightful owners?

(Return tabled)

[Translation]

Hon. Raymond Simard: I ask that all remaining questions be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

Privilege

[English]

Mr. John Cummins (Delta—Richmond East, CPC): Mr. Speaker, on October 5, I asked Question No. 5. I first asked that question back on February 3. Through access to information, I am aware that an answer has been prepared, yet here I sit still waiting for that question to be answered. The question is of some significance. It has to do with the siting of aquaculture facilities, and we would like an answer to it.

The same holds true for Question No. 6. Again, I asked that on October 5. It has to do with an arrangement where Canadian mariners are required to purchase electronic marine charts through an exclusive agent. I first asked this question back on March 25. Again, documents that I received under access to information suggest that an answer was prepared a long time ago, yet it is not forthcoming.

I would like to get an answer to these questions and it behooves the government to answer them quickly.

Hon. Raymond Simard: Mr. Speaker, I can tell the hon. member that we will take it under advisement and get back to him as soon as we can.

The Speaker: The Chair has notice of an application for a question of privilege from the hon. member for New Brunswick Southwest.

* * *

PRIVILEGE

CANADA-U.S. PARLIAMENTARY GROUP

Mr. Greg Thompson (New Brunswick Southwest, CPC): Mr. Speaker, I bring to your attention the notice of question of privilege, which obviously I had in your hands prior to question period. It has to do with an article that appeared on page 6 of the November 26 edition of the Fredericton *Daily Gleaner*, one of New Brunswick's three provincial English-language newspapers.

The article was written by Jorge Barrera. He reports on my election as chairman of the Canadian section of the Canada-U.S. Parliamentary Group, which is a recognized group within Parliament, with a long and very proud history. Those elections were held on November 24. Many positions were hotly contested. You, Mr. Speaker, and other members could back me up on this that it was probably the most hotly contested election for one of the positions in the history of this place.

As honorary chairman of that association, you out of courtesy visited that meeting on the Wednesday evening of November 24. The presiding officer at the election for co-chairman on the House side also conducted the vote on the Senate side. Under co-chairmanship, we have a chairman from the Senate side and one from the House side. The Deputy Speaker of this House, an officer of this place, presided over the election. That was not by accident. Knowing full well that there was at least 200 to 250 members registered to vote that evening, we knew the procedure would have to be ironclad and it would have to be done properly. If I am correct, you, Mr. Speaker, were originally approached to do that. However, because you were busy that evening, it was delegated to your Deputy Speaker to conduct the vote.

Privilege

Knowing full well that it was hotly contested, the Deputy Speaker wanted to ensure that the membership knew clearly how the rules would be laid out and how they would be applied. He wanted to ensure that they were consistent with the constitution of that body, which they were. There was clarification sought from the floor. There was unanimous agreement among all members, including the member from Saint John, New Brunswick, who I am questioning as to why he would say what did. I will quote that in a minute.

There was unanimous agreement, including agreement from the member from Saint John, New Brunswick, who I beat in that chairmanship race in a vote recorded that evening. I will quote from the newspaper article in question, the November 26 edition of the Fredericton *Daily Gleaner*. The member from Saint John, New Brunswick, said, "Everyone assumed (vice-chair) was the position [the member for New Brunswick Southwest] wanted and he had applied for co-chair". He said that it was unfortunate. This is where it becomes very problematic for the member for Saint John, Mr. Speaker, because he is questioning the integrity of your position. I point out that in Marleau and Montpetit, at page 298, it talks about the authority of the Speaker. It says:

Every action of the Deputy Speaker, when acting in the Speaker's place, has the same effect and validity as if the Speaker had acted; or, in the terms of the Parliament of Canada Act:

Every act done and warrant, order or other document issued, signed or published by a Deputy Speaker...that relates to any proceedings of the House of Commons—

We know full well that its a body that the House of Commons recognizes. It continues:

—or that, under any statute, would be done, issued, signed or published by the Speaker, if then able to act, has the same effect and validity as if it had been done, issued, signed or published by the Speaker.

He is calling into question the integrity of the Deputy Speaker of this place and the integrity of that committee. He said, "Unfortunately the committee", which reflects on all of us, Liberals, Conservatives, NDP and Bloc, "decided not to follow the rules, leaving the Liberals following the rules". That is not accurate and it is not true. The member himself was in that room when the Speaker sought clarification of how the rules were to be interpreted and applied, and he gave his consent. That is disingenuous at the least.

• (1520)

I believe there is a prima facie case of the integrity of the House and every member in it, the Speaker, the Deputy Speaker and the Senate. I believe it is contempt. At the very minimum, I believe you, Mr. Speaker, the Deputy Speaker, this place, including the Senate, deserve an apology from the member for Saint John for acting in that very callous, disrespectful, irresponsible way toward you, the House and all members.

At the minimum, I believe all members deserve an apology. I hope that other members will take part in this in an attempt to lay out clearly before the Chair what happened the night of November 24 when the member for Saint John lost a very hotly contested election. It is sour grapes at the best.

• (1525)

Hon. Mauril Bélanger (Deputy Leader of the Government in the House of Commons, Minister responsible for Official Languages, Minister responsible for Democratic Reform and Associate Minister of National Defence, Lib.): Mr. Speaker, not

having had the chance to read the article of November 26 in the Fredericton *Daily Gleaner*, as mentioned by the member for New Brunswick Southwest, I will refrain from commenting on it. I will certainly look at it and if there are comments that have to be made, I will endeavour to make them to you.

In the meantime, if I may, no sour grapes whatsoever, I would like to on behalf of the government congratulate the member for his election. As the chair of the Canadian section of the Canada-U.S. Parliamentary Association, we are not contesting his election. I would perhaps encourage him not to be sour either on winning. That is quite an achievement.

As far as the conduct of the Deputy Speaker, I have not heard any complaints or comments from colleagues on this side of the House. I will endeavour to find out if there are, but we are not of a view to present any at this time. As far as we are concerned, there may or may not be quotes that are out of context. I am not sure that is at all relevant to the conduct and affairs of the Canada-U.S. Parliamentary Association and the result of the election it held last November 24.

Hon. Bill Blaikie (Elmwood—Transcona, NDP): Mr. Speaker, I was at the meeting in question. I want to put on the record that it is quite mistaken to suggest in any way that the rules were not followed. The rules followed were the rules that were adopted by everyone at the committee, which basically was to allow nominations to be put from the floor.

Therefore, if the hon. member for Saint John has deliberately suggested or deliberately impugned the integrity of what happened at that meeting, as the quote from the Fredericton *Daily Gleaner* would suggest, then I hope he would take the opportunity to apologize for making that suggestion because the rules were followed, as they were adopted at the meeting.

There was even a bit of debate about whether nominations should be allowed from the floor. After it was decided by everyone there, I do not remember the hon. member for Saint John protesting that decision. If the hon. member for Saint John did not prevail in his quest to be the co-chair of the Canada-U.S. Parliamentary Association, it probably would have been better for him to have left it at that.

However, I wanted to concur in the analysis of the hon. member who raised the question of privilege and hope that we do not have the integrity of what happened that evening impugned any longer. It is not the hon. member's fault nor anyone else's fault that there were four Liberals running. They could not get their act together and none of them won. I know they are not used to losing around here, at least over the last decade. However, that is no reason to impugn the integrity of what happened just because a Liberal lost.

The Speaker: I thank the hon. member for his usual helpful comments.

The hon. member for Cumberland—Colchester—Musquodoboit Valley.

Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC): Mr. Speaker, I want to confirm that I was at that meeting as well and the rules were clarified, actually by a senator, prior to the vote. Nobody abused or contradicted the rules. The rules were followed exactly.

Government Orders

The newspaper article says that the committee broke the rules and that only Liberals followed the rules. That is absolutely wrong. Everybody followed the same rules. The newspaper article also says that the member for New Brunswick—South Shore did it by using a “sneaky move”. That just is not a reflection of what really happened and I believe the member for Saint John should apologize.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I also was in attendance there. I do not recall seeing Mr. Speaker there, but I think the information that has been given to the Chair is quite right.

It should also be emphasized that in this particular matter the question is of whether or not nominations from the floor actually came up for debate, because they in fact were not the existing rules and the group there did indeed agree as a whole to permit nominations from the floor. The hon. member was nominated from the floor and was successful. We congratulated him on that. But there were only two candidates.

Having said that, we could go on a long time, but I do not believe that there is the linkage here between this particular parliamentary group, the House and the Chair, and that the Chair somehow has been impugned. The Deputy Speaker was there by request to assist the group. He did, and he did very well. I would think that maybe there is a misunderstanding here about whether or not historic roles and rules that were agreed upon at a meeting are even relevant to whether or not there is a privilege matter. I do not believe there is. I think we should get on with the business of the House.

• (1530)

The Speaker: I am quite prepared to deal with the matter right now. I thank all hon. members for their interventions on this point.

When the hon. member for New Brunswick Southwest got up, I thought he was going to be objecting to the headline in the article, which said—and it quoted his name which I will not do—that he “squeaks win as committee chairman”.

I thought his question of privilege would be that he was being accused of squeaking in when in fact I am sure he won handsomely. A very popular candidate, I am sure he did well in the election, and I thought that was going to be his point of order.

But I read the article in its entirety, and it says—the hon. member quoted part of it—that the hon. member for Saint John said, “Unfortunately, the committee decided not to follow the rules, leaving the Liberals following the rules”, and suggested that somehow this implicated the Speaker or the Deputy Speaker.

It does not say the Deputy Speaker did not follow the rules. There is no suggestion of impropriety on the part of the Deputy Speaker in anything the hon. member for Saint John says, so how that could reflect on the Chair, I do not know.

I did walk through the meeting before it got under way on my way from point *a* to point *b*, and I happened to go through rooms 208 and 209 to get back to the House for a vote. There was a number of members of the association there but the meeting had not started. I did not attend it and knew nothing of the hijinks and shenanigans that were alleged in this article until I read this, and alleged, as I said.

It said later in the article, however, “Usually, candidates have to file their candidacy 10 days before the vote, but at the meeting the

committee decided to allow nominations from the floor”. So obviously the rules changed at the meeting. There was some grumbling about it from the hon. member for Saint John, but how this reflects on the privileges of hon. members or the Chair, I do not know.

The Deputy Speaker was there. I did not know that I had been asked. Apparently I was, if I take the word of the hon. member for New Brunswick Southwest for that. I was busy that night; there was a vote in the House and then I had something else later. So I was not there, but the Deputy Speaker chaired the meeting. There is no complaint here in the article about the Deputy Speaker's work; just a complaint about the decision the committee made to change the rules.

I do not know how that affects the privileges of hon. members, so in my view, while I am sure the hon. member for New Brunswick Southwest feels the article was perhaps uncomplimentary, I think his real complaint should be that the headline was that he squeaked in as committee chair instead of the other, because of course I am sure that whatever happened he did very well in the election. We will consider that matter closed.

Does the hon. deputy government House leader have more to say on this subject?

Hon. Mauril Bélanger: Yes, Mr. Speaker, just to offer, should the member feel better if we were to conduct the election over again, we would be quite prepared to do that.

Some hon. members: Oh, oh!

The Speaker: Could I suggest that members carry on that discussion elsewhere? It does not concern the Chair. I may be the honorary president of that association; that could be the case, but that is it, no more. I do not do anything more than that.

I wish all members of the association the very best in their continued efforts in improving relations between our two countries. I am sure the hon. member for New Brunswick Southwest will have a wonderful time as president and I join all hon. members in congratulating him on his election.

GOVERNMENT ORDERS

[English]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

The House resumed consideration of the motion that Bill C-24, an act to amend the Federal-Provincial Fiscal Arrangements Act and to make consequential amendments to other acts (fiscal equalization payments to the provinces and funding to the territories), be read the second time and referred to a committee.

Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.): Mr. Speaker, I am pleased to speak to Bill C-24 today. I am going to talk first about the equalization environment but most of my time will be spent on how this will affect the territories and particularly my riding of Yukon. I know that my colleague from Mississauga South will elaborate in great detail on the formula as it relates to the provinces.

Government Orders

On October 26, as everyone knows, the Prime Minister met with the provincial premiers and territorial leaders to discuss the changes in the equalization formula and the territorial formula financing programs that were put forward by the federal government in the September meeting. My colleagues in the Bloc were complaining that the parliamentary secretary said it was almost historic. It was not almost historic; it was historic. This is the most significant improvement in equalization and territorial financing programs in their history.

By providing predictability, stability and increased funding, the new framework will play an essential role in ensuring that Canadians no matter where they live have access to comparable public services.

The new framework for equalization and territorial formula financing will increase the support provided to provinces and territories by \$33 billion over 10 years. Regardless of the details of the changes in the mechanism, I think the bottom line will be a huge increase in funding of \$33 billion.

Officials in the various provinces and territories will be happy to have an increase in the funding available to them to provide their services. This will assist Canada's less prosperous provinces and the three territories in meeting their commitments under the 10 year plan to strengthen health care as well as funding for other important social and economic development.

As members know, an historic health care agreement was signed recently and the federal government has put in a substantial amount of money. But of course the provincial and territorial governments have to come up with a major share of the funding and this increase in equalization will also help them with their health care over and above the extra funds we have provided in this area.

The spirit of cooperation in which this agreement was developed so new in this mandate is of course very important because it reflects on a lot of other agreements and on a lot of other work that we have to do with the provinces and territories.

We are working on the new child care deal and the deal with cities and communities. We have work to do on the environment and a number of projects with the provinces and territories, so the fact that they have been able to work closely together with the federal government is an excellent start to this mandate.

These increases are not going to stop this year but will carry on. In 2005-06, the funding levels will be set at \$10.9 billion for equalization and \$2 billion for the territorial formula financing, the highest levels ever reached by these programs. It will go on from there and still increase, because both amounts are going to increase by 3.5% a year starting in 2006-07. Equalization payments will therefore increase from \$8.9 billion to \$12.5 billion over the first five years of the new framework, a 42% increase.

Just to ensure that when the new formula comes into effect no one goes backwards this time related to the old formula, there was also a floor put on it so that no province or territory will receive less than was originally predicted in the 2004 budget under the old system.

I want to talk more specifically about the territorial financing formula, because it is a different scenario than equalization financing. At the time of the meetings, the equalization process

and the territorial financing formula were quite different. They have somewhat different objectives, and I will get to that later on.

At the meeting held from September 13 to September 16, changes were made to the territorial financing formula that are the most significant in history. The changes were made to try to make these payments more stable and more predictable for the territorial governments. The old formula had a lot of determinants and was very complex. Several years behind the statistics arriving, it could result a reduction in funding that made it difficult for the territories to cover certain fixed costs.

To address concerns about the levels of financing and increasing financing, beginning immediately the government will provide protection against those declines, thereby providing stability. The overall level of 2004-05 for the three territories will be protected with \$1.9 billion. There of course will be a guarantee that no territory will receive less than was estimated at the time of budget 2004.

• (1535)

The new framework will establish fixed payment levels, and provide predictable and growing funding for the territories. As the provinces will go up, the territories will go up and their funds will go up to \$2 billion. It will also grow at a rate of 3.5% a year. Over the next 10 years and subject to review after the first five years, these changes will provide an estimated \$4 billion in territorial formula financing, compared to the annual amounts in 2004-05. There are all sorts of challenges to governing in the territories and I know this \$4 billion in extra funds will be well received.

All this of course is on top of the extra funds of \$41 million in the health care agreement that was signed and invested in the provinces and territories over the next 10 years. This is an excellent sign for future fiscal cooperation. Within a few weeks, the new House has a historic deal on health care and then a historic deal on equalization,

I want to speak about how the agreement and the funding will affect my riding in the Yukon Territory. Once again, it would like more funds and it would like stability in its funding to help cover fixed costs.

The current data indicates that the Yukon Territory will receive about \$448 million in this fiscal year of 2004-05 representing \$14,907 per person. Even though the territorial financing in Yukon has increased each over recent years, and it has been growing steadily, there were still concerns about the adequacy of funding. I am sure in that respect Yukon will be happy for this additional funding.

The economic environments in the territories are a boom and bust cycle. As I said earlier, if certain parts of the formula were to go down there could be a sharp decrease in the funding available and governments have fixed costs.

Government Orders

Therefore, the territorial financing is slightly different in purpose from equalization. My territory wants to ensure people understand that equalization is to ensure that as the various provinces exceed in prosperity, whereas others are having a rough time at a particular time, then there is equalization of funding so that they can provide similar equivalent services. At any particular time one province could be having a rough time in obtaining equalization payments and at another time it may have a boom and prosper, and can help out those provinces that are less able.

The territories have a fixed challenge that will be there all the time, in that they have a very northern harsh climate and it is very costly to deliver government service. Relative to the rest of Canada there are few constituents in a very large area that increases the costs of delivering government services. There are of course very few taxpayers to fund those services.

Therefore, just the challenge of operating a government in such a harsh situation requires added funding. That is the purpose of territorial financing. It is to ensure that there is increased funding to cover these added costs.

There are always fixed costs. To have a government in place, there are fixed costs regardless of the situation in population, the economy and taxes available. We can only go down below a certain level. The floor permits those funds from going down.

A member suggested earlier in the debate that the government may not recognize the added funding requirement to do business in the north. That is not true. There has been a tremendous recognition by the government. I know that northern members have been very excited and happy about some of the special arrangements that have been made for the recognition of these added costs in the north.

• (1540)

I will refer to a couple of examples of the recognition of the added costs of doing business in the north, which is why we have extra money in the territorial financing formula to help cover those costs.

The first example is with health care. As we know, there was a historic agreement between the federal government and the provinces for health care in 2003. Every province and territory received funds, but in recognition of the added costs of health care in the north, the territories were provided an extra \$20 million in that agreement.

Coming along to the new agreement on September 13 to 15, as everyone knows, there will be \$41.3 billion provided to the provinces and territories over the next 10 years. Of that, my riding in the Yukon Territory received another increase in funding for health care. Our proportion was at, first of all, \$3 million for the health transfer, \$34 million for the Canadian health transfer base and \$.5 million for medical equipment. That is more than \$37 million in additional funds. I am reading out of the November 23, 2004 *Hansard*. That is another \$37 million in recognition of the added costs of providing services like health care in the north.

In places like Vancouver or Toronto when a serious incident occurs, someone could get into an ambulance for very little cost and in very few miles that person would be in a hospital. Whereas, such a situation in Nunavut, the Northwest Territories or Yukon could take \$5,000, \$10,000, \$20,000, or \$25,000 simply in Medivac fees for

small planes, and in special spots large planes, to get these people to a hospital where major surgery could occur. Of course, with only 100,000 or so people in the north, there is not a large enough volume of people to maintain specialists in every discipline there. That would not make any sense either, so people have to go outside for those specialists and that is another tremendous cost in the north.

We are absolutely delighted that the government has recognized those special costs in the north with the \$20 million in 2003 and the extra \$37 million in this year's agreement. In this year's agreement there will also be other moneys that will be very helpful in the northern parts of Canada. There was money for aboriginal people related to health care. About 23% or so of my riding is made up of aboriginal people. We are very happy with the attention being paid to aboriginal people.

The first part of that money is \$200 million for the health care transition fund. As we know, there are a number of programs delivered by various bodies to aboriginal people and this will help ensure a seamless service there.

There is also, as I mentioned in the debate this morning, \$100 million for the aboriginal health human resources initiative. I applaud the government and the Canadian Medical Association for trying to ensure that there are more aboriginal people and professionals working in the health care system.

There is also \$400 million over the next five years for health promotion and disease prevention for aboriginal people. In my personal opinion, this was one of the exciting components of the 2003 agreement because the money invested in prevention and promotion is certainly saved many times over when dealing with the health care system.

All the money has been given especially to the north to deal with its special problems, challenges and extra costs in health care. Over and above all of that, the Minister of Finance made a special deal due to these extra costs and provided in the deal in September for an extra \$150 million over five years, \$65 million for the territorial health access fund, \$10 million for the federal-territorial working group, and \$75 million for medical transportation.

This kind of money can be used for services like Telehealth, which is an essential way of reducing the Medivac costs. If it can be done with modern technology, where I think we are leading in some ways, medicine over the computer with screens and X-rays can sometimes prevent a trip south and save the costs I was speaking about earlier of \$10,000, \$20,000, or \$30,000, but more important, it can save lives. It was very heartwarming for me to hear about a person whose life had been saved by some of that recently funded equipment.

Government Orders

• (1545)

The other example for my colleague opposite who suggested that the difference was not recognized in the north relates to the infrastructure programs. As we know, when these programs first came out, they were totally done on a per capita basis. For the reasons I stated earlier, this would not make any sense in the northern territories. We could not possibly make enough progress. We have vast areas to cover. If we are building a road, or a sewer along that road, there may be only two or three taxpayers, whereas in an urban area, there would be many taxpayers. That particular sewer could buckle due to permafrost and heaving. We would have all sorts of extra heating costs. In fact, sometimes we would even have extra freezing costs because we do not want the infrastructure to thaw and, therefore, buckle. It is much more complicated, much more expensive, and there are less resources available.

When the strategic infrastructure program came in, the government very kindly agreed to the point made by the members from the three territories. Instead of providing roughly \$600,000, which might fix the length of one road and one sewer in a community, and I could tell members that we have needs, the government said, "We will give you a base amount". A few years ago I saw one of those sewers that was being replaced by the infrastructure program and it was still made out of wood staves. We got \$20 million per territory so that we could realistically deal with those challenges in the north.

Subsequently, the strategic infrastructure program was very successful across the country. With major projects being done that could not be funded by all the projects that were done under the smaller community and rural infrastructure funds, that were also very popular, this program was increased again. Once again, instead of getting a few hundred thousand dollars, the territories got \$20 million. I know in my riding, for instance, we are finalizing the rebuilding of the Alaska Highway with that money, which is important to our economy, resource extraction and tourism.

When the municipal rural infrastructure fund comes in, all of rural Canada has to thank the government because most of that fund goes to rural Canada, and it is a big chunk for the north. We would have received \$600,000 if it had been done on a per capita basis but, instead, our riding will be receiving \$15 million. The eight municipalities and the first nations in my riding have a lot of projects waiting for that fund.

Over the next 10 years there would be \$4 billion of extra funding for the territorial funding formula. I thank the government and congratulate it on its success in this new regime.

• (1550)

Mr. Brian Fitzpatrick (Prince Albert, CPC): Mr. Speaker, I have a comment. The formula is there to determine the fiscal capacity of the provinces. I would suggest to the member who just spoke, that the formula is kind of like using a barometer to measure the temperature outside. It is an inaccurate device.

I want to give an example. Over the past 10 years, the province of Manitoba has received on average \$1.1 billion a year in equalization payments. The province of Saskatchewan, which has the same population and sized economy, has received on average \$300 million a year. If we cranked out the numbers, the best indicator internationally to measure the standard of living is to take the

GDP, divide it by the number of people in that country or province, and come up with a per capita income. Guess what the difference was on per capita income for that 10 year period between the provinces of Manitoba and Saskatchewan. It was roughly \$1,000, give or take a few dollars, in favour of Manitoba. Saskatchewan receives \$800 million less a year than Manitoba.

Now the government and the Minister of Finance declare Saskatchewan as a have province. I have a lot of problems with that. The waiting lists in Saskatchewan for health care are double the national average. The MRI wait is 25 weeks, where in some provinces the wait period is six or seven weeks. The infrastructure in that province is falling apart before our eyes. There is only one other province than Saskatchewan that loses a higher percentage of its young people on an annual basis. They are leaving in droves. The university is a factory for students to go to other provinces to pursue their careers.

As a person who lives in Saskatchewan, to say that Saskatchewan has reached a have status is a joke. Saskatchewan has major fiscal problems. If it were not for royalties from non-renewable resources, Saskatchewan's tax base would be just about non-existent. Finding net taxpayers would be a challenging job.

I will mention something else. I have gone through the formula. Four or five major academic people across the country have looked at that formula and have condemned the emphasis on non-renewable resources for determining fiscal capacity. At least five or six very knowledgeable academic people could give us a dozen reasons why that should not be in the formula. With 13 components out of 33 tax bases, they are focused on non-renewable resources.

If the government would just listen to what the Conservative Party proposed in the last federal election, which was to go to a ten province formula and phase out non-renewable resources, the Prime Minister would not have the fiasco he has in Atlantic Canada nor would he have the fight with the premier in that province. The problem would be addressed. As far as I am concerned, what is going on in Saskatchewan is a temporary buy-off for that province, which really got his back against the wall, instead of seriously addressing the major problem we have in the country.

I am sure the member is a very knowledgeable person. Could advise the House how much money the province of Manitoba is receiving in fiscal years 2004-05 and in the 2005-06? What is the exact amount is so I can compare it to our Saskatchewan figures?

• (1555)

Hon. Larry Bagnell: Mr. Speaker, after my lengthy speech on Yukon, Northwest Territories and Nunavut, the member asked about future money for Manitoba. I have the figures here and I will provide them to him in writing, so I do not have to use all my time answering the question. I want to answer some of the other things about which the member talked.

Government Orders

First, he talked about per capita financing being a good component. Per capita, the income a person makes and the income per capita of equalization payments or of the person's depends on the area he or she is living in to some extent. In different parts of the country it costs more to live and it costs to deliver government services.

Obviously, the member will be a strong supporter of this new deal. He has complained about the old formula. We are making corrections to that. He said the old formula disadvantaged certain provinces. We are ensuring that there is no reduction. We put the floor in so no province would be reduced in its funding. It would be increased. Therefore, the member will be happy about that because the formula cannot hurt them.

On top of that, as the member knows, we are convening a special panel to look into some of the parameters, just as he explained them. I hope he ensures that he conveys those concerns to the expert panel about how the difference affects Saskatchewan unfairly as related to Manitoba. The panel will then make corrections if there is a fault in the formula. That is exactly why the provinces and the federal government agreed to have a special panel to look at improving things. That is one of the positive items of this deal, which I hope he will support.

• (1600)

Mr. Loyola Hearn (St. John's South—Mount Pearl, CPC): Mr. Speaker, I have a brief comment and a question. I notice the member did not give us the figures, which my colleague requested, when they were presented to him by the parliamentary secretary. I believe, like the rest of us, he does not trust the figures.

However, my question for the member is this. As he represents an area that is very rich in non-renewable resources, much like I do, in light of that and in light of the fact that we probably have not even scratched the surface when it comes to developing the non-renewable resources in the great territories, does he not think that non-renewable resources should be taken outside the equalization formula, in other words, not considered when we discuss equalization?

Mr. Larry Bagnell: Mr. Speaker, in relation to the member's last question, renewable resources are being dealt with in another forum, as was said a number of times this morning. I look forward to and agree with those discussions.

I have to set the member straight on one fact that he put forward. He felt that I did not trust the figures. I trust the figures, but because there is so much money being provided to the provinces and territories, I could not extract Manitoba's, in a quick minute, from the fine print. However, I have it now and I will give him those figures because these are wonderful for Manitoba as well.

The total benefit in 2004-05 is \$184 million. In 2005-06 Manitoba will get \$179 million for equalization, \$114 million for health with a \$293 million increase. For the years 2010-11, the equalization will be \$4,011,000. In health, it will be \$3,426,000, for a total increase for the country of \$7,437,000.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I want to congratulate the member for Yukon who has been a tireless defender of the interests of Yukon. His speech outlined a number of the aspects affected by this bill and the formula financing.

I note in the bill that the amount under the formula financing payment to Yukon is \$487,147,000. That will be escalated at about, I believe, 3.5%, compounded annually thereafter for four years.

When we talk about \$487 million, or a billion dollars, how does that translate into the ability of Yukon to deliver the national programs to the ordinary citizen? It sounds like a lot of money, but how much does it really cost and how does it translate into ensuring that the citizens of Yukon continue to participate fully in the programs of Canada?

• (1605)

Hon. Larry Bagnell: Mr. Speaker, there are many cost shared programs. For instance, the daycare agreement is coming up. The territorial minister of health is hoping that will be put in place. As the Minister of Social Development said, we hope the provinces and territories contribute to that so there can be even more money for daycare and early education. Health care is the major proportion of the cost. Many programs in this federation, which is the way it works, are cost shared. The added money provided to territorial governments will not only allow them to put their part into these cost shared programs, but it will also help them deliver the services.

There are only 33,000 taxpayers in Yukon in an area that is bigger than any country in Europe. There is a harsh climate in Yukon, which is exacerbated by climate change. With global warming now, roads to get to communities to provide services are buckling due to the permafrost melting. Sewers are buckling and administration buildings are changing. This money will serve the territorial governments well to help them deal with these new challenges, plus the systemic challenges.

Mr. Norman Doyle (St. John's East, CPC): Mr. Speaker, I will be sharing my time with the member for St. John's South—Mount Pearl.

I want to make a few remarks on Bill C-24, an act to amend the Fiscal Arrangements Act. It is quite a complicated act, but what it means is that we are making some changes in Canada's equalization program.

Bill C-24 is quite timely given the current set of negotiations that are ongoing between the federal government and the Governments of Newfoundland and Labrador and of Nova Scotia regarding the division of offshore oil and gas revenues and how equalization could very well factor into all of that.

While Bill C-24 does not address that issue directly, it is nonetheless a bill that acknowledges that some changes are needed in equalization as it currently is and how it applies to various provinces in Canada.

Government Orders

First let me say that the Conservative Party views the current equalization program as an essential component of Canada's nation building. In order for Canada's provinces to grow and prosper, it is important that we have a good, strong equalization system in place and it is equally important that this equalization program effectively deals with the problems that have not provinces have. By striking a panel of experts to revisit the current equalization formula, the government has acknowledged that there are problems with the current formula.

We are pleased that the government has bowed to a little bit of pressure from the provinces to hold this review and we, in the Conservative Party, are eagerly awaiting the results of that review.

One of the drawbacks of the equalization program that I and my colleague, the member for St. John's South—Mount Pearl, have raised consistently over the past seven years has to do with the clawback of a province's non-renewable resource revenues by Ottawa through corresponding reductions in the equalization payments.

I do not know if all members are aware of this but at present, for example, Ottawa claws back 70% of Newfoundland and Labrador's provincial oil revenues. Under that kind of an equalization system, a province is prevented from economically drowning, as we are all aware, but the clawback effectively prevents that province from making any progress on its own. The clawback provisions so far have seen the lion's share of Newfoundland and Labrador's oil money, for instance, ending up in Ottawa.

When we were embarking on the oil industry in Newfoundland and Labrador, that was one of the reasons the province insisted on an extensive multi-billion dollar concrete production platform for its first oil field, which was Hibernia. If the province had gone through a cheaper Hibernia production system and more revenues, most of these revenues would have ended up in Ottawa. Knowing it would have had the money clawed back under the current equalization program, the province instead opted for jobs and industrial benefits.

The equalization clawback became a major election issue in Newfoundland and Labrador and Nova Scotia in the most recent federal election campaign. As a result of that, the Prime Minister and the Minister of Natural Resources called Premier Williams and promised that Newfoundland and Labrador and Nova Scotia would get to keep 100% of their offshore oil revenues without those revenues being subject to the clawback provisions of the equalization formula that we operate under today. At the moment of course we are waiting patiently for the Prime Minister to keep his election promise.

Unfortunately, the Minister of Natural Resources turned the province down and broke his promise and said essentially to the people of Newfoundland and Labrador that here were a few crumbs and that they could take them or leave them. That was his attitude.

• (1610)

We are hopeful that the Prime Minister will keep his promise because we already have a promise in writing from the minister who represents Newfoundland and Labrador in the federal cabinet, the Minister of Natural Resources.

Some observers of the June 28 election have been saying that the province should have received the Prime Minister's promise in writing. However, given that the Prime Minister had made his promise on prime time television, that was not a major consideration at the time. As I mentioned earlier, the Minister of Natural Resources did follow up on the Prime Minister's verbal promise and provided a written statement to the people of Newfoundland and Labrador, specifically to the people in his own riding. I have a copy of a flyer he sent out to people in his riding which states, "The Prime Minister has given me the responsibility of finalizing a deal on the Atlantic Accord as soon as possible that will bring Newfoundland and Labrador 100% of its offshore oil royalties without having any effect on the province's equalization payments".

It could not be said a whole lot clearer than that.

I am at a loss to understand why the federal government, right in the middle of this equalization debate that is going on across the country, is dragging its heels on this issue and why the Minister of Natural Resources, who represents the province of Newfoundland and Labrador, would offer the people a few crumbs and tell them to take them or leave them.

I have spoken on a number of occasions to this particular issue because it is an important issue to the people of Newfoundland and Labrador. I feel in my heart of hearts that the Minister of Natural Resources should apologize to the people of Newfoundland and Labrador for breaking that promise. He should apologize to the people of Newfoundland and Labrador for his lack of concern for the struggle that Newfoundland and Labrador has had to undergo ever since Confederation to get its rightful place in the Confederation of this country. The minister, most of all, should apologize to the people of Newfoundland and Labrador for putting the party first instead of the province. He should be ashamed.

I have absolutely no reservation about standing here today to repeat in this equalization debate what I have said many times before since the promise was made by the Prime Minister of Canada to Newfoundland and Labrador. I have absolutely no reservations in saying to the Minister of Natural Resources that he should resign rather than break such an important promise to the people of Newfoundland and Labrador.

This is a very important issue and it gives the member for St. John's South—Mount Pearl and myself the opportunity once again to talk about the most important issue facing the people of Newfoundland and Labrador, and that is the broken promise of the Prime Minister and the broken promise of the Minister of Natural Resources concerning equalization.

As a result of that I feel very strongly that the minister should resign. The least he should do is apologize to the people for his broken promises and the fact that he would tell the people of Newfoundland and Labrador to heck with the promise and then offer them a few crumbs saying that they could take them or leave them.

• (1615)

Government Orders

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I listened to the hon. member's speech but I did not hear too much on Bill C-24, the bill that is in front of the House. I heard a lot about offshore accords but I did not hear much on the actual subject matter that is before the House.

I wonder whether the hon. member has anything to say with respect to Bill C-24.

Mr. Norman Doyle: Yes, Mr. Speaker, I have something to say about Bill C-24. We as a party support certain components of Bill C-24. The fact that this particular bill will be the subject of a review by a panel of people who will meet over the next year or so to make recommendations on equalization is a positive step.

However I think a full year to review equalization is too long. When we have been talking about equalization for the last 20 to 25 years, I do not know why we need a full year to talk about equalization again. It seems that when the government introduces a committee or a study, it is given a full year. The Gomery commission is one example. I wonder if the government is contemplating an election in the spring when it can tell the people that the sponsorship scandal cannot be talked about because it is before a committee. The equalization will not be a factor in that election because the committee looking at equalization will not report for a full year.

It seems to me that we are supposed to feel and think that the federal government is taking the right direction here but after talking about equalization for 20 years I fail to see why we need another full year to study this particular issue. However we in the Conservative Party at least support the fact that we have a panel of experts to look at this particular issue because it is an important issue facing the people of the country.

Mr. Brian Fitzpatrick (Prince Albert, CPC): Mr. Speaker, I would like to comment about this panel of experts as well. I had the opportunity to speak to some of the NDP members or people tied with the NDP government in Saskatchewan and I encouraged them to pick some experts to put on that panel who really understood the problems of non-renewable resources. However they told me that the instructions they had received from the federal Liberal government was that it did not want any experts who had preconceived ideas on this subject. In other words, it wanted experts that knew nothing about the topic.

To me experts are people who have studied something, understand it very well and have some well thought out ideas on the matter, but apparently that is not what the government wants. It wants people who do not know anything about the issue to be on the panel of experts, which is quite amazing.

I can think of Mr. Mansell at the University of Calgary who would be an excellent person to have on the panel. Brian Crowley from the Atlantic Institute for Market Studies would be an excellent person to have on that panel. Mr. Courchesne at Queen's University would also be an excellent person to have on that panel. They have all spent a lot of time studying this formula and criticizing the defects in it, but I doubt whether any of these people will be appointed to the panel because they have preconceived ideas on the topic.

The sort of sentiment here in Ottawa is that things should be controlled and run out of Ottawa because everyone in Ottawa knows

best. I have the suspicion that what would really trouble the centralists, the Trudeau types of people who wanted everything run out of Ottawa, is that it would be dangerous if a province like Newfoundland developed its non-renewable resources and became an economic powerhouse in Atlantic Canada, became a true major have province, a place for investment where people could go, and a collection point for economic activity.

The people of the Trudeau centralist idea of government would find that whole notion dangerous and would not want it to happen. They would not want people to get on their own two feet, really be in control of their own destiny and maximize all their abilities and talents in that region.

I wonder if the member would be able to respond to that kind of concern.

• (1620)

Mr. Norman Doyle: Mr. Speaker, that is a very good question the member asks. I think there is a whole range of things that we do not know about this so-called panel of experts that will be put in place. For instance, will the recommendation by the panel be binding? Will the recommendation be subject to the opinions or the approval of the have provinces if the have not provinces seem to get a better deal?

What I have been saying is that the whole equalization issue is a very useful tool in keeping have not provinces from starving, but it is a very big impediment as well in that it keeps a province from standing on its own.

I feel it is an absolute must that the equalization panel has to address the non-renewable clawback resource revenue issue. Our provincial government right now is quite legitimately making the point that non-renewable resources have to be exempt from the clawback provisions in our resources and our oil revenues.

It is a step backwards not to have this particular issue on clawback addressed by this panel, because it is the one issue that is keeping the have not provinces have not.

Mr. Loyola Hearn (St. John's South—Mount Pearl, CPC): Mr. Speaker, I am delighted to have the opportunity to say a few words on Bill C-24. I thank my colleague from St. John's East for sharing his time with me.

When we talk about equalization, quite often we hear people saying, "There goes Newfoundland and Labrador again, looking for more money". Let me just put on the record quite clearly that our province is not the only province that gets equalization.

Newfoundland and Labrador, according to the legislation, next year will receive—and there is some argument about this—\$860 million, probably closer to \$861 million, but Manitoba will receive \$1,600,000,000, twice as much. New Brunswick will receive \$1,347,000,000, almost twice as much. Nova Scotia will receive \$1,343,000,000, almost twice as much, and Quebec of course will receive \$4,798,000,000, which is just about six times as much.

So right from the start let us make it clear that Newfoundland and Labrador is not the only province in the country that receives equalization.

Government Orders

The legislation itself, as far as it goes, basically just legalizes a process of delivering the equalization payments to the province, adjusting the formula somewhat and legalizing payments. As far as it goes, we have no problems with it. It is where it does not go that causes us real problems.

Equalization has its basis in section 36 of the Constitution. It is a redistribution program aimed at nation building. I want members to remember nation building, because I will come back to it in a moment.

The formula itself is not in the Constitution. Instead, it is set out in the Federal-Provincial Fiscal Arrangements Act. And here is the thing that worries us, particularly in light of negotiations that are going on at present. It has changed a number of times since its inception in 1957. It has changed a number of times and the concern of course is that if it changed once, it can change again. The enactment does not deal with non-renewable resource revenue sharing outside of equalization, and that is the other thing that scares us.

Let us talk about nation building and just talk about what some of the hon. members opposite think about equalization as it deals with nation building. Let me quote one of them. He said:

—we are now 10 independent little countries.

I respectfully submit there is no sense of nationhood or nation building out of these moneys. We have 10 little emperors. Each has his hands on ridiculous amounts of money. They erect trade barriers which interfere with each Canadian's ability to move from province to province and to practise his or her trade.

If I had any impact on the finance ministers of Canada, and that is somewhat dubious, I might ask some rather fundamental questions. How do these equalization transfers help build Canada? How is Canada better off at the end of the day once these transfers are done? How will Canadians know that their money is well spent?

The hon. gentleman actually went on to say:

I cannot quite fathom how we should take \$1 billion worth of transfer moneys given to the Government of Newfoundland [and Labrador] own funds, not call on the federal transfer and still complain.

One would wonder who would say it like that, first of all to ridicule 10 provinces and 10 premiers and say they are a bunch of greedy little emperors with their grubby little fingers out reaching for federal dollars, and then to complain that Newfoundlanders or perhaps people from the north or any province with natural resources would sit back and not try to develop their own resources because Ottawa is passing out the money to them.

The interesting thing about it is that the statement was made by the member for Scarborough—Guildwood when he was the member for Scarborough East about four or five years ago.

• (1625)

So when we hear the hon. member, now the parliamentary secretary, constantly belittling equalization and trying to prevent the government from proceeding with its deal to give provinces that have non-renewable resources a fair shake, to develop these resources outside of equalization until and only until they become contributing provinces, this is where the problem is coming from, from people like that.

There he is on the record proving himself to the people of Canada. Maybe his own party will look at him and others who are the

naysayers, including the President of the Treasury Board, by the way, and show some leadership.

The Prime Minister today in question period, in answering the question from the Leader of the Opposition, in referring to the deal the federal government has offered Nova Scotia and Newfoundland, said how much better off “our offer is than the Conservatives”.

The offer that the Prime Minister made was a very good one. The offer he made Newfoundland and Labrador, the offer he made Nova Scotia, was a very good offer. He promised it during the election campaign. The problem is that it does not matter how good the offer was if he has no intention of delivering on that promise or the offer, if the little minions on the other side are saying to him, “You cannot, you cannot, help. One of these days these provinces might be as rich as Ontario. We can never let that happen, Mr. Prime Minister”.

We have a Prime Minister who came to Newfoundland and Labrador, who came to Nova Scotia, and in the case of Nova Scotia the day before the election, to try to save a few seats and save face, and promised to do what any good Prime Minister should do: give them a fair shake.

Do members know what are we asking for? Remember *Oliver Twist* and “Please, sir, I want some more”? That is almost the position we are in. We are not asking for anything from this government, or anything from this House, or anything from this province, or anything from this country.

What we are asking is that we can keep our share, not the whole amount but our share of our resource, which in reality is less than 50% of the total resource. We get less than 50%. The province gets to keep about 30%. The federal government wants to claw back 70% of our share, less than 50% of the total, on top of the 50%-plus that it has anyway. All we are saying is please let us keep our own revenues until we become a contributing province. Then the government can take equalization and help those who need the help.

Equalization in itself, as we know, is a bit of a joke, because the funds certainly do not equalize anything in this country. It just helps, however, some provinces that are not in a position to help themselves.

Therefore, let us say when we look at a bill like this that as far as it goes all it does is legitimize the delivery mechanism for the next round of equalization payments. That is fair ball as it goes. However, here is what we must look at and why we have so many concerns. When we hear a Prime Minister talk about an offer which he has no intention of fulfilling, when we see members throwing in every monkey wrench they can, when we see that there is no protection in legislation that the equalization will not be changed next year or the year after, is it any wonder that we are holding out for a good deal? No, it is not, and let me tell this House that until we get the deal we want, we will not be signing anything.

• (1630)

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member for St. John's South—Mount Pearl has been a very forceful speaker on behalf of Newfoundland. It is helpful for the House to hear that perspective.

Government Orders

The member laid out in his speech that the nation-building principle is enshrined in our Constitution, but that indeed it is the Federal-Provincial Fiscal Arrangements Act that from time to time is amended to take into account new cooperation between the federal and provincial governments.

Having said that, we seem to drift a little bit away from Bill C-24, to be generous. However I know this is very important to the member and to all Canadians, quite frankly, because the measure of success of a country is not an economic measure; it is a measure of the health and well-being of its people and dollars simply will not do it.

The hon. member concluded by saying that this is what they would like to have, so that once they achieve some parity with, for instance, the Ontario benchmark, as it were, then equalization could kick in again to help other provinces. That is an interesting perspective. My question relates to what happens after that.

What happens once Newfoundland has been able to bring its dollar figures up to that Ontario standard with a non-renewable source of revenue from the oil? There has to be something after that. Maybe the member would like to share with the House how we start working on what happens after. What does it mean in terms of how we make sure that there is not a false start yet again when we consider all of the moneys that have been invested over a large number of years in programs that have not been able to trigger that self-generated economic growth and well-being for the people of Newfoundland? It is important to hear the member's perspective.

• (1635)

Mr. Loyola Hearn: Mr. Speaker, the member is very conscientious and looks at things very reasonably. He has really put his finger on the dilemma that we face in this country.

I say to the hon. member that even though we use the word equalization, and the bill is about equalization, he knows as well as I do that the provinces, particularly when we speak in fiscal terms, are certainly not equal. Perhaps they never will be. Some have more than others. That is why we have a central government that tries somewhat to equalize at least to some degree some of the opportunities and abilities.

Back in the 1930s when Alberta was going through an extremely rough time with farming, people from the east, from Nova Scotia, from Newfoundland, sent salt fish out so that people would have something to eat. Times were pretty tough. Things have turned around. Alberta is now the richest province in the country. It is contributing significantly to the funds that go to the have not provinces, if we can refer to them as such, and many of them are not.

Other provinces have resources. Let us look at Ontario, the pride of my friend from Scarborough—Guildwood. If tomorrow some of the major car manufacturers said that they were moving to Mexico, that they were taking their car production factories out of Ontario, imagine what would happen. If the federal government said that to really foster Canadian unity it would move the centre of government to Quebec, to Montreal, or to Regina or St. John's, what effect would that have on the economy of Ontario? Very quickly Ontario would become a have not province.

What I am saying is that the pendulum swings. Today we are well off; tomorrow we may not be. That is what Confederation is about. I have said that before. Alberta's turn today may be ours tomorrow. As its oil wells dry up, ours are coming on stream. Once we hit that magic number of the five province or 10 province formula, whichever one is in effect, we become contributing partners and we stay contributing partners. We do not look for equalization. We contribute then. We get the benefit of our own resources, but we pay into the equalization formula that helps other provinces. Somewhere down the road, the pendulum swings back again.

To answer the hon. member's question in short terms, provinces generally are in confederation to help each other and to share with each other. Whichever one happens to be fortunate looks after the less fortunate, because tomorrow the shoe could be on the other foot.

The Acting Speaker (Mr. Marcel Proulx): Order. 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 Nepean—Carleton, Health; the hon. member for Kootenay—Columbia, Foreign Affairs; the hon. member for Vancouver Island North, Softwood Lumber.

• (1640)

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Mr. Speaker, I will be sharing my time with the hon. member for Ottawa South.

The October 26 first ministers meeting flowed from an earlier meeting. That was the historic meeting in September which saw the Government of Canada come together with all the provincial and territorial governments to achieve a \$41 billion health accord.

In September of this year the premiers made the point that at least some provinces were not able to have a discussion about fixing and funding health care without also having some long term arrangement in place with regard to equalization, because for some provinces equalization is obviously a contributor to health care. The Government of Canada agreed at that time to have a further discussion not only about health care, but also about equalization.

The final arrangement with respect to health care involves \$41 billion in incremental federal funding over the course of the next 10 years. To that \$41 billion transfer to the provinces and territories, the government has added a further \$33 billion over 10 years through the new equalization and territorial funding formula framework. That is a total of \$74 billion altogether in new money over the next 10 years. This is a very strong commitment.

Obviously, an arrangement of this sort and a commitment of this size, is not simply drawn up on the back of an envelope. No, the Government of Canada arrived at its calculation by accepting the unanimous request put forward by the premiers at Niagara-on-the-Lake earlier this year. In their final communiqué the premiers asked that the equalization program be restored to the 2000-01 level; that is, they asked that equalization be restored to the highest level it has ever been at \$10.9 billion. The Government of Canada agrees.

Government Orders

Following that meeting of the Council of the Federation in July, the premiers also said that they supported reforms to enhance the stability and predictability of the equalization program. Again the Government of Canada agrees.

There is also an escalation factor built in. It is 3.5% per year. To understand what that means, from today's figures which stand at \$8.9 billion, what we have put on the table will move that number to \$12.5 billion. That is a 42% increase. That is an annual average increase of over 7% per year, almost twice the rate of growth of the Canadian economy.

The objective is quite clear. We want to fill in some of the gap that currently exists between the more wealthy provinces and the less wealthy provinces, not by taking from one province and giving to another; no one is playing Robin Hood. This money comes 100% from the Government of Canada, not the so-called have provinces.

In total, to enable Canadians from coast to coast to coast to enjoy the same levels of social programs, the Government of Canada, the Prime Minister, has made the very firm commitment over the past month to transfer \$74 billion in incremental funding to the provinces and territories to assist them in meeting their very important social and economic priorities.

I would like to point out that our recent commitments on health care and equalization are on top of a further \$36 billion per year which the federal government currently invests directly and indirectly in the health of Canadians.

As mentioned a few weeks ago in the House, this means that the government has met and surpassed all of the federal financial obligations laid out by the hon. Roy Romanow in his landmark report on health care. We have a long term agreement duly signed by every premier from every province and territory. It provides the best terms ever on transparency. It is a triumph of successful Canadian federalism and allows all of us to focus all of our efforts at long last on the real substance: shorter waiting times; more health care professionals; better equipment; improved primary care; home care and catastrophic drug coverage; better services in the north and for aboriginals; more health innovation; and improved public health and wellness.

The fact that Canada has been a strong fiscal, economic and social performer over the past seven years is a direct result of our successful battle in the 1990s to beat the deficit. It is a battle that we fought and a battle that we won, thanks in no small part to the leadership of the Prime Minister, and to the very strong commitment, determination and hard work of all Canadians.

After nearly three decades of chronic red ink, no growth, high interest rates and lost jobs, we balanced Canada's books in 1997 and we have kept them balanced every year since. We are the only G-7 country to be operating solidly in the black. Our triple A credit ratings have been fully restored from where they were in the mid-1990s and later.

• (1645)

Since moving into surplus, the average standard of living of Canadians has increased at a faster pace. There has been more improvement in the past seven years than in the previous 17.

Our careful planning and prudent budgeting have given Canada the strength to deal with expensive and unpredictable crises, such as security threats and natural disasters. It also gives us the wherewithal to invest in primary Canadian priorities, such as health care, learning, families and innovation, while also paying down debt, cutting taxes and always balancing the books.

However, we can never take our fiscal and economic success for granted. It is crucial to the well-being of Canadians everywhere, but it is not automatic.

Of course there is still that federal debt of more than \$500 billion which, incidentally, is nearly double the size of all provincial and territorial debt combined. Just keeping that debt current consumes about 20¢ out of every dollar of federal revenue. It adds up to about \$35 billion a year, probably the biggest single expenditure facing the Government of Canada.

No one should doubt the serious responsibilities carried by provincial governments. Of course their jurisdictions, just like the federal jurisdiction, must always be respected. At the same time, in fairness, it also needs to be noted that both orders of government have access to all the same major tax bases. It also has to be noted that some provincial revenue sources, such as royalties and the proceeds from lotteries, are not available to the federal government.

It has to be noted that the provinces have complete autonomy in setting their fiscal policies. It has to be noted that the federal fiscal responsibility, balanced budgets and debt reduction save interest costs not just for the Government of Canada but for all Canadians, including provincial governments.

It has to be noted further that recent improvements in national economic performance will boost not only federal revenues but also provincial revenues.

Our commitment is to balanced budgets, fiscal discipline, steady and sensible debt reduction, and just as we have done in every budget since 1996, further reduction in federal taxes, especially for lower income Canadians, and to enhance the competitiveness of the Canadian economy.

The fact that Canada has been a strong fiscal, economic and social performer over the past seven years is a direct result of our successful battle to beat that deficit. It is a battle won and our fiscal house is in order.

Now that we have transferred that money, all that is left is to continue working with the provinces to transfer new money and certainty in their planning processes. That is the attitude of the Prime Minister and this government.

Mr. Brian Fitzpatrick (Prince Albert, CPC): Mr. Speaker, I would first like to make some comments about the Prime Minister. When he was in Newfoundland and Labrador, he made a solemn commitment to the people that the government would remove non-renewable resources from that formula, and a bunch of huffing and puffing went with it. When he came to Saskatchewan, which has the same sort of problem, perhaps even more serious than Newfoundland and Labrador, during the election campaign, he and his finance minister said that this was something the government would have to study. However, there were no details committed at all.

Government Orders

That election campaign was full of those kinds of promises. They would go to one area and promise one thing, then go to another area and not even say anything remotely close to the same thing. The one difference is he had a chance to get Liberal MPs elected in Newfoundland and Labrador. However, in Saskatchewan there was not a light at either end of the tunnel in 13 out of 14 ridings. Why would they make that kind of promise in Saskatchewan. When the election was over, he broke his promises.

I have a comment that I want to make. The godfather of equalization payments is a professor from the U.S. by the name of Buchanan. Mr. Trudeau employed his wisdom to set up regional development and to come in with these ideas of equalization. He now is a huge critic of these Canadian programs, He has said that they have been a failure. He points to a couple of very good examples.

In 1986 Ireland had an unemployment rate of 17% and its per capita income was half of the Canadian standard. Today, Ireland has a 4% unemployment rate. People are going to Ireland from all over the world and investing there. Its standard of living is not only higher than Canada's, it is well above the EU average.

Ireland went a totally different way than what we did in this country. Our have not provinces are still the same have not provinces that we had when Mr. Trudeau thought this was such a great idea.

Another example that he uses is the State of Georgia. In 1970 the State of Georgia had a standard of living which was 70% of the U.S. average. Birmingham, Alabama was a bigger city than Atlanta, Georgia. Today Georgia has a standard of living which is 15% above the national average and Atlanta is the hub of the entire U.S. southeast. It is the major centre of that area and a far bigger place than Birmingham, Alabama.

Those sorts of things are not happening here. The Irish example and the Georgia example are not happening in Saskatchewan. Mr. Buchanan has said that his own proposals for equalization and regional development have failed Canada. The same provinces that were haves when he proposed this are still the have provinces and the have nots provinces are still the have nots. His argument is that rather than even trying to converge or get closer to the haves, the gap in many ways is wider.

I guess this is something the Liberal government, which hatched all these programs, has failed to ever address. Maybe at some point in this country's history we will have to seriously re-evaluate the effectiveness of these programs and see if there is not a new and better way of doing things, and maybe listen to people like Mr. Buchanan.

• (1650)

Mr. Ken Boshcoff: Mr. Speaker, I think we are all very familiar with the success stories of Georgia and of Ireland. Anyone who is involved in economic development knows those models.

Think about what has been achieved by the government in the past while in adopting new and innovative approaches. We have agreement among the premiers. They asked for something very substantial and received it in the \$10.9 billion. Those are things on which we start to build. That is how we start. We do not do it

automatically overnight, but the fact that it is happening has to be something of which each and every one of us should be glad.

Mr. David McGuinty (Ottawa South, Lib.): Mr. Speaker, it is a pleasure and an honour to speak this evening to Bill C-24. Canadians understand that equalization has been one of the pillars of our federation for more than four decades now. To begin with, the equalization and the territorial formula financing programs ensure that all Canadians, no matter where they live, have access to reasonably comparable public services. This commitment helps to ensure that all Canadians are treated equally from coast to coast to coast.

However, the provinces and territories have been complaining for several years now about how the federal government funds the equalization and territorial formula financing programs. They have spoken about the planning difficulties they face as a result of the year to year swings in the amount of payments they receive under these programs.

These are legitimate concerns and our government has done everything we can to address them. However, the very good news is that on October 26, Canada's premiers and territorial leaders agreed to the government's framework for equalization. This new framework represents the most fundamental and sweeping changes in the program's history. The goal of this new framework is nothing less than to make payments to the provinces and territories more stable and predictable, while significantly increasing the overall level of funding.

The new framework includes five elements: first, an overall floor of \$10 billion for equalization and \$1.9 billion for territorial financing for the current fiscal year; second, complete protection for provinces and territories against overall individual declines in payments in 2004-05; third, an increase in the funding base for 2004-05 rising to \$10.9 billion for equalization and \$2 billion for territorial financing; fourth, a guarantee that equalization and territorial formula financing payments starting in 2006-07 will grow by 3.5% per year until 2009-10; and finally, the creation of an independent panel to provide advice on allocating these moneys among provinces and territories.

Let us take a look at what these changes will mean. Over the next decade, this new framework will provide \$33 billion more in equalization and territorial financing payments to the provinces and territories. That is an astonishing sum of money. For the sake of comparison, it means that equalization payments will increase from \$8.9 billion in 2004-05, what they would have been without the new framework based on the earlier estimates, to \$12.5 billion by 2009-10. That represents an increase of 42% overall, or more than 7% per annum on average.

• (1655)

[*Translation*]

The idea that Canadians should have access to the same high quality of health and social services regardless of where they live is so fundamental to the fairness and integrity of the Canadian federation that it is protected by the Constitution in the form of equalization.

Government Orders

In short, the equalization program transfers money to the less prosperous provinces and territories in accordance with a formula based on the revenue raising capacity of each province. This means that as a province becomes more prosperous, its equalization entitlement declines.

In fact, equalization payments are designed to make up the difference so that Canadians in any part of the country have access to the quality social and health services they expect and demand.

As well, they prevent the less well-off provinces from having to resort to tax rates that would be bad for the economy in order to be able to afford to deliver such services.

In order to cast some light on the importance we assign to the equalization program, I would remind hon. members that the Prime Minister has announced an improved equalization framework. This new framework represents probably the most important change in the program in its history.

The intent of the changes is to bring stability, predictability and growth to the overall level of funding for these programs, in accordance with third party advice on the best way for the Government of Canada to allocate payments among the provinces and territories.

The changes to the programs would encompass three important elements: complete protection for provinces and territories against overall and individual declines in payments in 2004-05; a new framework for equalization and territorial financing starting in the fiscal years 2005-06; and an independent review of the programs by a panel of experts.

The new framework will, therefore, make payments to provinces and territories more stable and predictable, and ensure the sustained growth of financial assistance.

With respect to the financial impact, over the next 10 years the new framework for these programs will be \$33 billion more in equalization and TFF payments to provinces and territories than the amounts estimated at the time of budget 2004, a significant increase.

The equalization program is a faithful reflection of the sense of sharing that characterizes the Canadian nation.

● (1700)

[English]

I would also be remiss if I did not point out to the House that our government is committing an additional \$41.3 billion for health care as part of its 10 year action strategy on health, agreed to by the Prime Minister and the provincial and territorial leaders last month. This brings me to my closing point.

This new \$33 billion framework for equalization and territorial formula financing, when combined with the \$41.3 billion in new health care funding, will result in a cumulative and whopping increase of \$74 billion in new money transferred from the federal government to the provinces and territories over the next 10 years. By any stretch of the imagination, this is a huge sum of money and it illustrates our government's commitment to ensuring that Canadians are treated fairly and have access to reasonably comparable levels of service, no matter where they live in the country.

The significant influx of new money to support health care and other national priorities is the direct result of two specific initiatives. Let us give credit where credit is due. First, the hard work and sacrifice hundreds of thousands of Canadians who helped boost our economic performance to a level that is the envy of our G-7 counterparts and a host of other industrialized nations around the world. Second, it is also a product of our government's commitment to disciplined spending practices, balanced budgets and debt reduction.

Since 1997, we have posted seven consecutive balanced budgets and reduced our federal debt by more than \$61 billion. This has freed up an additional \$3 billion annually and lower interest charges to help fund the priorities of Canadians.

Our government recognizes the need to ensure that all provinces and territories can offer the best possible services to their citizens. The equalization and territorial formula financing programs are clear evidence of our commitment in this area.

Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC): Mr. Speaker, I will be sharing my time with the very distinguished member for New Brunswick Southwest who was recently elected co-chair of the Canada-U.S. Committee. We are all very honoured to be in his midst. He is a very distinguished member. We are pleased that he shares this House with us.

We agree with the direction and concept of Bill C-24. We certainly agree with the concept and principle of equalization. As this country's fortunes shift from province to province and region to region, it will always be an important part of our being and our whole essence that parts of our country that are more prosperous and have more resources share some of their resources with areas that are not so prosperous.

I think it was the member for St. John's South—Mount Pearl who told us how Newfoundland and Nova Scotia used to send salt cod to Alberta. I am sure it appreciated that at the time. I do not know if Alberta would appreciate it now or not, but it appreciated it then. However, it just goes to show how fortunes have changed. That proves the point that this equalization formula is fair and is necessary for our country.

It is not a figment of our imagination either. People should know that it is in our Constitution. Subsection 36(2) reads:

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

I think that is a fair assessment of what we are talking about here today. Another part of this whole concept of equalization that we have been pushing in the Conservative Party is the concept of removing the natural resources revenues from the equalization payments. Basically a province that has a defined quantity of a natural resource would have a very short window of opportunity to pull ahead and become a have province rather than a have not province.

Government Orders

It is such a shame to see a province like Newfoundland or Nova Scotia that has a resource which is defined and will be gone some day. It is a shame to see all those revenues clawed back by the federal government and at the end of the day when the resource is gone, Newfoundland, Nova Scotia or another province, that has a resource that has been totally exhausted, is right back where it started. The resource did no good for the province or for the region.

We would like to see the natural resources revenues removed from the equalization payments because these are finite amounts of resources. They come and go.

In the case of Newfoundland, I understand that 40% of its gas or oil resources, I am not sure which it is, has already been exhausted. It will not be long before all its resources are exhausted, a matter of a decade or two, whatever, and then it will be right back where it started. It needs that money now. It needs that money from these natural resources to build alternatives, to build economies, and to build infrastructure so that it can compete with the rest of the country. It is critical that these natural resources be removed from the equalization formula. It is not in Bill C-24. However, it is something we would like to see in Bill C-24.

This brings us to the promise that was made during the election, that all offshore gas and oil resources revenues would go to the provinces of Nova Scotia and Newfoundland. We now know that the provinces are trying to negotiate to get this deal back. The way I look at it, the Prime Minister went to Newfoundland and said—he obviously knew they would lose seats in Newfoundland—that if Newfoundlanders voted Liberal, he would give them 100% of the gas and oil revenues. Newfoundlanders, to a great extent, kept their end of the bargain. However, as soon as the election was over, the Prime Minister said that we have to negotiate.

It is interesting that today the Prime Minister said how much better his offer was than the opposition's offer. I am not sure which offer he is talking about. I am not sure if he is talking about the offer made during the election or the offer he is trying to slam through now.

Newfoundlanders and Nova Scotians will stand their ground and insist to get the deal that was made during the election because that affected a lot of votes. The Liberals said, "You vote for us, we will give you 100% of the revenues. No time limits. No caps. No nothing".

Now of course we know that they are trying to negotiate another deal. The Prime Minister refers to their offer as a good deal. Perhaps it is better than what was there before, but it is not the deal that we were promised during the election. In my view, the Prime Minister has a verbal contract with the people of Nova Scotia and Newfoundland and he must honour that deal.

I find it interesting that in the debate tonight the Liberal members are talking about a lot of numbers and I cannot even follow them. I cannot follow all the tos-and-fros and the complex arguments they are making when it is really quite simple.

• (1705)

It is about keeping commitments and keeping one's word, and helping provinces that need help. When Liberals stand up to make a speech, I cannot follow them. When we make a point about keeping our offshore gas and oil revenues in Nova Scotia and Newfoundland,

they stand up and say we are not talking about Bill C-24. What is the point of talking about anything if they do not keep their word in the first place.

The commitment by the government to allow Nova Scotia and Newfoundland to keep 100% of their gas and oil revenues is very much a part of the debate tonight. It may not be actually written in Bill C-24, but it is the word of the government that is at stake. If the government makes promises and does not keep them, then Bill C-24 or any other commitments are really not worth a lot anyway.

We are very much of the opinion that gas and oil revenues should be taken out of the equalization payments. I go back to 2001 when Premier John Hamm from Nova Scotia started this debate with the campaign for fairness. The fairness component referred to when Alberta was starting to realize it had gas and oil revenues and started to realize the benefits. It was allowed to keep its resource revenues from those resources 100%, no clawback, no caps, no limits, no nothing.

Premier Hamm's position was that Nova Scotia, Newfoundland and the other provinces on the coast should have exactly the same deal. He called it the campaign of fairness. He waged that war for a long time all by himself. It turns out now that the groundwork he laid was very effective. Newfoundland got involved with it during the campaign.

Premier Danny Williams, another Conservative premier, asked the Prime Minister if he would match the opposition's proposal to remove gas and oil revenues from the equalization formula and the Prime Minister agreed. He said yes publicly, on camera and on the record, that Newfoundland and Nova Scotia can keep 100% of their resource revenues and it will not be part of the equalization formula.

We know what happened since the election. The government tried to negotiate a much different deal. That goes to the point of credibility of the government. We can talk about Bill C-24 and equalization payments, but if the will is not there to keep its commitments and its word, then it hardly matters what we do in the House, unless the government will honour its commitments.

That is our position. We support Bill C-24. We would like to see the gas and oil resource revenues removed from the equalization payments. We want to see the minimum amount of money that the Liberals have committed to the programs stay in so there are no giant fluctuations. However, we should all understand that the concept is solid and valuable, and the circumstances of today will certainly not be the circumstances of tomorrow. Wealthy areas of Canada that are experiencing good times now may some day not have those good times and this money may shift around.

Government Orders

● (1710)

BUSINESS OF THE HOUSE

Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.): Madam Speaker, I move:

That, notwithstanding any Standing Order or usual practice, on Tuesday, November 30, 2004, private members' business shall be taken up from 1:00 p.m. to 2:00 p.m. instead of between 5:30 p.m. and 6:30 p.m.

The Acting Speaker (Hon. Jean Augustine): Does the hon. member have the unanimous consent of the House to move the motion?

Some hon. members: Agreed.

The Acting Speaker (Hon. Jean Augustine): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

The House resumed consideration of the motion that Bill C-24, an act to amend the Federal-Provincial Fiscal Arrangements Act and to make consequential amendments to other Acts (fiscal equalization payments to the provinces and funding to the territories), be read the second time and referred to a committee.

Mr. Greg Thompson (New Brunswick Southwest, CPC): Madam Speaker, equalization is one of those arcane debates where not only members' but the listening public's eyes tend to glaze over because it tends to get very complicated and controversial. However, it is worthwhile to lay out what equalization is for our listening audience, if we have one, which I think we do, and maybe for some of our members to remind them what equalization is all about.

Equalization is a constitutionally entrenched program which allows all provinces to offer "reasonably comparable levels of public services at reasonably comparable levels of taxation". Its goals are "to promote equal opportunities for the well-being of Canadians, furthering economic development to reduce disparity in opportunities, and to provide essential public services of reasonable quality to all Canadians".

It is a fancier way of saying sharing the wealth with other areas, which is truly one of the unique features of Canada. We cannot say that for all countries. We cannot even say that for our neighbours to the south of the border despite the fact that they do a number of things well. Equalization is unique to Canada. We have to be very proud of it, but obviously it is ridden with its problems and difficulties. We are always trying to strike a balance that works at both the federal and provincial levels.

I want to point out what some of the premiers are saying, and then I will go on to our position as a federal party. The province of P.E.I. is an example. We have heard from Nova Scotia and Newfoundland today in the House, but I wanted to point this out because Newfoundland is obviously missing members of Parliament on the Conservative side. I guess we will have to work on that problem in the next election.

The treasurer from P.E.I., Mitch Murphy, is suggesting that cuts to equalization payments may be unconstitutional. He suggests that those cuts to equalization, what we are hearing now and his up to date figures, would indicate an additional \$25 million loss, which would bring the total loss in revenue to P.E.I. in the next year to something like \$78 million, a substantial amount of money. In my home province of New Brunswick, the premier is looking at a loss of about \$100 million this fiscal year if the current formula holds.

What we are discussing now is Bill C-24. Bill C-24 is a bill that would bring in some changes to the arrangement, but I want to put on the record where we stand on it as a party, the Conservative Party of Canada. The Conservative Party of Canada views the equalization program as an essential component of Canada's nation-building efforts. In short, we support it in order for Canada's provinces to grow and prosper. It is important that a strong and effective equalization program be in place.

We accept some of what is in Bill C-24 because in fact the government accepted some of the ideas that we have thrown out during the election period and right here on the floor of the House of Commons. Bill C-24 addresses some of the concerns shared by the Conservative Party of Canada, the provinces and territories, notably the provisions for additional federal equalization and TFF, territorial funding formula, and a structure that sets the total level of funding going forward, not backward. These changes are an admission by the Liberals that their methods are flawed, were flawed in the past, and that the Conservative Party and the provinces have been right in calling for changes. Some of those changes again are inherent in this bill.

Unfortunately, Bill C-24 does not address how the equalization and TFF will be allocated among the provinces and territories from 2006-07 forward. We have to look into the future. One of the things we are suggesting, which again is in this bill, is that it examine the report or the future funding levels through a panel of experts. The government is doing that and it has bowed to some of the pressure we have put upon it to do that very thing. At the end of the day, the federal Liberals will retain the ultimate decision-making in the equalization formula. Although the panel of experts is a step in the right direction, at the end of the day the government will basically call the shots.

● (1715)

Again what I am suggesting is that the government is putting its own political agenda ahead of the provinces and the need for a fair and sound formula. Then there is the other point I want to make about what it does not address. This is a point that the members from Newfoundland and Labrador point out every time they are on their feet on this side of the House, although there is an absence of that on the other side of the House in terms of debate.

Our members from Newfoundland and Labrador and Nova Scotia consistently have talked about the inclusion of non-renewable resource revenue in the current equalization formula. Under the current formula, provinces that benefit from non-renewable resource revenues are subject to a clawback that results in lower equalization payments. We are saying that this should be included in the bill. We support the ending of that clawback so there can be no disagreement.

Government Orders

As you know, Madam Speaker, although your riding is far removed from Newfoundland and if I am not mistaken is in the heart of Ontario, during the election the Prime Minister made that promise in Atlantic Canada. He did that when the bottom was falling out of his campaign and he did it for one reason only: votes. It is very simple.

In the middle of the election he made a promise to the Canadian people, particularly those in Newfoundland and Nova Scotia, for votes. As some members have already mentioned, we probably should have had the Prime Minister put that in writing and sign it. But he is on the record. He was on national television. He went over there and made that promise to resurrect Liberal fortunes on the Island, in Nova Scotia and in Atlantic Canada in general, and he has reneged on those promises. That is wrong.

In terms of the Conservative Party policy, we have four recommendations.

The first is to allow reforms in the 2004 budget to take effect.

The second is to provide a formula driven approach. We have always been in favour of a formula driven approach that works and is consistent.

The third is to provide incentives for sustainability by carving out resource revenue from the equalization formula. I have spoken on that previously.

The fourth is to remain committed to the five year renewal schedule.

I believe that we can do better, as I have pointed out. I will leave my arguments at that and look forward to questions and comments from my colleagues.

• (1720)

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I am pleased to participate in the debate on Bill C-24. I did have a much longer speech, but I listened very carefully this afternoon to a number of the members. We have strayed quite a ways from Bill C-24 from time to time, but I think it is important because virtually everything we do in this place is inextricably linked to everything else that happens.

Having said that, I have often thought that the measure of success of a country is not an economic measure, but rather a measure of the health and well-being of its people. When we went through this debate today, one of the things we talked about was fiscal imbalance. It seems to connote that something has differed from region to region and from province to province and that something in our system somehow does not quite match up.

The Constitution, under section 36, provides for equalization, but it is this act that Bill C-24 is amending, the Federal-Provincial Fiscal Arrangements Act, that provides the detail on how it would be divvied up in accordance with the agreement between the provinces and the federal government.

I was going to talk about some of the numbers, but I think I want to go back to this whole concept of fiscal imbalance. I was looking at some briefing notes and I noticed that fiscal imbalance in fact has

two different forms. One is horizontal and one is vertical. We have to start thinking about some of this.

The horizontal actually refers to the imbalance province to province. That is exactly what equalization intends to try to cover. If we were to look, for instance, under the Canada Health Act, we would see that we have the five principles of medicare, those being universality, portability, accessibility, comprehensiveness, and public administration.

The portability one certainly touches on this aspect of horizontal balance, or imbalance as some might argue. Can we say with some certitude that we have portability, comprehensiveness and accessibility province to province? I am pretty sure that we cannot. I am pretty sure that we cannot go to every place in Canada and expect to get the same level of comprehensiveness and accessibility in all disciplines of medicine.

So are we really meeting the objectives under the Canada Health Act? Or are there other ways to do it given that we have geographic disparities in our country and we also have other problems?

Money deals with part of that, but the other part, the more important one, which I think members have talked about a lot more, is called the vertical fiscal imbalance. This is between the federal and the provincial governments and whether or not there is enough money being transferred down.

I can recall giving speeches in this place where I talked about what provincial governments were doing at the same time that the federal government was trying to fight a \$42 billion deficit back in 1993. How did this go forward? I talked a lot about it and I tried to stick to my own turf about Ontario. All I know is that at the time Ontario was cutting taxes. That was the big deal: to cut taxes. Suddenly today we find that Ontario is in a deficit position. At the same time, to deal with it, what were they doing? Not only was the Conservative government cutting taxes; it was also downloading costs to the municipalities to deal with their problem and then it was blaming the federal government.

Sometimes provinces will argue that all the problems they have are federal, but let us look at what the facts are. Provinces in fact have every opportunity to raise money that the federal government does. The provinces have the ability to charge personal income taxes, which they do. Corporate income taxes, sales taxes and payroll taxes all are common to the federal and provincial governments.

In addition, they also can tax resource royalties within provincial jurisdiction. That is unique to the provinces. The provinces also have control over gaming and liquor profits, and I believe there are some other ones, but they are uniquely provincial, and then there are property taxes within the non-federal jurisdictions.

To the federal government's credit, we have revenues from custom import duties and taxes to non-residents.

The point is that provincial governments have all the tools to raise the revenue to do what they need to do to meet their obligations under the Constitution. It is the Constitution that provides the division of responsibilities between governments.

Government Orders

If the provincial governments want to play a different game, that is their own purview. If they need funds to meet their obligations, how can they cut taxes? How can the Province of Ontario cut taxes, put itself into a deficit and say that it needs more help?

• (1725)

The federal government is still ultimately responsible for everything to do with the health and well-being of its people, so that we work with the provinces, whether it be on the health file or whatever file, and members will know that the health of Canadians and our health care system is the most important priority of Canadians.

How about an issue such as cities and communities? Why is it, for instance, that a municipality that charges property taxes to take care of infrastructure, with capital payments as well as operating expenditures of a municipality, suddenly is getting help from the highest level, the federal level of government, to assist with roads, bridges and sewers? Then it turns around and starts using the savings it has from not funding its own infrastructure to do other things that have nothing to do with the critical priorities of the community.

We all pay property taxes so we can see that level to level to level there are decisions to be taken, but if we look at what has happened in the Ontario model, for one, we see that we had a situation where, notwithstanding the pressures that are put on to deliver health care services, child care services, infrastructure assistance and environmental investments at the provincial level, the province substantively has seconded that responsibility to the federal government.

Can the federal government say no? Let us consider where we have been. The Government of Canada, through good fiscal management, has been able to produce surpluses and to pay down debt as well as provide tax cuts and enhancements to social programs. It is a balanced approach. It is the balanced approach that has not occurred in the provinces consistently. That has not been fiscally responsible.

All members of Parliament have to make sure, notwithstanding the specific case with regard to the resource revenues for Newfoundland and Labrador and for Nova Scotia, that in the broader context every level of government has to demonstrate fiscal responsibility.

Maybe it is time we had a report card. We need a report card to the people of each municipality, to the people of each province and to the people of Canada on whether or not fiscal responsibility has been achieved, whether or not they have taken on their responsibilities as outlined in the Constitution and as outlined in the provincial revenue-sharing agreements they have with the municipalities and the regions.

I will give hon. members one example, even in Mississauga, and then close. When I returned to my constituency last Friday, I received a note from a senior, a lady I know who keeps me informed about seniors' issues, to advise me that on December 8 there is a meeting at city council where there will be a vote to increase the cost of seniors' transit passes by an additional 25% each year for the next four years. Is this fiscal responsibility?

I am sure we can all find examples. Fiscal responsibility must occur at all levels. I believe that members will find and all agree that

in Bill C-24 the arrangements made with the provinces with regard to the \$10.9 billion that has been—

An hon. member: You have 10 more minutes, Paul.

Mr. Paul Szabo: I would like to seek unanimous consent, Madam Speaker, from the House, but I will not do that because I know the time is over.

Let me just conclude by saying that fiscal responsibility is an important element of addressing fiscal imbalance, and that fiscal responsibility has not been demonstrated at the provincial level consistently over the last decade.

I am really trying to make the point that every member must look at the balance that has occurred in the federal government. Have we been fair with regard to ensuring that we meet our constitutional responsibilities?

An hon. member: No.

Mr. Paul Szabo: Have we made sure that taxes continue to go down? By indexing the income tax system, we are getting tax cuts every day of the year because of that indexing system.

An hon. member: It is not a tax cut.

Mr. Paul Szabo: The member says it is not a tax cut, but before we indexed it members opposite were saying that because it was not indexed we in fact were raising taxes because there was no inflation put in. They cannot have it both ways.

• (1730)

Even when we talk about child care, the fiscal responsibility issue can really hit home. In the throne speech we talked about a significant contribution to child care because of its importance. We know it is a provincial responsibility, but the health and well-being of people is still the responsibility across the board with regard to the Government of Canada. We cannot ignore a need where it is demonstrated.

We had a program of early childhood development to which moneys were contributed. Reporting was required from the provincial governments with regard to where they spend it, how was it applied and how did it meet the targets that were set. We are now looking at the same situation again with regard to the investment in child care. It may be a provincial responsibility, but the health and well-being of those children, our future leaders, are very important to us.

Providing daycare may be someone's choice, but it may not be everyone's choice. How do we deal with that? That is another area. That is why I said at the very beginning, every time we touch an item in this place, whether it be Bill C-24 and the fiscal arrangements act, or health care or child care, there is a ripple effect. Some get it, some do not. Every budget is not a stand alone budget. It has to be taken in a context of every budget that came before it.

Government Orders

Responsible government is all about that. It is about making tough decisions. It is about establishing priorities. It is about delivering on those priorities. It is fiscal responsibility as well as social responsibility. As a rule of thumb, good fiscal policy makes good social policy and good social policy makes good fiscal policy. That is exactly what the government has delivered.

Then we look at issues such as cities and communities. The government will be making an investment. We have already forgiven the GST. We are also now looking at 50% of the gas tax. These moneys go not just for cities, but for communities as well. I heard the member for Yukon speak earlier. He is a member of Parliament who digs into his own community and shares with the House some of the issues that are so important; 33,000 people, each one of them a Canadian, each one of them entitled to share in the wealth and the riches of our country and to fully participate in national programs.

Those are the kinds of things we have to hear. When we hear stories like that, we hear how we are fighting to ensure that everything which happens from coast to coast to coast is linked into the overall objective. The member for St. John's South—Mount Pearl said that section 36 of the Constitution is about nation building. We have to continue to talk about nation building.

It has been helpful to the House to have the debate about the offshore oil reserves. The member across has raised issues about Saskatchewan. Is it really a have province now? It is an interesting question. It is probably a surprise to many Canadians that all of a sudden Saskatchewan is labelled as a have province because it has been the beneficiary of high oil prices. I am not sure if that is sustainable. I am not sure if oil prices will remain at those levels.

I asked the member for St. John's South—Mount Pearl a question. When we deal with an equalization formula and when we deal with the unique situation of Newfoundland and Labrador, as he put it, the pendulum swings. We help sometimes and sometimes we need some assistance ourselves. Here is an opportunity. I asked him once the oil revenues brought Newfoundland and Labrador up to the Ontario standard or a standard at which the province would no longer be eligible for equalization, what then? I think it will be a long time coming before we get the answer.

● (1735)

Newfoundland and Labrador has an interesting history, a very proud history. However, there have been many attempts in the past, whether it be through special fisheries, et cetera to try to get the fisheries industry back on its feet again. It has not happened. There have been tremendous economic development programs through ACOA to get new business, new enterprise going there. Many of those things have been false starts. I am not sure why. We need to know more about that. As we get to the point where there is a non-renewable resource that will generate revenue for the province of Newfoundland and Labrador, what happens next?

That was the question to the member. Where do we go from there? Where do we invest? How do we stop the brain drain from that province? The young people are not staying. There is no work. There is no economic development. There is no challenge for them there. Newfoundland and Labrador needs help. Is this a situation where we need special arrangements to ensure that we can help a province that has had a very difficult time? Maybe it is. It is tough decisions.

I know the premiers, particularly the Premier of Newfoundland and Labrador, have made passionate arguments about why it needs this. Why does Saskatchewan not need it? What happens if Alberta says that if oil revenues all sudden are not going to be included, maybe it should exclude them in Alberta, maybe Alberta would be less of a contributor. It is kind of an interesting argument, but it is quite unlikely. This demonstrates that tough decisions have to be taken.

I also wanted to make mention of the environment. Recently, I had a conversation with the member for Ottawa South about the environment of Canada and how it related to our overall responsibility for the health and well-being of our people and how important it was that we needed to start reassessing the priorities with regard to renewables and sustainable energy development.

When moneys are transferred between province and province and the federal government tops up this and cost shares on other things, all these add to the pool. However, each and every region of the country has a responsibility to look at the health and well-being of its people. I know, as past vice-chair of the environment committee, we talked an awful lot about the health connections to the environment. We talked a lot about the need for people to understand Kyoto. We talked about the need to understand what buying credits would do for it. We talked about the need to assess the fact that we have a neighbour, the United States. It has coal generation in the Ohio Valley, which contributes probably most of the environmental problems to the GTA particularly, given the prevailing wind parameters.

We also talked about the need to develop renewables, about wind power and about solar. What were the opportunities? Somehow this has lost its position on the table. I encourage members to move on and to start to talk about how we convince Canadians that investment in the environment is an investment in the health and well-being of Canadians. That is not just the responsibility of the federal government. It is the responsibility of each and every level of government right down to the municipalities, to those who have the authority to generate initiatives that will help us to meet our goals and targets. One important target is to continue to improve the health and well-being of all Canadians.

● (1740)

Mr. Brian Fitzpatrick (Prince Albert, CPC): Madam Speaker, I happened to be reading through the report of the Auditor General of Canada. It seems we might classify this as a report card on the fiscal responsibility of the government. I made some notes: a billion to two billion dollars shot on the gun registry; a billion dollars wasted on the HRDC boondoggle; and goodness know how many hundreds of million of dollars on the sponsorship program. Mr. Justice Gomery will get to the root of that and we will get a total picture eventually, if we do not get any more interference from the member opposite.

Government Orders

There are two things in the report. The gap between aboriginal children on the reserves and the rest of the population has widened. The indicators of drug abuse under the drug plans are serious. The problem is triple what it was in 2000. The government is spending more money, but the results are poorer.

The thing that really takes the cake is \$46 billion put into a fictional account, the EI fund. I say fictional because it does not exist. The government has taken that money from overtaxed Canadians, from workers and their employers and I do not know, but perhaps it has blown on the gun registry or the HRDC boondoggle or some of these other events. It is not there. It shows up in papers as an account, but there is no money in it. If the country heads into a recession or a slowdown where the unemployment figures go up, the government does not have a fund to take care of that.

The report card by the Auditor General is not a very good picture. In grade school I think most people would probably grade the programs I have just identified as an F minus.

The towns, cities and rural municipalities with which I deal are much more fiscally responsible with the dollars they manage than anyone in the government, by a mile and a half. I would even say the NDP government, which is an awful admission for me in the province of Saskatchewan, is even more fiscally responsible than that outfit over there.

I do not think any province or municipality has to take lectures from anyone on that side of the House about fiscal responsibility. There is a damning indictment of the government and its mismanagement of our finances from the Auditor General. What I find really amazing is this. Of all the government departments we have in Ottawa, what department did Treasury Board propose to reduce by 15%? The Auditor General's department.

Mr. Leon Benoit: Why would that be?

Mr. Brian Fitzpatrick: I do not know. I wondered about that. Why would the government want to cut that one? When the judges independence was threatened, the government could not get there fast enough to pass legislation to set up a mechanism to ensure that judges would get increases. The judges got an 11% increase. However, with the Auditor General, someone who needs independence just as much as the courts do, the government has no problem with a 15% reduction for the Auditor General.

I guess the government does not want to hear any more about EI funds, or HRDC boondoggles, or the gun registry or goodness knows what else is in this report. If it restricts the funding, the report will be shorter and we will not know what is going on in government. That is accountability? That is fiscal responsibility? Shame on that kind of comment. The government is not close to being fiscally accountable or responsible.

• (1745)

Mr. Paul Szabo: Madam Speaker, the member has a right to raise those points but I would like the opportunity to respond.

The Auditor General provides a report card from time to time on certain selected issues, not the entire government at any point in time. I was referring to report cards at each level of government

because we are all in the same boat. We are all trying to build a country. It is called nation building.

The member mentioned four or five items that he would like me to address. Let me start with the gun registry.

Why is it that over 90% of the applications to register guns were incomplete? Why is it that human beings had to be hired to process all of those applications, which should have been done by computers? It was a protest organized by gun lobbyists. Why was it that the website for the gun registry was tied up by the National Rifle Association of America?

There was a significant protest against the registration of guns. As a member of Parliament and a backbencher, I consulted with my constituents. Over 75% of the people in my community said that they wanted guns to be registered. It was like the riots in Los Angeles where they went ahead and trashed their own communities. What is the point of sabotaging the system? It cost a lot of money.

With regard to the so-called \$1 billion boondoggle, the member knows that the Auditor General reported on that and, after everything was said and done, the net loss to the Government of Canada was less than \$100,000, not \$1 billion.

The Gomery commission is still going on. The member said that it has cost \$100 billion. I do not know where the member got his numbers but the entire sponsorship program was \$250 million. How can we have a \$100 billion loss. Why does the member not get his facts straight?

Justice Gomery is looking at the issue. Some people have already been charged. It is a very serious matter. Justice Gomery has the tools to get to the bottom of this thing and get all of the information. He will report. We are committed to totally cooperating with the royal commission's findings. If there are any allegations of wrongdoing, charges will be laid. If moneys are to be recovered, they will be recovered. If changes are to be made in our programs, they will be made. That is responsible government. However we will let Justice Gomery come forward with his report when he is done doing the job that he should do.

With regard to aboriginals, I cannot argue with the member. If we have a problem in other areas of Canada, the problem in aboriginal communities is always ten times worse. Whether it be abuse, or substance abuse, or fetal alcohol syndrome or economic well-being, our aboriginal communities need our support and our help.

The EI fund was the last point the member raised. There is a notional surplus. The member knows that under the Mulroney government there was a \$12 billion deficit in the notional EI fund. It was a real fund at the time though being funded by the Government of Canada. The Auditor General said that the government was running a deficit on the EI program and that was a real cost of running government. The Auditor General said that we now had to include and report that within the accounts of the Government of Canada. What a shame.

Government Orders

Since 1993, not only did we clear up the \$42 billion deficit that we inherited from the Conservative government, but we brought in fiscal responsibility. There have been surpluses. This country has not been in a recession since the government was taken over by the Liberals in 1993. Based on the requirements of the Auditor General, in one of her reports that the member is waving, the moneys must be included there. EI premiums have been reduced year after year, right down from \$3.20 every year for ten years. That again is responsible government.

• (1750)

Mr. Ted Menzies (Macleod, CPC): Madam Speaker, it is an honour to rise in the House today to talk about Bill C-24, an act to amend the Federal-Provincial Fiscal Arrangements Act. It speaks to one of the most fundamental elements of Canadian character. This legislation is a step toward the modernizing the way Canada operates as a nation and one that is typical of the Liberal government: overdue and incomplete.

For context, it is important to note that section 36 of the Constitution reads:

Parliament and the legislatures, together with the Government of Canada and the provincial governments, are committed to the following three things:

(a) promoting equal opportunities for the well-being of Canadians—

A Conservative priority if I ever heard one.

—(b) furthering economic development to reduce disparity in opportunities—

Again an idea I could get behind.

—and (c) providing essential public services of reasonable quality to all Canadians.

I believe all Canadians and parliamentarians should strive for these objectives.

Further, subsection 36(2) reads:

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

There is no question that the Liberal government has not lived up to this commitment. Year after year the premiers have been forced to tell the Prime Minister that they are not receiving sufficient funds. We cannot make this country stronger if we accept that citizens in one region are less valued or eligible to receive services than another. Enactment of this bill will increase equalization payments by 42% from 2004-05 until 2009-10. This means \$8.9 billion in 2004-05, increasing to \$12.5 billion in 2009-10.

Again I go back to overdue and incomplete. While the increase in payments is needed, the Liberal government has had to set the total level of equalization on TFF for years to come. It is clear that the Liberals have not set the total levels of payments because their formula has been ineffective in setting the total levels of payments.

Also, the bill does not spell out how these payments will be divided among the provinces and territories in the future. Instead, the federal government has launched a review by an independent panel of experts on which the provinces and territories have been provided

with two seats. However the federal government has retained decision making authority on how future levels should be allocated.

While the Conservative Party of Canada has repeatedly called for a panel, we must be conscious of Liberal manipulation in this endeavour. The panel could be used as another Liberal delay tactic at best, or simply a ploy to fool stakeholders into thinking that they had input into the process. This also gives the Liberal government one of its favourite escape hatches. When things go wrong, it will now have a fall guy to take the rap. "It is not our fault we got it wrong", the Liberals will scream, "the experts made us do it".

It is also important to note that the bill does not deal with non-renewable resource revenue within the current equalization formula. The Conservative Party has long sided with the concern expressed by the provinces with respect to the inclusion of non-renewable resource revenue in the current equalization formula. Under the current formula, provinces that benefit from non-renewable resource revenues are subject to a clawback that results in lower equalization payments. This is unfair and unacceptable.

I come from a province that has prospered enormously from its natural resources and it is inconceivable that the same opportunities and potential for economic growth are not available to Nova Scotia and Newfoundland and Labrador. The Conservative Party, along with the majority of the provinces, have long advocated for the removal of non-renewable resource revenues from the equalization formula. This would ensure that the spirit and intent of the program remains intact and to encourage the development of economic growth in the non-renewable resource sectors all across Canada.

I am proud to stand with my Atlantic colleagues to say in the House that the Conservative Party supports the efforts of Newfoundland and Nova Scotia to receive 100% of their offshore oil revenues outside of the current equalization formula, with no cap and no restrictions.

• (1755)

I believe that all regions of the country should benefit from changes to the equalization formula to encourage the development of natural resources and economic growth. Therefore the Conservative Party of Canada would remove non-renewable natural resources from the equalization program and change the formula.

The territories are an important element to consider as well. Bill C-24 does not address the outstanding concern that the Conservative Party and the territories have in the need to develop a resource revenue sharing agreement between territories and the federal government.

The TFF is an important and necessary grant mechanism to address and present the needs of the territories. The Conservative Party supports the TFF but also believes it is imperative that the federal government take steps to develop a resource revenue sharing agreement with the territories to facilitate their desire for control over their own economy and move to economic independence.

Government Orders

It is important that no province or territory suffer financially under the new formula, and I do not say this lightly. The Liberals portray themselves as the only national party but they stake that claim on the smallest of toeholds in many provinces, and after this summer's election they could not even secure a majority of seats in the House.

Nonetheless, they govern with the arrogance of a Liberal government of the past. I have seen it over the years, especially on the issues that face the agricultural industry. The Liberal government loves to divide and conquer. Whether it is region against region or commodity against commodity, the Liberals are almost automatic in their rush to create a domestic squabble to distract Canadians from their inability to get the job done.

The Conservative Party supports the equalization program as an essential component of Canada's nation building efforts. In order for Canada's provinces to grow and prosper, it is important that an effective equalization program be in place. Equalization is a difficult issue to address. By even using the language "haves and have nots", this is inevitably causing discord and rancour.

As Canadians we have chosen to govern our country as a Confederation. The balancing of regions and provinces has historically proven a challenge. Some governments have managed the project better than others but citizens across the nation have felt the benefit in many small and subtle ways.

As I stand in the House today, I would like to leave the members across the floor with a final message. It is not just the Canadians who voted for them that deserve the respect and commitment to their best interests. It is not just their friends and cronies who should benefit from the power of governance. This issue, this act, is only one element of ensuring all Canadians prosper. The Conservative Party of Canada is proud to stand with every one of them to demand better.

● (1800)

Mr. Gary Carr (Halton, Lib.): Madam Speaker, I was in the provincial legislature for 13 years. I go back to the early nineties when the government of the day was NDP. I sat there as a member and watched while the NDP government of the day did nothing but criticize the Conservative government under Brian Mulroney for the same thing. In fact, I went on to become Speaker and some members in the NDP used to remind me that I used to call what they were doing whining. That government went out in 1995 and in came the Conservative government, which did the same thing, complained about the Liberal government there.

When I look back on it, the Ontario government had a program called who does what, where it said that it would be revenue neutral but that we had to find 4%. The caucus used to laugh at that. They have what they call the MUSH sector: municipalities, universities, school boards and hospitals. In Ontario, both the NDP government and the Conservative government had to cut those sectors dramatically. So everybody passed them down.

Is it not a pastime in this country for one level of government to blame all of the evils on another level of government, and that includes the four levels because we have regional government in my area? The local governments blame the provinces and the provinces blame the federal government. Quite frankly, when there is a fiscal problem like that, all governments have to make the tough choices.

Therefore is it not true that every government of every political stripe has complained about the federal government of every political stripe not having enough money?

Mr. Ted Menzies: Madam Speaker, I guess the one comment I would make in answer to that question is that the buck stops here. The taxes come to the federal government. The federal government distributes them back to the provinces

As I mentioned in my speech, the provinces continually have had to come hat in hand looking for funding for our education systems which have had their budgets slashed.

Those that are closest to the people are the ones that seem to take the brunt of the criticism. The member talked about criticism. It is the criticism received by our municipal administrators that have had smaller budgets because our provincial governments have had smaller budgets to work with. That blame should be laid at the feet of the federal government.

The federal government is the one that made the decisions where the spending priorities are. The spending priorities have not been on education and shortening the lineups in our health care system. It is unfortunate that the premiers have had to come begging for more money.

We see this equalization as perhaps a better method of stopping the buck from just stopping here, but let us equalize it out across the country so it is fair to all.

● (1805)

Mr. Leon Benoit (Vegreville—Wainwright, CPC): Madam Speaker, there are many things I could comment on. I would like to congratulate the member for his presentation.

I would ask him to comment on the position taken by so many of the members opposite when they come out and criticize the Ontario provincial Conservative government for cutting taxes. Those members criticize other governments that have cut taxes and believe in that tactic.

Then they brag about the fact that the federal government has taxed people tens of billions of dollars too much, to the point that there is a surplus in the range of \$10 billion a year, and that there is this huge surplus in the employment insurance fund because of overtaxation.

There are those of us on this side who believe in taxes, but believe our taxes are simply too high. Then there are many on the other side who believe in taxes, who believe that more is better and believe in fact that they are not to a level that is going to provide everything they want to spend taxpayers' money on.

Would the member comment on this difference in views of taxation? The Liberals believe in taxation to a point that many families have difficulty buying appropriate food for their children, paying utility bills, coming up with the basics of life because of overtaxation. The Liberals think that is fine. I do not. I would appreciate the hon. member's comments on that.

Government Orders

Mr. Ted Menzies: Madam Speaker, it is an interesting comment that we hear about taxation. Our Conservative Party was criticized when we came out with our policy platform saying that we need to cut taxes. In my mind that is a tough thing to criticize.

Our party believes that structured taxes, taxes that are spent wisely are an effective tool. In fact, we need that to run our country properly.

However, when we see the inventive budgeting that has gone on across the floor with these kinds of surprise surpluses, that is very difficult for me to explain to families that are having a difficult time buying food for their children, buying clothing, paying for education, running their businesses.

When we see this sort of a budget and this sort of a surplus it goes far beyond any projected expenses. People do not mind paying taxes. However, when they see that sort of a surplus left over, there is not that kind of a surplus left over in their budgets at home. In fact, if families budgeted the way the federal government does, they probably would be out on the street. It is unfortunate that the government can get away with doing that and we cannot in real life.

[*Translation*]

Ms. France Bonsant (Compton—Stanstead, BQ): Madam Speaker, I have listened to the hon. Conservative member's arguments concerning equalization. As a former municipal councillor, I can say that equalization operates the same way when it comes from the federal government. The federal government sends money to the provincial government—when it does—and equalization is calculated the same way by the provincial government when it sends it on to the municipalities. So, if the provincial government does not receive any money from the federal government, the municipalities do not get any either.

I also listened to the hon. member talking about health. In 1970 the federal government funded about 50% of health care. It has been declining ever since. The federal government boasts that it is giving the fine sum of \$41 billion. But 16% is rather far from the 25% that was received prior to the Liberal Party's taking office.

The hon. member also said that what they paid on the debt was truly frightening. They stole \$45 billion from the unemployed, but that was not a problem, because they paid off the deficit.

He also said that if things were going all that badly in the municipalities, one solution would be to raise taxes. Whether municipal taxes are paid out of the right pocket, the provincial taxes out of the left and the federal from the wallet, there is still only one taxpayer. When there are crises like that of the mad cow, when people are losing their farms and everything, it is a bit hard to raise tax rates.

The Liberal member asked what mark I would give him on his report card. I would give him an *F* and if there were an *F*-minus, that is what I would give him.

That is why, if I were in the Liberals' shoes, I would not be boasting about my wonderful performance—that is just too tough to take.

• (1810)

[*English*]

Mr. Ted Menzies: Madam Speaker, I was not sure if that was a question or just a comment. If there was a report card, I certainly think that the *F* minus would ring true. We have heard that a couple of times today.

It raises a lot of concerns with my constituents. During the campaign a lot of people asked what we would do with their taxes and how we would make sure that their taxes were spent more wisely.

I represent the southwestern part of Alberta. The people in Alberta understand the issues in the rest of this country. We live in a wealthy province. We are very honoured to be part of that province, but we are also very honoured to be part of a bigger country. We also want the contributions that we make to this country to be spent wisely.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Madam Speaker, I am here to talk about the new fiscal framework for equalization.

To ensure that all Canadians received the same level of government services in every province, the federal government introduced a system of transfers called equalization in 1957. Equalization was introduced because not all provinces enjoy the same level of wealth or tax base.

The purpose of the program is to prevent a horizontal imbalance among the provinces and to make sure that a Canadian in one end of the country has access to the same level of services as any other regardless of where he or she lives.

Equalization is highly complex. The discussions that have been going on indicate that people really do not understand the formula. Equalization is formula driven. It ensures that any member of the Canadian Confederation is entitled to a transfer from the federal government if its ability to generate revenues using its own taxation power falls below a national standard. Essentially, provincial equalization entitlements are determined by the strength of a province's tax base in comparison to other provinces.

While the concept of equalization is relatively simple, the formula has grown increasingly complex as the program has evolved in size and scope. For example, in 1957 the equalization formula took into account three sources of provincial revenues: 10% of personal income tax; 9% of corporate income tax; and 50% of provincial duties. Provinces were then equalized to the average of the two wealthiest jurisdictions at that time, Ontario and British Columbia.

At present there are now 33 sources of provincial revenue that are used in calculating equalization. All provinces, with the exception of Ontario and Alberta, are currently entitled to equalization.

Equalization is formula driven and it is being reviewed every five years. However, over the 47 year history of equalization, there have been a number of ad hoc changes that have had to take place in response to changing market conditions.

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For example, the energy crisis in the 1970s created a situation where Alberta's soaring oil and gas revenues completely distorted the program. Although only 50% of the oil and gas revenues were taken into account at that time, it was enough to push the threshold so high that all other provinces, including Ontario, qualified for transfers.

In response, Alberta as the wealthiest province, and Atlantic Canada were excluded from the equalization formula, leaving us with the five province standard that we have today.

In November 2001 the Senate Standing Committee on National Finance concluded a series of public hearings as part of its study on Canada's program of fiscal equalization. The goal of the committee was to assess the effectiveness of the program and to recommend improvements to ensure that equalization would continue to meet its constitutional mandate objective, which is to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public service at reasonably comparable levels of taxation.

The constitutional commitment reflects the importance to Canadians of evening out horizontal imbalances across the country. In the Canadian context, horizontal imbalance refers to the fact that some provinces are wealthier than others and their provincial governments thus can generate more revenues at comparatively lower levels of taxation. If left unchecked, these imbalances could result in a wide gap in the quality or level of provincial government services across the country.

How is equalization calculated? Determining a province's equalization entitlement in any given year is a long process subject to numerous revisions. It is perhaps easiest to think of the calculation as a four step process.

● (1815)

The first step is establishing a common set of tax rates for all provinces. This is necessary in order to create an appropriate frame of reference against which to compare each province's revenue generating ability. Since provinces calculate their taxes in different ways at different intensities and do not share access to all revenue sources, no single province's tax system can be considered representative of the remaining nine.

The second step is to apply a representative tax rate, hypothetically, to each province's tax base, to see how much provincial government revenue it would generate per person.

The third step is to determine whether or not a province is entitled to receive equalization for that income category.

The fourth and final step is to repeat the process for each of the 32 remaining revenue sources.

All positive and negative entitlements are then summed up. If a province's overall entitlement is positive, that is, if its total revenue generating capacity falls below the five-province standard of the have provinces, then that province will receive equalization payments equal to the difference between the two. If a province's ability to raise revenue exceeds the FPS, however, it receives no equalization payments.

Now as I mentioned, this is due for review every four years, so on October 26 the Prime Minister met with the provincial premiers and territorial leaders to discuss the changes. But before I go there, I would like to talk about what the equalization payments mean for provinces like Alberta and Ontario.

Equalization is the Government of Canada's most important program for reducing these fiscal disparities. Since the program's inception in 1957 until 1964-65, Alberta did qualify for equalization payments totalling about \$92 million. Alberta receives significant federal support through health and social transfers, which are allocated on a per capita basis. In 2004-05, Alberta will receive \$4.2 billion through the Canada health transfer, the Canada social transfer and the health reform transfer.

In support of the 10 year action plan to strengthen health care, signed by the first ministers on September 16, the Government of Canada is committing an additional \$41.3 billion for health. Alberta will receive some \$3.7 billion in additional health transfer funding over the next 10 years, plus its share of the wait times reduction fund.

Ontario receives significant federal support through health and social transfers, which are also allocated on a per capita basis. In 2004-05, Ontario will receive \$16.4 billion through the Canada health transfer, the Canada social transfer and the health reform transfer.

In addition, in support of the 10 year action plan to strengthen health care, signed by the first ministers on September 16, the Government of Canada is committing an additional \$41.3 billion for health. Ontario will receive some \$14.1 billion in additional health transfer funding over the next 10 years, plus its share of the wait times reduction fund.

● (1820)

Now, coming back to some issues that members opposite have raised, they have raised issues around the federal government and its surpluses and have said that they would like the surplus to be used for other means, but in my riding of Don Valley East my constituents have implored us to be prudent and not to go back to the deficit spending era of pre-1993.

Members opposite have talked about a fiscal imbalance, but it does not exist in Canada for the following reason. The Government of Canada and the provincial governments have access to all major sources of tax revenues: personal income tax, corporate income tax, sales tax and payroll taxes. In addition, the provinces have exclusive access to some rapidly growing tax bases, such as natural resources in their jurisdictions and gaming.

International companies' comparisons show that Canada is one of the most decentralized federations in the world. The provinces have complete autonomy in setting their tax policies to address spending pressures related to their responsibilities. In fact, total provincial revenues, that is, their own source revenue plus federal cash transfers, have substantially exceeded federal revenues for more than two decades and are expected to continue to do so.

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The reality is that both orders of government face significant spending pressures and limited resources. In addition, the federal debt burden is large relative to that of the provinces, which limits federal investment in new programs. Despite these constraints, the Government of Canada recognizes the growing fiscal pressures on the provinces and is cooperating closely with them.

On September 16, the Prime Minister and all the premiers signed the 10 year plan. Furthermore, over the 10 years, the framework for equalization and territorial formula financing will provide \$33 billion more to provinces and territories than the annual amount for 2004-05 estimated in the budget.

If we look at the overall picture, the provinces are getting \$74.3 billion extra from the federal government. I believe that is very fair. I believe that the Prime Minister, in coming up with the framework for equalization and territorial formula financing with the premiers, met with them and discussed or put forward the federal government's strategy.

The key strategy, if we look at the changes taking place which the government has proposed for the equalization and TFF, is that it will provide predictable, stable and increased funding. The new framework will play an essential role in ensuring that all Canadians, no matter where they live, will have access to comparable public services.

The new framework for equalization will increase the support to provinces and territories over 10 years by \$33 billion. This increased funding will assist Canada's less prosperous provinces and the three territories in meeting their commitment under the 10 year plan to strengthen health care as well as fund other important social and economic developments.

That we are moving ahead with these improvements underlines the spirit of cooperation shown by everyone involved. The new partnership will be essential to our success as we move forward together on other key policy issues outlined in the Speech from the Throne, such as child care, cities and communities, and the environment.

The highlights of the new framework are that over the next 10 years, and subject to review in 2009-10, the new framework will provide \$33 billion more in equalization and territorial formula financing payments to provinces and territories. To achieve this rate of growth, the government will establish a legislative financial framework for equalization and TFF starting in 2005.

• (1825)

In 2005-06, funding levels will be set at \$10.9 billion for equalization and \$2 billion for TFF, the highest levels ever achieved by these programs. Both amounts will grow at 3.5% a year, starting in 2006-07. Equalization payments will increase from \$8.9 billion to \$12.5 billion over the first five years of the new framework, a 42% increase.

The Government of Canada will also launch a review by an independent panel of experts on how the legislated equalization and TFF levels should be allocated among provinces and territories in 2006-07 and after. Provinces and territories have been invited to appoint two members to the panel. The expert panel will report back by the end of 2005 in time to provide advice on how equalization

and TFF should be apportioned among provinces and territories in 2006-07. The government is committed to having any changes in allocation for 2006-07 and future years in place by April 1, 2006.

The complete framework provides protection to every province and territory to ensure that entitlements for 2004-05 are no lower than the levels forecast in the 2004 budget. I hope that members opposite and members of the House will support the new framework.

The Acting Speaker (Hon. Jean Augustine): I would like to remind the member that in the next round of debate she will have 10 minutes for questions and comments.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

• (1830)

[English]

HEALTH

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Madam Speaker, I rise today on what is perhaps the most important issue in my constituency, and that is health care.

My riding is largely served by a community hospital, the Queensway Carleton Hospital. It has a catchment area of 400,000 and growing. It is one of the oldest populations in all of Canada. I believe it is the oldest in Ontario. This catchment area is not only large but it is aging and it is putting enormous pressure on what is a relatively small community hospital. As such, it is my job to do everything I can to fight for that hospital and its interests.

However, obstacles have been put in its way. The National Capital Commission owns the land upon which this hospital operates and charges tens of thousands of dollars every single year to this community hospital in rent. At the end of this decade that rent is predicted to rise dramatically. There is a renewal option that says that the new rent rate will be 6.5% of the current market value of the land. In other words, we could be talking in the millions of dollars, that is millions of dollars that would otherwise go to patient care, to beds, warm hospital rooms and advanced equipment, would instead be going to another level of government. Imagine that. The federal government transfers dollars to the provinces for health care, the provinces transfer those dollars to the hospital for delivery and then the hospital has to pay that money back to the federal government in rent. How outrageous.

I have asked the government if it would instruct the NCC to sell the land to the hospital for the price of \$1. This would not only relieve the financial pressures and uncertainty related to this rent quagmire, but it would further give the hospital control over its entire campus, allowing it to construct new buildings that could then be sub-leased out to family doctors, cancer specialists and other health care practitioners at a discounted rate to entice the best professionals to come to the heart of my community. At the same time, that could raise some extra dollars in revenue for the hospital while building synergy right on the hospital campus with these health care professionals.

Adjournment Debate

I made this case to Liberal members of Parliament, to the NCC and, of course, I have been working with the hospital to advance that position. So far the government has been unwilling to bend. As a result of the public pressure that we have built in my constituency, the NCC has been forced to sit down with the hospital and discuss the matter face to face. The hospital has put forward four proposals on how this dispute might be resolved as I understand it.

I wonder if the hon. member across the way would be willing to stand in the House and tell us which of those four proposals the NCC supports.

Hon. Sarmite Bulte (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.): Madam Speaker, I welcome this opportunity to address my colleague, the hon. member for Nepean—Carleton, on his concern regarding a rent increase for the Queensway Carleton Hospital, a hospital in Ottawa that sits on lands owned by the National Capital Commission.

The hon. member is concerned that there will be a massive rent increase and the hospital has stated that it could cost jobs for as many as 40 nurses.

He would also like to know why the government does not resolve this problem by selling the land to the hospital for \$1.

I will answer both those questions at this time.

First, on the matter of the rent increase, I would like to assure my colleague that while the National Capital Commission is a crown corporation that is responsible for its own day to day management, it calculates its rents in accordance with Treasury Board guidelines.

The Queensway Carleton Hospital currently pays an annual rent of approximately \$23,000 per annum based on the leasing policies in effect when the 40 year lease was negotiated in the early 1970s. The rent is set well below market rates and will continue for another nine years, until July 12, 2013.

The lease provides for a renewal term of 35 years and stipulates that the annual rent is to be determined by mutual agreement between the National Capital Commission and the hospital and will be based on the appraised value of the land at that time.

A recent newspaper article stating that the revised rent beginning in 2013 would be \$3.4 million, was wrong. It was based on the incorrect assumption that the annual rent in 2013 would be a percentage of the assessed value of the 114 acre property, including all buildings, improvements and grounds. In fact the annual rent will be negotiated based on the value of only 50 acres of land actually occupied by the hospital and its facilities, not on the value of the entire property.

It would not prudent for me to suppose what the new amount of rent will be but I understand, as the hon. member has said, that the National Capital Commission and the Queensway Carleton Hospital have already begun discussions and will actually review a variety of options for the lease of the land. I have tremendous confidence that these two parties will reach a suitable agreement before 2013.

Now I would like to address the hon. member's second question as to why the National Capital Commission does not simply sell the land to the Queensway Carleton Hospital for \$1.

The 50 acres of land upon which the Queensway Carleton Hospital is situated are owned by the National Capital Commission on behalf of the people of Canada. The land is part of the national capital greenbelt and the national interest land mass.

The national capital region greenbelt was designed in 1949 to prevent urban sprawl and to provide open space for the future development of farms, natural areas and government facilities.

Today the greenbelt's 200 square kilometre crescent of farms, forests, natural areas, recreational facilities and public and private research complexes provide the capital with a rural landscape unequalled in any other North American city.

The NCC and national capital region greenbelt includes national interest land mass properties which, as the name implies, are held in the national trust.

These lands that the Government of Canada, mainly through the National Capital Commission, has gathered together over the past century include monuments, public places, heritage buildings, shorelines and large areas of green space. They combine to create a capital that will inspire Canadians with pride and be passed on as a legacy for future generations. Therefore to sell the people's land for \$1 would be inappropriate.

However, once again I thank the hon. member for presenting me with this opportunity to respond to his questions.

• (1835)

Mr. Pierre Poilievre: Madam Speaker, the fact that the government continues to portray the Queensway Carleton Hospital as some sort of threat to the greenbelt is at best absurd and at worst ludicrous. Selling a parcel of land to a community hospital would not imperil a massive body of property which we know as the greenbelt. As such, I do not understand the logic behind refusing to do for this hospital what municipalities and other levels of government, on a regular basis, do for other hospitals.

The Riverside Hospital bought its property, a similar piece of land, for \$1 from the City of Ottawa. Why can the federal government not be similarly reasonable and allow this community hospital to do the exact same thing, or does she really believe that this hospital is a threat to our greenbelt?

Finally, when will the people of Nepean-Carleton—

The Acting Speaker (Hon. Jean Augustine): The hon. Parliamentary Secretary to the Minister of Canadian Heritage.

Hon. Sarmite Bulte: Madam Speaker, let me begin by saying that at no time did I state that the hospital was a threat to the greenbelt. With all due respect for the member opposite, what I talked about was why we could not dispose of those lands for \$1. As they are part of National Capital Commission lands, they belong to all the people of Canada and to sell that land for just \$1 would be to violate the fiduciary trust.

I have noticed with interest that the Riverside Hospital had an arrangement made with the City of Ottawa, but again these lands were not held by the National Capital Commission. What we are talking about is why the National Capital Commission was created, why it has acquired lands and why it holds those lands in trust for the people of Canada.

Adjournment Debate

I just want to reiterate that the article that appeared in the paper which speculated the amount of the rent was absolutely false. As the hon. member said, the two parties are in negotiations and we should let them arrive at a suitable and mutually acceptable agreement.

FOREIGN AFFAIRS

Mr. Jim Abbott (Kootenay—Columbia, CPC): Madam Speaker, on May 26, 2003, the 37th Parliament gave direction to the government to express its support for the admission of Taiwan as an observer to the World Health Organization and called upon the government to actively engage other member states and non-governmental organizations to support this goal. That was an explicit direction from the House with a vote of 163 to 67. The majority of Liberal members present at that vote supported the motion, yet when the government dealt with this issue at the WHA a year later, it did not follow Parliament's instruction. Why?

The United Nations established the World Health Organization in 1948. The WHO's stated goal is the attainment by all peoples of the highest possible level of health. The 1999 Taiwan earthquake initially energized the Taiwan WHO campaign. More than 2,400 people perished in the disaster and roughly 10,000 people were injured. The earthquakes also left some 100,000 of the island's inhabitants homeless.

The outbreak of SARS in Taiwan in March 2003 re-energized the WHO drive because authorities in Beijing, who had allowed the virus to fester while they covered up the extent of the infection for months, initially blocked all efforts by Taiwan to secure assistance from the WHO.

As had happened after the 1999 earthquake, the PRC insisted that all aid must be filtered through the Chinese bureaucracy and suggested that Taipei, in turn, turn to its government, its central government they call it, for assistance. Two months after the initial outbreak, Beijing finally relented and grudgingly agreed to permit the WHO to send a team to Taiwan to investigate the island's deteriorating SARS situation.

We should note that Taiwan seeks only to join the WHO as an observer. The Holy See, Palestine, Sovereign Military Order for Malta, the International Committee of the Red Cross and the International Federation of Red Cross and Red Crescent Societies all enjoy observer status. Taipei is willing to sidestep the thorny statehood issue by applying as a health entity.

Clearly the approved motions of Canada's Parliament do not interfere with Canada's one-China policy but the House has already dealt with this information and passed judgment with 70% of the members voting to instruct the government to urge other WHO member states and non-governmental organizations to admit Taiwan as an observer to the World Health Organization. Canada's Senate also voted in favour of an identical motion. I restate that both chambers of Canada's Parliament spoke unequivocally and the government wilfully ignored explicit direction by Canadian parliamentarians.

In response to my question on October 12, the Minister of Foreign Affairs answered:

Mr. Speaker, it is very important that Parliament express itself. The government has to take its responsibilities and govern the country. This is exactly the kind of democracy we have.

Really? Well what kind of democracy do we have? What is the point of parliamentarians speaking wilfully to a deaf cabinet?

We know PRC officials argue that Taiwan cannot join the WHO because it is not a state, which of course is a specious argument because Taiwan is not seeking to join the WHO as a state. It seeks only to participate as a health entity. Consequently, Beijing's opposition on these grounds makes no sense.

What is it going to take for the Canadian government to reject the bullying by Beijing and reflect the will of Canadian parliamentarians?

• (1840)

Hon. Dan McTeague (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Madam Speaker, the issue of Taiwan and of Canada's support for its bid to participate in the WHO as an observer has been debated repeatedly in this House.

Issues of health, especially given our experience with SARS, are understandably of great concern to Canadians and those who represent them in this Parliament.

Some members, however, are of the view that Canada has not lived up to the resolution on the issue passed by this House last year and that Canada somehow is not doing its part to ensure that the people of Taiwan have access to the health information they desire.

First, let me speak to the matter of the WHO. As has been the case for a number of consecutive years, Taipei's allies and supporters raised the Taiwan issue on the World Health Assembly's agenda at the general committee. The purpose of the committee is to meet and gain consensus regarding any additional proposed items for the assembly's agenda.

Once this has been achieved, the committee submits a report containing the agenda to the plenary which is comprised of all WHO member states. Although Canada was not a member of the committee and therefore did not take part in these discussions, the issue of adding Taiwan to the agenda was debated at length.

Finally, after monopolizing what was supposed to be a functional meeting, the chair noted a lack of consensus and concluded that the committee's report would not include an agenda item on Taiwan.

When the committee's report was submitted to the assembly, several of Taiwan's supporters once again raised objections and debate began anew. After what amounted to nearly a full day out of a total of five, the WHA agreed by consensus to suspend further discussions and call a vote.

The question posed to members was whether or not they supported the agenda as proposed by the general committee. Canada, along with 133 other members, such as the European Union, voted yes.

It is thus incorrect to state, as the hon. member has, that Canada voted against Taiwan as this was never the question that was asked. The question was a matter of procedure with the purpose of ending debate on an item where consensus could not be reached. This allowed the membership to get down to the business at hand, which was to discuss health issues affecting their populations.

Adjournment Debate

I should point out that Canada's voting behaviour was guided by our tradition of strong emphasis on multilateralism. Canada supports the integrity of the WHO system which requires that issues be decided by consensus or vote among members. Canada believes that the substantive and important health matters being discussed remain the focus of the WHO's deliberations. We are a member of the WHO first and foremost and are there to address the health interests of Canadians and we acted in the best interests of Canada.

Following the vote, member states were invited to deliver for the public record an explanation of their voting behaviour. Although not obligated to do so, Canada recognized the importance of the Taiwan issue and felt that it was necessary to make very clear to Canadians and the membership in the WHO the reasoning behind our actions.

I should point out some of the compilations from the document that was set forth. Canada has voted to support the report of the general committee. A solution to Taiwan's desire for status at the WHO should be achieved through a pragmatic and non-politicized process that does not detract from the core mandate of the organization. Canada would support a formula for Taiwan's participation, as long as this formula was in accordance with WHO organizational constitutional rules and procedures and received broad based approval of WHO members.

I should point out that we are very interested in continuing with this process. It is important to know that Canada has always been there to assist Taiwan in developing its national health insurance programs. We will continue to do so in the days to come.

I want to point out to all members that it would be inaccurate to state that the position taken by Canada was not faithful to the record. There is a procedural problem that has to be taken into consideration. I think that in terms of how I described it, the member could not but conclude that indeed the government was faithful to that position.

• (1845)

Mr. Jim Abbott: Madam Speaker, I say shame to the member for trying to subvert the whole purpose of the motion.

To actively urge other member states and non-governmental organizations to support this goal was the motion that was passed in the House. The member simply parroted the speech on behalf of the bureaucrats at the Department of Foreign Affairs.

On May 23, 2003 he voted in favour of this motion, along with the government whip, the House leader and his deputy, the President of the Treasury Board and his deputy and the following current ministers: justice, international trade, veterans affairs, natural resources, Canadian heritage, labour and housing, infrastructure and communities, Indian and northern affairs; and the parliamentary secretaries to the following ministers: industry, national defence, public works and government services; and the ministers of state for family and caregivers, federal economic development, infrastructure and communities, and foreign affairs.

In spite of the support that, as backbenchers, the member and those other people who are now in the federal cabinet showed this motion, they are somehow silent. Why?

Hon. Dan McTeague: Madam Speaker, I think I have just explained it to the member. Rather than casting epitaphs of shame, he ought to take into consideration very clearly that Canada did not

vote against Taiwan, and this was really not the question that was raised.

I ask the hon. member to put this in its proper and appropriate context. I understand there are political issues that compel the hon. member to make his misstatement, but no member on this side or that side of the House of Commons would conclude that after the argument I just made. It is not just something the department would put together. What we see is that Canada made every attempt. Not only that, I should point out that it was an opportunity at the time. Canada's own WHO director, during his recent visit to Ottawa, concurred that Canada had a desire to do exactly what was said in the House of Commons.

Let us be clear. If there is a resolution and an opportunity for us to debate it, we will do so. We cannot govern or be set by the rules that are established by the assembly. We have to be faithful to Canada. If given an opportunity, we will reflect the concerns raised by the member and the House of Commons, and we will not detract from that at all.

• (1850)

SOFTWOOD LUMBER

Mr. John Duncan (Vancouver Island North, CPC): Madam Speaker, I am here to talk about the question I asked the Minister of International Trade with regard to the softwood dispute.

When I was scheduled to speak tonight on the adjournment proceedings in relation to my question about Canada-U.S. relations and the concern I had about our \$3 billion in softwood cash deposits being at risk because of the government's behaviour and the posture of the trade minister, I had no idea I was agreeing to schedule this the day before the visit by the U.S. President. That makes it slightly more foretelling.

At the time I asked the question, the minister's posture was basically that there was a window of opportunity to negotiate between November 3 and December 15, after the U.S. election and prior to the end of the year. I have been involved in the softwood file longer than any minister on the government side and longer than most. I could not find anybody who could figure out why the minister was coming up with the idea that there was this window of opportunity to negotiate. As a matter of fact, it sounded like a dumb idea.

We all know that after every election in the U.S., there is a change of administration, whether the president changes or not. That is exactly what has happened. We now have a President in his second term. The secretary of the department of commerce will change. The secretary of trade will change. This is not a very good window of opportunity for us because everything is in flux. Indeed, things really will not settle down until next year.

The gist of my question really dealt with why the minister was making these kinds of statements, when the real question was when would he get all the stakeholders together on the Canadian side and come up with a consensus position because he had not done so. Besides all that, the government has bungled Canada-U.S. relations. Let us get our act together. Rather than put our cash deposits at risk, which are now over \$3 billion, let us get our act together and call a stakeholders meeting.

Adjournment Debate

I understand that there finally was a stakeholders meeting just last week. We have a major concern now with the rising Canadian dollar against U.S. currency. Many in the industry now will be looking at very bad results in the first quarter of next year. I want to know where the government is headed with this whole file.

Hon. Mark Eyking (Parliamentary Secretary to the Minister of International Trade (Emerging Markets), Lib.): Madam Speaker, I thank the hon. member across the floor for bringing this issue forward. Whether he thinks it is in a flux or he thinks we should slow down for a short period of time, we are going to continue to work hard on this file.

I am pleased to have the opportunity to respond to the question asked in the House of Commons by the hon. member. As he mentioned, the federal government has worked closely with both industry and the provinces seeking a resolution to this long standing dispute. We share a commitment with the provinces and industry to defend the interests of Canadian lumber companies, the people they employ, and all the communities right across this country.

The U.S. department of commerce imposed 27% countervailing and anti-dumping duties on imports of Canadian softwood lumber in May 2002, following the expiry of the softwood lumber agreement. Our governments and industry have mounted a strong defence against the U.S. trade action since these duties were imposed in 2002. We continue to do so through challenges and together we have pursued a two-pronged strategy for resolving the softwood lumber dispute.

We are engaging in discussions with the United States to find a durable resolution to this dispute and we have taken no fewer than six challenges of the U.S. duty actions before NAFTA and WTO.

As the hon. member may be aware, NAFTA and WTO panels have ruled in Canada's favour in every one of those challenges, finding the U.S. duties to be inconsistent both in U.S. international trade obligations and U.S. law. As the Minister of International Trade stated on September 10, this U.S. international trade commission determination supports what the Government of Canada has been saying all along. Canadian exports of softwood lumber products do not threaten the U.S. domestic industry with material injury and there is no basis for U.S. countervailing or anti-dumping duties.

As the hon. member may be aware, on November 24 the United States requested establishment of the extraordinary challenge committee, the ECC, under article 1904 of the North American Free Trade Agreement to review the proceedings of the NAFTA panel in this case. The Government of Canada believes that the U.S. allegations and the request for this ECC are without foundation and that the U.S. claims will be dismissed.

The government will be mounting a strong case in defence of Canadian interests with the ECC challenge. If the U.S. claims are rejected, the U.S. department of commerce will be required to revoke the duty orders and refund the duty deposits paid with interest. We know the U.S. will use every litigation tool available to it in this dispute. We have always maintained that the U.S. industry is not injured by imports of Canadian softwood lumber and our position will not change.

We are working with our provincial counterparts and industry. As recently as October, our minister met with Canadian industry representatives to explore whether there was a basis for a resolution of this dispute. We have also repeatedly raised concerns with the U.S. Trade Representative Robert Zoellick and Commerce Secretary Donald Evans to further the discussions with the United States to resolve this dispute. In the meantime we have continued our dialogue with the Canadian industry over the past several weeks. We encouraged them to develop a united Canadian approach.

I would like to reassure the hon. member that the government is well aware of the impact that the softwood lumber dispute is having on our Canadian industry, our workers and our communities.

Our government will persist in defending Canadian interests in this dispute to get every cent back. We will continue to work toward a durable resolution to this dispute. We are going to use the panels, whether it is WTO or NAFTA, to get our money back.

More importantly, I would like reassure the House that our government is committed to working closely with the provinces, with the industry, and other stakeholders toward a resolution of the softwood lumber dispute.

• (1855)

Mr. John Duncan: Madam Speaker, I can say with some clarity that I did not learn anything I did not already know from what the parliamentary secretary just reiterated in the House.

It would be nice to elicit some new information. Basically, right now we are in this period under NAFTA where we have an extraordinary challenge. The industry wants nothing to do with any negotiations prior to the extraordinary challenge being exhausted. It is fine and dandy to talk about negotiations, but why not say it the way it is?

I think some principles to guide the government, and to let the public and our trading partners know where we are coming from, are useful from time to time and we are not hearing that. The parliamentary secretary said nothing about the Byrd amendment and what we are going to do about that. That is an integral part of the whole dispute so I am still waiting for clarification.

• (1900)

Hon. Mark Eyking: Madam Speaker, over the last few years I have travelled with the hon. member to Washington. We are doing everything we can to straighten this issue out and get the money back.

First of all, we visited the congressmen and senators of the United States in order to talk to the industry people down there. We have also gone through the WTO and NAFTA panels because that is the way one has to go through the system. We are not going to stop there. We are also being allowed to retaliate by the WTO. Right now, before we do that, we are going to talk to the industries in this country that could be affected. We must be very careful with everything we do. It could have repercussions on other industries in this country.

Adjournment Debate

We have the power to retaliate and take measures, but we are going to talk to industries across the country that are going to be affected. We are still watching that \$3 billion U.S. and we are going to go after every dollar that is owed to our softwood lumber producers.

The Acting Speaker (Hon. Jean Augustine): The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 7:00 p.m.)

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